

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

## **BURGAN BANK A.Ş.**

**PUBLICLY ANNOUNCED UNCONSOLIDATED  
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 unconsolidated statement of financial position of Burgan Bank A.Ş. (“the Bank”) at 31 March 2019 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated 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 the 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 unconsolidated financial statements do not give a true view of the financial position of Burgan Bank A.Ş. 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, is not consistent with the unconsolidated 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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Yaşar Bivas, SMMM  
Partner

Istanbul  
May 10, 2019



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

**THE UNCONSOLIDATED 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: 0 212 371 37 37  
Fax : 0 212 371 42 42  
Bank's Website : [www.burgan.com.tr](http://www.burgan.com.tr)  
Contact E-mail : [bilgi@burgan.com.tr](mailto:bilgi@burgan.com.tr)

The unconsolidated 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 BANK
- **Section Two** UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- **Section Three** EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- **Section Five** EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT
- **Section Seven** EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

Halil CANTEKİN  
Head  
of the Audit Committee

Adrian Alejandro GOSTUSKI  
Member  
of the Audit Committee

Osama T. AL GHOUSSEIN  
Member  
of the Audit Committee

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

Name-Surname/Title : Ahmet CİĞA / 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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**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)**

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2019**

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

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE BANK**

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

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an "investment bank" with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and 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., and has been registered to the Turkish Trade Registry as of 25 January 2013.

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2019**

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

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**GENERAL INFORMATION ABOUT THE BANK (Continued):**

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

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 UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2019

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

GENERAL INFORMATION ABOUT THE BANK (Continued):

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
<b>Chairman of the Board of Directors:</b>	Faisal M.A. Al Radwan	Chairman of Board of Directors	Undergraduate
<b>Board of Directors Members:</b>	Eduardo Eguren Linsen	Member	Undergraduate
	Majed E.A.A. Al Ajeel	Member	Graduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halil Cantekin	Member	Undergraduate
	Osama T. Al Ghoussein	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
<b>General Manager:</b>	Ali Murat Dinç	Member and General Manager	Graduate
<b>Vice General Managers:</b>	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
<b>Audit Committee:</b>	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Osama T. Al Ghoussein	Member	Undergraduate

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



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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2019**

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

**GENERAL INFORMATION ABOUT THE BANK (Continued):**

**IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES:**

<b>Name/Commercial title</b>	<b>Share Amounts</b>	<b>Share percentage</b>	<b>Paid-in Capital</b>	<b>Unpaid portion</b>
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 BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:**

As of 31 March 2019, the Bank, whose headquarter located in Istanbul, has 39 branches operating in Turkey (31 December 2018: 41). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 March 2019, the Bank has 1.001 (31 December 2018: 1.006) 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**

### **UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK**

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

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

**BURGAN BANK A.Ş.**

**UNCONSOLIDATED 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
<b>ASSETS</b>							
<b>I. FINANCIAL ASSETS (Net)</b>		2.339.690	1.749.579	4.089.269	2.484.386	2.007.329	4.491.715
<b>I.1 Cash and cash equivalents</b>		1.218.424	1.417.637	2.636.061	1.375.928	1.564.570	2.940.498
1.1.1 Cash and balances at Central Bank	I-a	1.217.924	1.029.871	2.247.795	1.373.256	1.373.138	2.746.394
1.1.2 Banks	I-c	1.025	387.766	388.791	3.037	191.432	194.469
1.1.3 Receivables from Money Markets		-	-	-	-	-	-
1.1.4 Expected credit losses (-)		525	-	525	365	-	365
<b>I.2 Financial assets at fair value through profit or loss</b>	<b>I-b</b>	993	46.873	47.866	1.036	11.654	12.690
1.2.1 Public debt securities		993	4.416	5.409	1.036	10.938	11.974
1.2.2 Equity instruments		-	-	-	-	-	-
1.2.3 Other financial assets		-	42.457	42.457	-	716	716
<b>I.3 Financial assets at fair value through other comprehensive income</b>	<b>I-d</b>	244.691	138.866	383.557	254.318	134.287	388.605
1.3.1 Public debt securities		236.525	138.866	375.391	248.906	134.287	383.193
1.3.2 Equity instruments		7.674	-	7.674	4.912	-	4.912
1.3.3 Other financial assets		492	-	492	500	-	500
<b>I.4 Derivative financial assets</b>	<b>I-l</b>	875.582	146.203	1.021.785	853.104	296.818	1.149.922
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		692.108	8.824	700.932	655.339	13.352	668.691
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		5.058.099	9.028.492	14.086.591	5.433.477	8.889.082	14.322.559
<b>2.1 Loans</b>	<b>I-e-f</b>	5.318.771	9.129.901	14.448.672	5.677.259	8.999.987	14.677.246
2.2 Receivables from leasing transactions	I-k	-	-	-	-	-	-
2.3 Factoring receivables	I-e	7	-	7	7	-	7
<b>2.4 Other financial assets measured at amortized cost</b>	<b>I-g</b>	-	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		-	-	-	-	-	-
<b>2.5 Expected credit losses (-)</b>	<b>I-e-f</b>	260.679	352.570	613.249	243.789	347.706	591.495
<b>III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)</b>	<b>I-o</b>	156.757	-	156.757	113.090	-	113.090
3.1 Held for sale		156.757	-	156.757	113.090	-	113.090
3.2 Held from discontinued operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		379.935	-	379.935	381.091	-	381.091
<b>4.1 Investments in associates (Net)</b>	<b>I-h</b>	-	-	-	-	-	-
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-consolidated associates		-	-	-	-	-	-
<b>4.2 Investments in subsidiaries (Net)</b>	<b>I-i</b>	379.935	-	379.935	381.091	-	381.091
4.2.1 Non-consolidated financial subsidiaries		379.935	-	379.935	381.091	-	381.091
4.2.2 Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
<b>4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)</b>	<b>I-j</b>	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		180.102	-	180.102	58.454	-	58.454
<b>VI. INTANGIBLE ASSETS (Net)</b>		42.480	-	42.480	44.058	-	44.058
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		42.480	-	42.480	44.058	-	44.058
<b>VII. INVESTMENT PROPERTIES (Net)</b>	<b>I-m</b>	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSETS</b>		13.778	-	13.778	10.294	-	10.294
<b>IX. DEFERRED TAX ASSETS</b>	<b>I-n</b>	-	-	-	-	-	-
<b>X. OTHER ASSETS (Net)</b>	<b>I-p</b>	54.714	124.913	179.627	100.780	59.358	160.138
<b>TOTAL ASSETS</b>		<b>8.225.555</b>	<b>10.902.984</b>	<b>19.128.539</b>	<b>8.625.630</b>	<b>10.955.769</b>	<b>19.581.399</b>

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

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

**BURGAN BANK A.Ş.**

**UNCONSOLIDATED BALANCE 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
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	II-a	3.362.213	5.861.509	9.223.722	4.226.304	5.834.151	10.060.455
<b>II. LOANS RECEIVED</b>	II-c	12.176	4.589.889	4.602.065	14.067	4.299.722	4.313.789
<b>III. MONEY MARKET FUNDS</b>		2	180.625	180.627	-	171.306	171.306
<b>IV. MARKETABLE SECURITIES (Net)</b>	II-d	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	II-b	-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	II-g	237.992	89.011	327.003	305.188	97.237	402.425
7.1 Derivative financial liabilities at fair value through profit or loss		183.061	82.232	265.293	245.286	86.866	332.152
7.2 Derivative financial liabilities at fair value through other comprehensive income		54.931	6.779	61.710	59.902	10.371	70.273
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE PAYABLES (Net)</b>	II-f	25.799	98.365	124.164	-	-	-
<b>X. PROVISIONS</b>	II-h	45.204	25.989	71.193	58.438	26.497	84.935
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		28.581	-	28.581	42.292	-	42.292
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		16.623	25.989	42.612	16.146	26.497	42.643
<b>XI. CURRENT TAX LIABILITIES</b>	II-i	34.513	-	34.513	26.620	-	26.620
<b>XII. DEFERRED TAX LIABILITIES</b>	II-i	24.096	-	24.096	6.203	-	6.203
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b>	II-j	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>	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		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	II-e	120.026	780.276	900.302	177.633	862.581	1.040.214
<b>XVI. SHAREHOLDERS' EQUITY</b>	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		-	-	-	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5.799.061</b>	<b>13.329.478</b>	<b>19.128.539</b>	<b>6.686.547</b>	<b>12.894.852</b>	<b>19.581.399</b>

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

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

**BURGAN BANK A.Ş.**

**UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT**

**31 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
<b>A OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		6.022.666	32.868.835	38.891.501	6.589.188	34.330.411	40.919.599
<b>I. GUARANTEES AND WARRANTIES</b>	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 Prefinancing Given as Guarantee							
1.5 Endorsements							
1.5.1 Endorsements to the Central Bank of the Republic of Turkey							
1.5.2 Other Endorsements							
1.6 Securities Issue Purchase Guarantees							
1.7 Factoring Guarantees			282.956	282.956		145.330	145.330
1.8 Other Guarantees							
1.9 Other Collaterals							
<b>II. COMMITMENTS</b>	III-a-1	681.130	949.999	1.631.129	449.255	299.806	749.061
2.1 Irrevocable Commitments		681.130	949.999	1.631.129	449.255	299.806	749.061
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		117.881		117.881	117.343		117.343
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							
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		4.798.323	30.166.937	34.965.260	5.542.847	32.307.724	37.850.571
3.1 Hedging Derivative Financial Instruments		879.925	2.816.873	3.696.798	970.803	3.192.279	4.163.082
3.1.1 Transactions for Fair Value Hedge							
3.1.2 Transactions for Cash Flow Hedge		879.925	2.816.873	3.696.798	970.803	3.192.279	4.163.082
3.1.3 Transactions for Foreign Net Investment Hedge							
3.2 Trading Derivative Financial Instruments		3.918.398	27.350.064	31.268.462	4.572.044	29.115.445	33.687.489
3.2.1 Forward Foreign Currency Buy/Sell Transactions		446.753	434.538	881.291	758.167	665.301	1.423.468
3.2.1.1 Forward Foreign Currency Transactions-Buy		101.430	324.243	425.673	124.973	533.112	658.085
3.2.1.2 Forward Foreign Currency Transactions-Sell		345.323	110.295	455.618	633.194	132.189	765.383
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		1.647.867	23.036.265	24.684.132	1.586.276	23.171.073	24.757.349
3.2.2.1 Foreign Currency Swap-Buy		731.346	5.410.768	6.142.114	1.152.608	4.555.379	5.707.987
3.2.2.2 Foreign Currency Swap-Sell		916.521	5.152.715	6.069.236	433.668	5.051.590	5.485.258
3.2.2.3 Interest Rate Swap-Buy			6.236.391	6.236.391		6.782.052	6.782.052
3.2.2.4 Interest Rate Swap-Sell			6.236.391	6.236.391		6.782.052	6.782.052
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							
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		40.035.196	45.807.736	85.842.932	37.036.009	43.505.919	80.541.928
<b>IV. ITEMS HELD IN CUSTODY</b>		4.004.314	560.627	4.564.941	797.062	385.612	1.182.674
4.1 Customer Fund and Portfolio Balances							
4.2 Investment Securities Held in Custody		3.493.047	190.167	3.683.214	104.449	182.180	286.629
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							
<b>V. PLEDGES RECEIVED</b>		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 Plodged Items		1.573.219	4.529.023	6.102.242	1.510.860	4.425.437	5.936.297
5.7 Plodged Items-Depository							
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>							
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		46.057.862	78.676.571	124.734.433	43.625.197	77.836.330	121.461.527

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



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

**BURGAN BANK A.Ş.**

**UNCONSOLIDATED INCOME STATEMENTS AS AT 31 MARCH 2019 AND 31 MARCH 2018**

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

III. INCOME STATEMENT	Note (Section Five)	Reviewed 01/01/2019-31/03/2019	Audited 01/01/2018-31/03/2018
<b>INCOME AND EXPENSE ITEMS</b>			
<b>I. INTEREST INCOME</b>	IV-a	606.580	456.186
1.1 Interest received from loans		401.799	354.378
1.2 Interest received from reserve deposits		10.333	6.879
1.3 Interest received from banks		10.957	9.837
1.4 Interest received from money market transactions		23.228	2.789
1.5 Interest received from marketable securities portfolio		14.845	8.056
1.5.1 Financial assets at fair value through profit or loss		499	393
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		-	-
1.7 Other interest income	IV-k	145.418	74.247
<b>II. INTEREST EXPENSES (-)</b>	IV-b	442.466	312.380
2.1 Interest on deposits		251.076	179.694
2.2 Interest on funds borrowed		78.623	52.465
2.3 Interest on money market transactions		2.025	1.760
2.4 Interest on securities issued		-	-
2.5 Finance lease interest expenses		2.562	-
2.6 Other interest expenses	IV-k	108.180	78.461
<b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>		164.114	143.806
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		9.834	9.173
4.1 Fees and commissions received		13.108	12.660
4.1.1 Non-cash loans		6.486	5.156
4.1.2 Other	IV-k	6.622	7.504
4.2 Fees and commissions paid (-)		3.274	3.487
4.2.1 Non-cash loans (-)		15	14
4.2.2 Other (-)	IV-k	3.259	3.473
<b>V. DIVIDEND INCOME</b>		2.762	-
<b>VI. TRADING PROFIT/LOSS (Net)</b>	IV-c	18.752	4.785
6.1 Profit/losses from capital market transactions		2.334	134
6.2 Profit/losses from derivative financial transactions		18.352	4.635
6.3 Foreign exchange profit/losses		(1.934)	16
<b>VII. OTHER OPERATING INCOME</b>	IV-d	3.927	5.388
<b>VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		199.389	124.726
<b>IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	IV-e	52.811	33.762
<b>X. OTHER PROVISION EXPENSES (-)</b>	IV-e	690	295
<b>XI. PERSONNEL EXPENSES (-)</b>		48.845	38.426
<b>XII. OTHER OPERATING EXPENSES (-)</b>	IV-f	49.793	40.099
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		47.250	50.570
<b>XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XVI. NET MONETARY POSITION GAIN/LOSS</b>		(2.192)	10.597
<b>XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	IV-g	45.058	61.167
<b>XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	IV-h	(9.966)	(12.618)
18.1 Current tax provision		-	988
18.2 Expense effect of deferred tax (+)		44.354	43.272
18.3 Income effect of deferred tax (-)		34.388	31.642
<b>XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	IV-i	35.092	48.549
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
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		-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)</b>		-	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
23.1 Current tax provision		-	-
23.2 Expense effect of deferred tax (+)		-	-
23.3 Income effect of deferred tax (-)		-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>	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 UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

**BURGAN BANK A.Ş.**

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

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

<b>IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY</b>		<b>Reviewed 31/03/2019</b>	<b>Reviewed 31/03/2018</b>
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>35.092</b>	<b>48.549</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>24.635</b>	<b>16.607</b>
<b>2.1</b>	<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods.</b>	-	-
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	-	-
<b>2.2</b>	<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>	<b>24.635</b>	<b>16.607</b>
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)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>59.727</b>	<b>65.156</b>

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

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

**BURGAN BANK A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 MARCH 2019**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Reviewed 31/03/2019	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other comprehensive income not to be reclassified to profit or loss						Current Period Net Income / Loss	Total Shareholders' Equity		
							1	2	3	4	5	6			Profit Reserves	Prior Period Profit or Loss
I. Prior Period End Balance		II-I	1.535.000	-	-	(99)	19.610	(3.058)	-	5.670	(22.972)	81.216	273.197	(174.343)	161.759	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
IV. Total Comprehensive Income			-	-	-	-	-	-	24	-	(10.845)	36.444	-	(988)	35.092	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			-	-	-	-	-	-	-	-	-	-	(13.572)	175.331	(161.759)	-
11.1 Dividend Paid			-	-	-	-	-	-	-	-	-	-	-	-	-	-
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. Fixed assets revaluations increases / decreases
2. Accumulated re-measurement gains / (losses) of defined benefits
3. Other (the share of other comprehensive income of the investments accounted for by the equity method that cannot be classified as profit / (loss) and the accumulated amount of other comprehensive income that will not be reclassified as other profit or (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.

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

**BURGAN BANK A.Ş.**

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY														
Revised 31/03/2018	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other comprehensive income not to be reclassified to profit or loss						Current Period Net Income or Loss	Total Shareholders' Equity	
						1	2	3	4	5	6			Profit Reserves
I. Prior Period End Balance	II-I	1.185.000	-	-	184	18.075	(3.141)	-	1.705	(4.214)	40.256	164.762	109.848	1.512.475
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	(174.343)	(174.343)
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(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
IV. Total Comprehensive Income		-	-	-	-	-	-	-	457	(4.230)	20.380	-	-	65.156
V. Capital Increase in Cash		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		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+.....+X+XI)</b>		<b>1.185.296</b>	<b>-</b>	<b>-</b>	<b>1.597</b>	<b>18.075</b>	<b>(3.141)</b>	<b>-</b>	<b>2.162</b>	<b>(8.444)</b>	<b>60.636</b>	<b>273.197</b>	<b>(174.343)</b>	<b>1.403.584</b>

1. Fixed assets revaluations increases / decreases
2. Accumulated re-measurement gains / (losses) of defined benefits
3. Other (the share of other comprehensive income of the investments accounted for by the equity method that cannot be classified as profit / (loss) and the accumulated amount of other comprehensive income that will not be reclassified as other profit or (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.

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

**BURGAN BANK A.Ş.**

**UNCONSOLIDATED STATEMENT OF 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
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>50,565</b>	<b>301,165</b>
1.1.1 Interest Received		567,407	419,751
1.1.2 Interest Paid		(359,660)	(309,352)
1.1.3 Dividend Received		2,762	-
1.1.4 Fees and Commissions Received		9,203	20,230
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		33,998	17,239
1.1.7 Payments to Personnel and Service Suppliers		(48,845)	(38,426)
1.1.8 Taxes Paid		-	(8,684)
1.1.9 Other		(154,300)	200,407
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(448,264)</b>	<b>(258,234)</b>
1.2.1 Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(34,978)	(18,031)
1.2.2 Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		(53,205)	(54,913)
1.2.3 Net (Increase)/Decrease in Loans		348,723	(528,299)
1.2.4 Net (Increase)/Decrease in Other Assets		(254,593)	(54,921)
1.2.5 Net (Increase)/Decrease in Bank Deposits		60,318	303,243
1.2.6 Net Increase/(Decrease) in Other Deposits		(959,867)	119,845
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		373,961	137,784
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		71,377	(162,942)
<b>I. Net Cash Provided from Banking Operations</b>		<b>(397,699)</b>	<b>42,931</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>5,307</b>	<b>(39,061)</b>
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(2,590)	(2,727)
2.4 Disposals of Property and Equipment		3,822	3,593
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(10,915)	(40,005)
2.6 Cash Obtained from Sale of Investments Available-for-Sale		14,990	78
2.7 Cash Paid for Purchase of Investment Securities		-	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>-</b>	<b>296</b>
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		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>34,646</b>	<b>(57,849)</b>
<b>V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>(357,746)</b>	<b>(53,683)</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>2,421,711</b>	<b>1,236,153</b>
<b>VII. Cash and Cash Equivalents at end of the Period</b>		<b>2,063,965</b>	<b>1,182,470</b>

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



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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019**

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION:**

- a. The preparation of the 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 unconsolidated 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, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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

The amounts in the unconsolidated financial statements and notes related to unconsolidated financial statements have been expressed in thousands of Turkish Lira, unless otherwise stated.

The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are 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 (tenure) and financial debt related to lease payment on the balance sheet.

The Bank has started to apply this standard from 1 January 2019, the mandatory application date.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**I. BASIS OF PRESENTATION (Continued):**

**b. Information on accounting policies and changes in financial statements:**

Accounting policies and valuation principles used in the preparation of the unconsolidated financial statements are determined in accordance with the regulations, Communiques, interpretations and legislations related to accounting and financial reporting principles published by the BRSA, and in case where a specific regulation is not made by BRSA, TAS/IFRS (all "BRSA Accounting and Financial Reporting Legislation") and related appendices and interpretations are put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA").

Communique on "TAS 27 Separate Financial Statements" standard, which is in force in order to be applied for accounting periods after 31 December 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated 28 October 2011 and numbered 28098, has entered into force through making amendments to be applied for accounting periods after 1 January 2016 with "Communique on amending the Communique on TAS 27 Separate Financial Statements" (Communique) published in the Official Gazette dated 9 April 2015 and numbered 29321.

Before the amendments in the Communique, it was specified that an entity which is preparing separate financial statements was able to recognize its investments in associates, subsidiaries and joint ventures in accordance with the cost value or in accordance with the IFRS 9 Financial Instruments Standard, with the amendments in the Communique the entity which is preparing separate financial statements will also be able to recognize its investments in associates, subsidiaries and joint ventures following the equity method.

The Bank recognized its associates, in which it has direct or indirect shares, according to equity method in accordance with the Communique having a permission to be applied earlier while preparing its unconsolidated financial tables with the 4th quarter of 2015 in conjunction with the approval letter of Banking Regulation and Supervision Authority (BRSA) dated 20 July 2015 and realized the implementation retrospectively in the framework of TAS 8 Accounting Policies, Amendments and Errors in Accounting Estimates standard.

Burgan Bank A.Ş. and its subsidiaries which are Burgan Yatırım Menkul Değerler A.Ş., Burgan Wealth Limited Dubai, and Burgan Finansal Kiralama A.Ş., whose shares are directly or indirectly owned by the Bank, are subsidiaries included in the scope of full consolidation in the consolidated financial statements and recognized according to the equity method in separate financial statements in accordance with the Communique.

**Additional paragraph for convenience translation into English:**

The effect of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

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

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

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

As of 31 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 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 income and expenses are translated at the exchange rate of the transaction date) and the resulting foreign currency translation differences are presented as a separate item under equity. The currency of the Group is not the currency of a high inflationary economy.

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

Unconsolidated financial associates are recognized according to equity method in the framework of TAS 28 Communique on Investments in Subsidiaries and Associates with respect to TAS 27 Separate Financial Statements Communique in unconsolidated financial statements. Associates, which were recognized with cost value in the unconsolidated financial statement previously, are recognized according to equity method as of 31 December 2015 along with the year-end of 2015.

Equity method is the recognition treatment which prescribes to increase or decrease the book value of share included in associate from the change amount occurring in the period in the equity of participated partnership as the share falling to participant and deduction of dividends and associate amounts from the value which is changed in the aforementioned manner.

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

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

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

The Bank 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. 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 Bank 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 Bank 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**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 bank 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.

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:**

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

The Bank classifies and accounts its financial assets as "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 3 "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 Bank 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 are remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.



BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):**

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

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 are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

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 the "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.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):**

**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 Bank's loans are recorded under the "Measured at Amortized Cost" account.

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:**

The Bank 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 Bank 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 Bank 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:**

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

*Stage 1:*

These are the financial assets at initial recognition or financial assets that do not have a significant increase in credit risk since their initial recognition. Impairment for credit risk for these assets is accounted in the amount of 12-month expected credit losses. Therefore, the expected probability of default of 12 months is calculated by considering the maturity of the loan. This value is obtained after weighting the three macroeconomic 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 on the basis of 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 Bank 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 Bank 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 Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

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

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

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

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

Assets held for 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 Bank 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.

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:**

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

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

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

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

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

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 in value is charged to the income statement.

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

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

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

The Bank 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 depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognised. Liabilities arising from the leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group carries out financial leasing operations as a "Lessor" via Burgan Finansal Kiralama A.Ş. which is its subsidiary and included to consolidation.

With the "IFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between the 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:**

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

**XVI. EXPLANATIONS ON CONTINGENT ASSETS:**

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

**XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:**

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**XVIII. EXPLANATIONS ON TAXATION:**

**a. Current tax:**

Many clauses of Corporate Tax Law No.5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 22% for 2019 (2018: 22%). The corporate tax rate is implemented on the total income of the Bank after adjusting for certain disallowable expenses (e.g. income from subsidiaries exception), 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 05.12.2017, the Corporate Tax rate which was 20% will be applied as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020.

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

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

75% portion of the capital gains derived from the sale of equity investments and immovable properties before 05.12.2017, 50% portion of the capital gains derived from the sale of equity investments and immovable properties after 05.12.2017 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 five years. Losses cannot be carried back to offset profits from previous periods.

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

**b. Deferred tax:**

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**XIX. EXPLANATIONS ON BORROWINGS:**

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

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

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

**XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:**

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

**XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:**

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

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS:**

As of 31 March 2019, the Bank 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.



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**XXIV. EXPLANATIONS ON EARNINGS PER SHARE:**

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

	<b>31 March 2019</b>	<b>31 March 2018</b>
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
<b>Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)</b>	<b>0,229</b>	<b>0,410</b>

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of "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, Bank's senior management and Board Members are deemed as related parties. Transactions regarding related parties are presented in Note V. of Section Five.

**XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:**

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

**XXVII. EXPLANATIONS ON SEGMENT REPORTING:**

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

**XXVIII. RECLASSIFICATIONS:**

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued):**

**XXIX. EXPLANATIONS ON TFRS 16 LEASES STANDARD**

The Bank 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**

**Bank – lessee :**

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank 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 Bank

When applying 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 Bank applies the depreciation statutes included in the TAS 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 Bank's average borrowing interest rates in the case of this rate being easily determined. Otherwise, the Bank 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 Bank 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 Bank 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 alternative borrowing rate of interest of remaining lease payments on 1 January 2019.

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

	<b>1 January 2019</b>	<b>31 March 2019</b>
Real estate	121.430	121.023
Tools	9.266	9.266
<b>Total asset tenure</b>	<b>130.696</b>	<b>130.289</b>

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

	<b>31 March 2019</b>
Real estate	5.811
Tools	1.071
<b>Total asset tenure depreciation expense</b>	<b>6.882</b>

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.

	<b>1 January 2019</b>
Operational leasing commitments	156.124
Contracts that are excluded from the scope of TFRS 16 (-)	752
<b>Total leasing liability</b>	<b>155.372</b>
Discounted leasing liability (1 January 2019)	32.628
<b>Right to use amount</b>	<b>122.744</b>

As of 31 March 2019, the Bank's net right to use asset in the unconsolidated financial statements amount to TL 123.407 and the lease liability is TL 124.164.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON 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 3.567.488 (31 December 2018: TL 3.485.544) and the Capital adequacy ratio is 21,24% (31 December 2018: 20,74%).

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 (*)
<b>COMMON EQUITY TIER I CAPITAL</b>				
Paid-in capital following all debits 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	239.647		235.406	
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 recognised within profit for the period	-		-	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>2.069.265</b>		<b>2.205.263</b>	
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	16.025		17.087	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	42.440	42.440	43.876	43.876
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	-		-	
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>213.000</b>		<b>342.552</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1.856.265</b>		<b>1.862.711</b>	

(\*) 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 FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK  
(Continued):

I. EXPLANATIONS ON 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 (*)
<b>ADDITIONAL TIER I CAPITAL</b>				
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)	-	-	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-	-	-
<b>Deductions from Additional Tier I Capital</b>				
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	-	-	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	-	-	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I 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 I 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 (-)	-	-	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-	-	-
<b>Total Additional Tier I Capital</b>	-	-	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1.856.265</b>		<b>1.862.711</b>	
<b>TIER II CAPITAL</b>				
Debt instruments and share issue premiums deemed suitable by the BRSA	1.519.668	-	1.425.870	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	193.539	-	197.443	-
<b>Tier II Capital Before Deductions</b>	<b>1.713.207</b>		<b>1.623.313</b>	
<b>Deductions From Tier II Capital</b>				
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 (-)	-	-	-	-
<b>Total Deductions from Tier II Capital</b>	<b>1.984</b>		<b>480</b>	
<b>Total Tier II Capital</b>	<b>1.711.223</b>		<b>1.622.833</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>3.567.488</b>		<b>3.485.544</b>	
<b>Deductions from Total Capital</b>				
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	-	-	-	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	-	-	-
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK  
(Continued):

I. EXPLANATIONS ON EQUITY (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 (**)
<b>TOTAL CAPITAL</b>				
Total Capital	3.567.488		3.485.544	
Total risk weighted amounts	16.796.343		16.808.918	
<b>Capital Adequacy Ratios</b>				
Core Capital Adequacy Ratio (%)	11,05		11,08	
Tier I Capital Adequacy Ratio (%)	11,05		11,08	
Capital Adequacy Ratio (%)	21,24		20,74	
<b>BUFFERS</b>				
Total buffer requirement (a+b+c)	2.522		1.875	
a.Capital conservation buffer requirement (%)	2.500		1.875	
b.Bank specific counter-cyclical buffer requirement (%)	0,022		-	
c. Systematic significant buffer (%)	-		-	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,55		6,58	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>				
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	-		-	
Remaining mortgage servicing rights	-		-	
Amount arising from deferred tax assets based on temporary differences	129.801		158.416	
<b>Limits related to provisions considered in Tier II calculation</b>				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-		-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	475.833		424.885	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	193.539		197.443	
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	-		-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>				
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	-		-	

a. Information about total capital (Continued):

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK  
(Continued):

I. EXPLANATIONS ON 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 recognised 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-amortised cost	Liability-Subordinated Loans-amortised 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 noncompliances with article number 7 and 8 of “Own fund regulation”	None.	None.

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

**I. EXPLANATIONS ON EQUITY (Continued):**

**c. Information related to the IFRS 9 transition process:**

<b>EQUITY ITEMS</b>	<b>T</b>	<b>T-1</b>	<b>T-2</b>	<b>T-3</b>
Common Equity Tier 1 Capital	1.856.265	1.824.037	1.791.810	1.759.582
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	1.759.582	1.759.582	1.759.582	1.759.582
Tier 1 Capital	1.856.265	1.824.037	1.791.810	1.759.582
Tier 1 Capital Without the Implementation of the Transition Process	1.759.582	1.759.582	1.759.582	1.759.582
Equity	3.664.171	3.631.943	3.599.716	3.567.488
Equity Without the Implementation of the Transition Process	3.567.488	3.567.488	3.567.488	3.567.488
<b>TOTAL RISK WEIGHTED AMOUNTS</b>				
Total Risk Weighted Amounts	16.796.343	16.796.343	16.796.343	16.796.343
<b>CAPITAL ADEQUACY RATIOS</b>				
Common Equity Tier 1 Capital Adequacy Ratio (%)	11,05	10,86	10,67	10,48
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	10,48	10,48	10,48	10,48
Tier 1 Capital Adequacy Ratio (%)	11,05	10,86	10,67	10,48
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	10,48	10,48	10,48	10,48
Capital Adequacy Ratio (%)	21,82	21,62	21,43	21,24
Capital Adequacy Ratio Without the Implementation of the Transition Process	21,24	21,24	21,24	21,24
<b>LEVERAGE RATIO</b>				
Leverage Ratio Total Risk Amount	24.270.021	24.270.021	24.270.021	24.270.021
Leverage Ratio (%)	7,62	7,52	7,38	7,25
Leverage Ratio Without the Implementation of the Transition Process	7,22	7,22	7,22	7,22



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

**II. EXPLANATIONS ON RISK MANAGEMENT:**

**Overview of RWA**

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)	14.805.119	15.112.528	1.184.410
2	Standardised approach (SA)	14.805.119	15.112.528	1.184.410
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	677.980	682.949	54.238
5	Standardised approach for counterparty credit risk (SACCR)	677.980	682.949	54.238
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	240.193	187.613	19.215
17	Standardised approach (SA)	240.193	187.613	19.215
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	1.073.051	825.828	85.844
20	Basic indicator approach	1.073.051	825.828	85.844
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>16.796.343</b>	<b>16.808.918</b>	<b>1.343.707</b>

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

**III. EXPLANATIONS ON CURRENCY RISK:**

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

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK  
(Continued):

III. EXPLANATIONS ON CURRENCY RISK (Continued):

Information on currency risk of the Bank:

	EUR	USD	Other FC	Total
<b>31 March 2019</b>				
<b>Assets</b>				
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	8.436	374.071	5.259	387.766
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 (*)	6.140.880	3.522.305	-	9.663.185
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	251.161	-	251.161
Hedging Derivative Financial Assets (*)	399	7.510	-	7.909
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	444	124.409	60	124.913
<b>Total Assets</b>	<b>6.633.969</b>	<b>5.103.705</b>	<b>7.784</b>	<b>11.745.458</b>
<b>Liabilities</b>				
Bank Deposits	106.608	56.159	16	162.783
Foreign Currency Deposits	1.674.402	3.914.859	109.465	5.698.726
Funds From Interbank Money Market	-	180.625	-	180.625
Funds Borrowed From Other Financial Institutions	579.785	5.715.251	-	6.295.036
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	356.676	407.743	2	764.421
Hedging Derivative Financial Liabilities	1.733	5.046	-	6.779
Other Liabilities (*)	33.885	161.417	55	195.357
<b>Total Liabilities</b>	<b>2.753.089</b>	<b>10.441.100</b>	<b>109.538</b>	<b>13.303.727</b>
<b>Net On-balance Sheet Position</b>	<b>3.880.880</b>	<b>(5.337.395)</b>	<b>(101.754)</b>	<b>(1.558.269)</b>
<b>Net Off-balance Sheet Position</b>	<b>(3.641.590)</b>	<b>5.608.359</b>	<b>107.994</b>	<b>2.074.763</b>
Financial Derivative Assets	1.130.042	8.334.511	278.968	9.743.521
Financial Derivative Liabilities	4.771.632	2.726.152	170.974	7.668.758
<b>Non-Cash Loans (**)</b>	<b>811.423</b>	<b>863.450</b>	<b>77.026</b>	<b>1.751.899</b>
<b>31 December 2018</b>				
<b>Total Assets (*)</b>	<b>6.519.287</b>	<b>5.133.748</b>	<b>38.342</b>	<b>11.691.377</b>
<b>Total Liabilities (*)</b>	<b>2.575.086</b>	<b>10.088.904</b>	<b>191.666</b>	<b>12.855.656</b>
<b>Net On-balance Sheet Position</b>	<b>3.944.201</b>	<b>(4.955.156)</b>	<b>(153.324)</b>	<b>(1.164.279)</b>
<b>Net Off-balance Sheet Position</b>	<b>(3.725.874)</b>	<b>5.169.438</b>	<b>154.138</b>	<b>1.597.702</b>
Financial Derivative Assets	1.190.133	8.236.853	207.430	9.634.416
Financial Derivative Liabilities	4.916.007	3.067.415	53.292	8.036.714
<b>Non-Cash Loans (**)</b>	<b>725.771</b>	<b>945.549</b>	<b>51.561</b>	<b>1.722.881</b>

(\*) 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 "Stages 1&2 Allowances for Expected Credit Losses" amounting to TL 352.570 (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 "Non-cash Loans 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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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):**

**IV. EXPLANATIONS ON INTEREST RATE RISK:**

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

The Bank closely monitors the maturity gap between liabilities and assets that may arise in the balance sheet to manage the interest rate risk better. Liquidity management is critical in the combination of investments, available-for-sale assets and the trading portfolio. Through using these precautions, the possible loss effects on the shareholders' equity due to both credit risk and interest risk during the volatile periods of the market are minimized.

**a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (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
<b>Assets</b>							
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	368.206	-	-	-	-	20.060	388.266
Financial Assets at Fair Value Through Profit/Loss (*)	87.634	378.768	518.612	31.295	53.342	-	1.069.651
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	20.988	128.554	150.091	76.250	7.674	383.557
Loans	6.486.919	2.036.212	3.278.367	1.464.976	50.181	518.775	13.835.430
Held-to-Maturity Investments	-	-	-	251.161	-	-	251.161
Other Assets	-	-	-	-	-	952.679	952.679
<b>Total Assets</b>	<b>8.955.200</b>	<b>2.435.968</b>	<b>3.925.533</b>	<b>1.897.523</b>	<b>179.773</b>	<b>1.734.542</b>	<b>19.128.539</b>
<b>Liabilities</b>							
Bank Deposits	59.914	88.616	-	-	-	14.595	163.125
Other Deposits	6.964.564	1.086.881	566.996	37.936	-	404.220	9.060.597
Funds From Interbank Money Market	99	-	180.528	-	-	-	180.627
Miscellaneous Payables	-	-	-	-	-	793.973	793.973
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	2.224.479	3.679.672	403.061	-	-	-	6.307.212
Other Liabilities (*) (**)	118.083	88.487	156.000	73.816	14.779	2.171.840	2.623.005
<b>Total Liabilities</b>	<b>9.367.139</b>	<b>4.943.656</b>	<b>1.306.585</b>	<b>111.752</b>	<b>14.779</b>	<b>3.384.628</b>	<b>19.128.539</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>2.618.948</b>	<b>1.785.771</b>	<b>164.994</b>	<b>-</b>	<b>4.569.713</b>
<b>Balance Sheet Short Position</b>	<b>(411.939)</b>	<b>(2.507.688)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.650.086)</b>	<b>(4.569.713)</b>
Off-balance Sheet Long Position	339.425	493.059	1.316.758	-	-	-	2.149.242
Off-balance Sheet Short Position	-	-	-	(1.400.600)	-	-	(1.400.600)
<b>Total Position</b>	<b>(72.514)</b>	<b>(2.014.629)</b>	<b>3.935.706</b>	<b>385.171</b>	<b>164.994</b>	<b>(1.650.086)</b>	<b>748.642</b>

(\*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 700.632 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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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK  
(Continued):**

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

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

<b>31 December 2018</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Year</b>	<b>5 Year and Over</b>	<b>Non Interest Bearing</b>	<b>Total</b>
<b>Assets (***)</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.418.287	-	-	-	-	328.107	2.746.394
Due From Banks	139.590	-	-	-	-	54.514	194.104
Financial Assets at Fair Value Through Profit/Loss (*)	115.230	401.061	597.746	37.481	11.094	-	1.162.612
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	73.408	77.373	158.479	74.433	4.912	388.605
Loans	6.152.434	1.894.252	3.972.167	1.514.741	60.462	491.702	14.085.758
Held-to-Maturity Investments	-	-	-	236.801	-	-	236.801
Other Assets	-	-	-	-	-	767.125	767.125
<b>Total Assets</b>	<b>8.825.541</b>	<b>2.368.721</b>	<b>4.647.286</b>	<b>1.947.502</b>	<b>145.989</b>	<b>1.646.360</b>	<b>19.581.399</b>
<b>Liabilities</b>							
Bank Deposits	3.464	84.609	-	-	-	8.651	96.724
Other Deposits	5.995.141	2.750.036	906.979	19.183	-	292.392	9.963.731
Funds From Interbank Money Market	1.920	169.386	-	-	-	-	171.306
Miscellaneous Payables	-	-	-	-	-	885.472	885.472
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1.786.775	2.549.823	1.571.273	5.390	-	-	5.913.261
Other Liabilities (*) (**)	92.573	127.615	95.840	85.540	857	2.148.480	2.550.905
<b>Total Liabilities</b>	<b>7.879.873</b>	<b>5.681.469</b>	<b>2.574.092</b>	<b>110.113</b>	<b>857</b>	<b>3.334.995</b>	<b>19.581.399</b>
<b>Balance Sheet Long Position</b>	<b>945.668</b>	<b>-</b>	<b>2.073.194</b>	<b>1.837.389</b>	<b>145.132</b>	<b>-</b>	<b>5.001.383</b>
<b>Balance Sheet Short Position</b>	<b>-</b>	<b>(3.312.748)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.688.635)</b>	<b>(5.001.383)</b>
Off-balance Sheet Long Position	389.965	600.267	1.269.489	-	-	-	2.259.721
Off-balance Sheet Short Position	-	-	-	(1.449.093)	-	-	(1.449.093)
<b>Total Position</b>	<b>1.335.633</b>	<b>(2.712.481)</b>	<b>3.342.683</b>	<b>388.296</b>	<b>145.132</b>	<b>(1.688.635)</b>	<b>810.628</b>

(\*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 668.691 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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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK  
(Continued):

IV. EXPLANATIONS ON 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
	%	%	%	%
<b>Assets</b>				
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	-	2,30	-	-
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	5,87	8,44	-	23,63
Financial Assets Measured at Amortized Cost	-	4,41	-	-
<b>Liabilities</b>				
Bank Deposits	0,92	1,80	-	-
Other Deposits (*)	1,55	3,71	-	20,01
Funds From Interbank Money Market	-	3,68	-	14,45
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,40	5,45	-	12,61

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

31 December 2018	EUR	USD	Yen	TL
	%	%	%	%
<b>Assets</b>				
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	-	13,27
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	3,05	4,66	-	14,93
Loans	5,75	8,34	-	24,00
Held-to-Maturity Investments	-	4,41	-	-
<b>Liabilities</b>				
Bank Deposits	1,94	-	-	-
Other Deposits (*)	2,55	5,06	-	22,88
Funds From Interbank Money Market	-	3,61	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,24	5,35	-	10,94

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

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(Continued):**

**IV. EXPLANATIONS ON 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 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%
<b>Total (For Negative Shocks)</b>		<b>48.495</b>	<b>1,4%</b>
<b>Total (For Positive Shocks)</b>		<b>(70.510)</b>	<b>(2,0)%</b>

**V. EXPLANATIONS ON SHARE CERTIFICATE POSITION RISK:**

None.

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

**VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND 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 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 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 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 Bank does not need to use these sources because of its current liquidity position but it uses the aforementioned limits for short-term transaction opportunities. Assets, liabilities and positions on the basis of main types of currencies (currencies forming at least 5% of Bank's total liabilities) are managed under the control of Treasury and Capital Markets.



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

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

Although the Bank is responsible to comply with liquidity limitations which are determined internally, it is primarily obliged with minimum liquidity limits determined by the legal legislation. 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 test is to inform related committees and Board of Directors regarding liquidity outflows and derogation which can occur in the liquidity ratios of the 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 and precautions which shall be taken in this process are determined in scope of Liquidity Emergency Plan. Details related to Liquidity Emergency Plan are included in Liquidity Risk Policy of the Bank.

The Bank does not serve a function as a central funding institution in its relationship with its partnerships. Intra-group liquidity management and funding strategies are limited to related legal limitations.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK  
(Continued):

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

Liquidity Coverage Ratio:

31 March 2019		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High Quality Liquid Assets			2.645.686	1.765.646
<b>CASH OUTFLOWS</b>					
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	2.183.361	1.674.511	1.110.386	829.334
6	Operational deposits	772.711	675.892	193.178	168.973
7	Non-Operational Deposits	1.092.424	795.601	598.982	457.343
8	Other Unsecured Funding	318.226	203.018	318.226	203.018
9	Secured funding	-	-	-	-
10	<b>Other Cash Outflows</b>	<b>106.669</b>	<b>830.027</b>	<b>106.669</b>	<b>830.027</b>
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	106.669	830.027	106.669	830.027
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	2.298.995	1.678.317	290.221	199.941
16	<b>TOTAL CASH OUTFLOWS</b>			<b>2.192.693</b>	<b>2.228.319</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	2.153.276	1.365.183	1.595.806	1.065.888
19	Other contractual cash inflows	84.608	15.926	84.608	15.926
20	<b>TOTAL CASH INFLOWS</b>	<b>2.237.884</b>	<b>1.381.109</b>	<b>1.680.414</b>	<b>1.081.814</b>
				<b>Upper Bound Applied Amounts</b>	
21	<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>2.645.686</b>	<b>1.765.646</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>548.173</b>	<b>1.146.505</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>482,64</b>	<b>154,00</b>

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

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

31 December 2018		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High Quality Liquid Assets	-	-	3.347.817	1.974.193
<b>CASH OUTFLOWS</b>					
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	3.192.094	2.396.279	1.469.653	1.074.010
6	Operational deposits	1.343.105	1.163.458	335.776	290.864
7	Non-Operational Deposits	1.505.410	1.003.832	790.297	554.157
8	Other Unsecured Funding	343.579	228.989	343.580	228.989
9	Secured funding	-	-	-	-
10	<b>Other Cash Outflows</b>	<b>10.735</b>	<b>893.471</b>	<b>10.735</b>	<b>893.471</b>
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	10.735	893.471	10.735	893.471
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	2.540.248	1.843.111	320.141	222.528
16	<b>TOTAL CASH OUTFLOWS</b>			<b>2.540.974</b>	<b>2.565.973</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	2.266.277	1.180.323	1.556.287	901.192
19	Other contractual cash inflows	36.091	-	36.091	-
20	<b>TOTAL CASH INFLOWS</b>	<b>2.302.368</b>	<b>1.180.323</b>	<b>1.592.378</b>	<b>901.192</b>
				<b>Upper Bound Applied Amounts</b>	
21	<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>3.347.817</b>	<b>1.974.193</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>948.596</b>	<b>1.664.781</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>352,92</b>	<b>118,59</b>

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

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**VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND 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.

High quality liquid assets of the Bank consist of accounts in Central Bank of Turkey, at a ratio of 82% and securities issued by Undersecretariat of Treasury at a ratio of 15%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 27%, 47% and 11% 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. Liquidity coverage rates must be at least 80% for foreign currency assets and liabilities and at least 100% in total assets and liabilities for the period 31 March 2019. Dates and values of lowest and highest foreign currency and total unconsolidated liquidity coverage rates calculated weekly related to the last quarter and average rates are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC+TL	FC	FC + TL
Weekly Arithmetic Average (%)	176,62%	535,98%	134,13%	272,79%
Week	01.03.2019	11.01.2019	04.01.2019	29.03.2019

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(Continued):

VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND 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
<b>Assets (****)</b>								
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	20.060	368.206	-	-	-	-	-	388.266
Financial Assets at Fair Value Through Profit or Loss (*)	-	84.326	114.234	288.161	529.585	53.345	-	1.069.651
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	20.496	129.046	150.091	76.250	7.674	383.557
Loans	-	1.947.465	2.229.811	2.702.084	4.959.753	1.477.542	518.775	13.835.430
Financial Assets Measured at Amortized Cost	-	-	-	-	251.161	-	-	251.161
Other Assets (**)	-	80.617	3.577	21.591	1.868	65	844.961	952.679
<b>Total Assets</b>	<b>255.567</b>	<b>4.492.902</b>	<b>2.368.118</b>	<b>3.140.882</b>	<b>5.892.458</b>	<b>1.607.202</b>	<b>1.371.410</b>	<b>19.128.539</b>
<b>Liabilities</b>								
Bank Deposits	14.595	59.914	88.616	-	-	-	-	163.125
Other Deposits	404.220	6.964.564	1.086.881	566.996	37.936	-	-	9.060.597
Funds Borrowed From Other Financial Institutions	-	157.685	1.212.769	696.306	3.382.527	857.925	-	6.307.212
Funds From Interbank Money Market	-	2	-	-	180.625	-	-	180.627
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	758.979	-	-	-	-	34.994	793.973
Other Liabilities (*) (***)	-	197.755	38.074	108.374	177.021	104.418	1.997.363	2.623.005
<b>Total Liabilities</b>	<b>418.815</b>	<b>8.138.899</b>	<b>2.426.340</b>	<b>1.371.676</b>	<b>3.778.109</b>	<b>962.343</b>	<b>2.032.357</b>	<b>19.128.539</b>
<b>Net Liquidity Gap</b>	<b>(163.248)</b>	<b>(3.645.997)</b>	<b>(58.222)</b>	<b>1.769.206</b>	<b>2.114.349</b>	<b>644.859</b>	<b>(660.947)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>301.248</b>	<b>56.604</b>	<b>574.468</b>	<b>29.052</b>	<b>(485)</b>	<b>-</b>	<b>960.887</b>
Financial Derivative Assets	-	5.350.225	1.292.736	1.477.223	1.282.143	12.705	-	9.415.032
Financial Derivative Liabilities	-	(5.048.977)	(1.236.132)	(902.755)	(1.253.091)	(13.190)	-	(8.454.145)
Non-cash Loans	-	1.475.255	117.240	587.479	97.849	17.289	-	2.295.112
<b>31 December 2018</b>								
Total Assets	689.593	4.499.787	1.964.210	3.481.262	6.142.448	1.640.445	1.163.654	19.581.399
Total Liabilities	301.043	7.159.271	3.059.175	2.726.067	3.546.469	805.320	1.984.054	19.581.399
<b>Net Liquidity Gap</b>	<b>388.550</b>	<b>(2.659.484)</b>	<b>(1.094.965)</b>	<b>755.195</b>	<b>2.595.979</b>	<b>835.125</b>	<b>(820.400)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>102.225</b>	<b>119.897</b>	<b>593.785</b>	<b>67.176</b>	<b>1.004</b>	<b>-</b>	<b>884.087</b>
Financial Derivative Assets	-	3.689.981	2.562.125	1.307.557	1.608.226	1.623	-	9.169.512
Financial Derivative Liabilities	-	(3.587.756)	(2.442.228)	(713.772)	(1.541.050)	(619)	-	(8.285.425)
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 700.932 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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(Continued):**

**VII. EXPLANATIONS ON LEVERAGE RATIO:**

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

As of 31 March 2019, leverage ratio of the Bank calculated from the arithmetic average of the three months is 7,62% (31 December 2018: 7,43%). 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 assets.

**Disclosure of leverage ratio template:**

	31 March 2019 (*)	31 December 2018 (*)
<b>Balance sheet assets</b>		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	18.981.028	20.587.910
(Assets deducted from Core capital)	59.220	58.335
Total risk amount of balance sheet assets	18.921.808	20.529.575
<b>Derivative financial assets and credit derivatives</b>		
Cost of replenishment for derivative financial assets and credit derivatives	874.851	1.041.175
Potential credit risk amount of derivative financial assets and credit derivatives	131.782	156.092
Total risk amount of derivative financial assets and credit derivatives	1.006.633	1.197.267
<b>Financing transactions secured by marketable security or commodity</b>		
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	-	-
<b>Off-balance sheet transactions</b>		
Gross nominal amount of off-balance sheet transactions	4.341.580	3.594.290
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	4.341.580	3.594.290
<b>Capital and total risk</b>		
Core Capital	1.849.339	1.875.365
Total risk amount	24.270.021	25.321.132
<b>Leverage ratio</b>		
Leverage ratio	7,62%	7,43%

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

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(Continued):**

**VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:**

As of 31 March 2019, The Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity up to 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in IFRS 9, 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 of which carrying amount is TL 700.932 (31 December 2018: TL 668.691) and derivative financial payables of which carrying amount is 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 amounting to 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 the 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	697.379	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)	

(\*) Includes TAS 27 impacts.

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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(Continued):**

**X. EXPLANATIONS ON OPERATING SEGMENTS:**

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

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

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

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

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

<b>31 March 2019</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other and Unclassified</b>	<b>Total Operations of the Bank</b>
Net Interest Income	32.719	135.093	(3.698)	-	164.114
Net Fees and Comissions	1.018	8.816	-	-	9.834
Trading Profit/Loss	3.055	834	14.863	-	18.752
Other Operating Income	407	3.520	-	-	3.927
<b>Operating Income</b>	<b>37.199</b>	<b>148.263</b>	<b>11.165</b>	-	<b>196.627</b>
<b>Operating Costs (-)</b>	<b>28.180</b>	<b>82.218</b>	<b>8.840</b>	<b>32.901</b>	<b>152.139</b>
<b>Net Operating Income</b>	<b>9.019</b>	<b>66.045</b>	<b>2.325</b>	<b>(32.901)</b>	<b>44.488</b>
Dividend Income	-	-	-	2.762	2.762
Income/Loss from subsidiaries based on equity method	-	-	-	(2.192)	(2.192)
<b>Profit Before Tax</b>	<b>9.019</b>	<b>66.045</b>	<b>2.325</b>	<b>(32.331)</b>	<b>45.058</b>
Tax Provisions (-)	1.984	14.530	512	(7.060)	9.966
<b>Net Profit/Loss</b>	<b>7.035</b>	<b>51.515</b>	<b>1.813</b>	<b>(25.271)</b>	<b>35.092</b>
Segment Assets	1.200.611	13.392.538	3.582.711	-	18.175.860
Investments in associates, subsidiaries and joint ventures	-	-	-	379.935	379.935
Unallocated Assets	-	-	-	572.744	572.744
<b>Total Assets</b>	<b>1.200.611</b>	<b>13.392.538</b>	<b>3.582.711</b>	<b>952.679</b>	<b>19.128.539</b>
Segments Liabilities	6.935.715	2.159.045	6.977.967	1.120.105	17.192.832
Unallocated Liabilities	-	-	-	1.935.707	1.935.707
<b>Total Liabilities</b>	<b>6.935.715</b>	<b>2.159.045</b>	<b>6.977.967</b>	<b>3.055.812</b>	<b>19.128.539</b>



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

**i. EXPLANATIONS ON OPERATING SEGMENTS (Continued):**

	<b>Retail Banking</b>	<b>Corporate, Commercial and SME Banking</b>	<b>Treasury</b>	<b>Other and Unclassified</b>	<b>Total Operations of the Bank</b>
<b>31 March 2018</b>					
Net Interest Income	23.469	98.042	22.295	-	143.806
Net Fees and Comissions	1.765	7.408	-	-	9.173
Commercial Profit/Loss	1.423	2.841	521	-	4.785
Other Operating Income	1.037	4.351	-	-	5.388
<b>Operating Income</b>	<b>27.694</b>	<b>112.642</b>	<b>22.816</b>	-	<b>163.152</b>
<b>Operating Costs (-)</b>	<b>19.770</b>	<b>61.648</b>	<b>6.887</b>	<b>24.277</b>	<b>112.582</b>
<b>Net Operating Income</b>	<b>7.924</b>	<b>50.994</b>	<b>15.929</b>	<b>(24.277)</b>	<b>50.570</b>
Dividend Income	-	-	-	-	-
Income/(Loss) from subsidiaries based on equity method	-	-	-	10.597	10.597
<b>Profit Before Tax</b>	<b>7.924</b>	<b>50.994</b>	<b>15.929</b>	<b>(13.680)</b>	<b>61.167</b>
Tax Provisions (-)	1.743	11.219	3.504	(3.848)	12.618
<b>Net Profit / Loss</b>	<b>6.181</b>	<b>39.775</b>	<b>12.425</b>	<b>(9.832)</b>	<b>48.549</b>
<b>31 December 2018</b>					
Segment Assets	1.730.837	13.837.412	3.246.025	-	18.814.274
Investments in associates, subsidiaries and joint ventures	-	-	-	381.091	381.091
Unallocated Assets	-	-	-	386.034	386.034
<b>Total Assets</b>	<b>1.730.837</b>	<b>13.837.412</b>	<b>3.246.025</b>	<b>767.125</b>	<b>19.581.399</b>
Segments Liabilities	7.300.928	2.681.594	6.583.714	1.139.183	17.705.419
Unallocated Liabilities	-	-	-	1.875.980	1.875.980
<b>Total Liabilities</b>	<b>7.300.928</b>	<b>2.681.594</b>	<b>6.583.714</b>	<b>3.015.163</b>	<b>19.581.399</b>

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**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS**

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

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Cash/Foreign currency	13.585	63.538	14.086	70.171
CBRT	1.204.339	966.333	1.359.170	1.302.967
Other	-	-	-	-
<b>Total</b>	<b>1.217.924</b>	<b>1.029.871</b>	<b>1.373.256</b>	<b>1.373.138</b>

**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
<b>Total</b>	<b>1.204.339</b>	<b>966.333</b>	<b>1.359.170</b>	<b>1.302.967</b>

**3. Information on reserve requirements:**

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR 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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO 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
<b>Banks</b>				
Domestic	1.025	2.817	3.037	2.644
Foreign	-	384.949	-	188.788
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>1.025</b>	<b>387.766</b>	<b>3.037</b>	<b>191.432</b>

**d. Information on Financial Assets at Fair Value Through Other Comprehensive Income:**

2. 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).

3. 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	7.674	4.912
Quoted on Stock Exchange	-	-
Not Quoted	7.674	4.912
Impairment Provision (-)	36.633	21.158
<b>Total</b>	<b>383.557</b>	<b>388.605</b>

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

**e. Explanations on loans:**

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

	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	-
<b>Total</b>	<b>3.562</b>	<b>37.969</b>	<b>3.680</b>	<b>149.865</b>

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

i.

Cash Loans	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Re-finance
Non-Specialized Loans	11.762.265	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 (*)	10.102.329	1.194.988	753.737	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>11.762.265</b>	<b>1.236.161</b>	<b>767.279</b>	<b>-</b>

(\*) The Bank also has TL 7 factoring receivables in the Other account.

ii.

	Standard Loans	Loans Under Close Monitoring
<b>General Provisions</b>	<b>109.911</b>	<b>365.922</b>
12 Month Expected Credit Losses	109.911	-
Significant Increase in Credit Risk	-	365.922

(\*) Non-cash loan provisions are included in the table.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

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

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

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

5. Loans according to types of borrowers:

	31 March 2019	31 December 2018
Public	-	-
Private	13.765.705	13.990.804
<b>Total</b>	<b>13.765.705</b>	<b>13.990.804</b>

6. Distribution of domestic and foreign loans:

	31 March 2019	31 December 2018
Domestic Loans	13.764.554	13.990.804
Foreign Loans	1.151	-
<b>Total</b>	<b>13.765.705</b>	<b>13.990.804</b>

7. Loans given to associates and subsidiaries;

	31 March 2019	31 December 2018
Direct Loans given to associates and subsidiaries	23.885	22.858
Indirect Loans given to associates and subsidiaries	-	-
<b>Total</b>	<b>23.885</b>	<b>22.858</b>

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

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

8. Specific provisions provided against loans:

	31 March 2019	31 December 2018
Loans with Limited Collectability	13.087	27.807
Loans with Doubtful Collectability	44.874	57.490
Uncollectible Loans	105.701	109.450
<b>Total</b>	<b>163.662</b>	<b>194.747</b>

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

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

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

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

I. EXPLANATIONS AND NOTES RELATED TO 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
<b>Prior Period End Balance</b>	<b>108.534</b>	<b>326.980</b>	<b>250.935</b>
Additions (+)	49.758	16.965	17.385
Transfers from Other Categories of Non-performing Loans (+)	-	71.974	145.420
Transfers to Other Categories of Non-performing Loans (-)	71.974	145.420	-
Collections (-)	16.970	12.487	4.091
Write-offs (-)	-	-	-
Sold Portfolio (-) (*)	-	11.329	42.706
Corporate and Commercial Loans	-	11.329	42.706
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>69.348</b>	<b>246.683</b>	<b>366.943</b>
<b>Specific Provision (-)</b>	<b>13.087</b>	<b>44.874</b>	<b>105.701</b>
<b>Net Balance on Balance Sheet</b>	<b>56.261</b>	<b>201.809</b>	<b>261.242</b>

(\*) The Bank sold non-performing loans amounting to TL 54.035 to Mega Varlık Yönetimi A.Ş for TL 450 on 29 March and, did write-off from the 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
<b>31 March 2019</b>			
Period-End Balance	649	60.866	79.704
Specific Provision (-)	368	16.423	32.603
<b>Net Balance on balance sheet</b>	<b>281</b>	<b>44.443</b>	<b>47.101</b>
<b>31 December 2018</b>			
Period-End Balance	14.801	94.619	50.609
Specific Provision (-)	5.337	33.862	30.660
<b>Net Balance on balance sheet</b>	<b>9.464</b>	<b>60.757</b>	<b>19.949</b>



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

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

iv. Information on gross and net amounts of non-performing loans based on types of borrowers:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans and other
<b>31 March 2019</b>			
<b>Current Period (Net)</b>	<b>56.261</b>	<b>201.809</b>	<b>261.242</b>
Loans Given to Real Persons and Legal Persons (Gross)	69.348	246.683	366.943
Provision Amount (-)	13.087	44.874	105.701
Loans Given to Real Persons and Legal Persons (Net)	56.261	201.809	261.242
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>80.727</b>	<b>269.490</b>	<b>141.485</b>
Loans Given to Real Persons and Legal Persons (Gross)	108.534	326.980	250.935
Provision Amount (-)	27.807	57.490	109.450
Loans Given to Real Persons and Legal Persons (Net)	80.727	269.490	141.485
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-

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

The Bank aims to collect 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 from assets are performed in accordance with the regulation.

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

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

- e. **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
<b>Current Period (Net)</b>	<b>1.305</b>	<b>33.824</b>	<b>9.131</b>
Interest Accruals and Valuation Differences	1.644	41.536	14.739
Provision Amount (-)	339	7.712	5.608
<b>Prior Period (Net)</b>	<b>19.841</b>	<b>23.591</b>	<b>1.259</b>
Interest Accruals and Valuation Differences	23.285	37.506	1.266
Provision Amount (-)	3.444	13.915	7

- f. **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	-	-	-	-
<b>Total</b>	<b>-</b>	<b>236.366</b>	<b>-</b>	<b>222.667</b>

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	-	-
<b>Total</b>	<b>251.161</b>	<b>236.801</b>

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	-	-
<b>Total</b>	<b>251.161</b>	<b>236.801</b>

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

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**g. Information on financial assets measured at amortized cost:**

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 (-)	-	-
<b>Period end balance</b>	<b>251.161</b>	<b>236.801</b>

**h. Information on associates (Net):**

None (31 December 2018: None).

**i. Information on subsidiaries (Net):**

1. Information on unconsolidated subsidiaries:

None (31 December 2018: None).

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

None (31 December 2018: None).

3. Information on subsidiaries that are consolidated in consolidated accounts:

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair value
1	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.

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

i. Information on subsidiaries (Net) (Continued):

5. 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 increases/decreases that occurred in the third part referred at footnote 1 in accordance with TAS 27 related with the equity method accounting.

6. 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

7. Subsidiaries quoted on stock exchange:

None (31 December 2018: None).

j. Information on joint ventures:

None (31 December 2018: None).

k. Information on lease receivables (net):

None (31 December 2018: None).

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

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

i. Derivative Financial Assets:

1. Information on 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	-	-	-	-
<b>Total</b>	<b>183.474</b>	<b>137.379</b>	<b>197.765</b>	<b>283.466</b>

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	692.108	8.824	655.339	13.352
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>692.108</b>	<b>8.824</b>	<b>655.339</b>	<b>13.352</b>

m. Information on investment property:

None (31 December 2018: None).

n. Information on deferred tax asset:

As of 31 March 2019, Bank has netted-off the calculated deferred tax asset of TL 132.554 (31 December 2018: TL 160.790) and deferred tax liability of TL 156.650 (31 December 2018: TL 166.993) in accordance with "TAS 12" and has recorded a net deferred tax liability of TL 24.096 (31 December 2018: TL 6.203 net deferred tax liability) in the financial statements.

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

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

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

The Bank has assets held for resale amounting to TL 156.757 (31 December 2018: TL 113.090) and has no discontinued operations.

<b>Prior Period</b>	<b>31 March 2019</b>	<b>31 December 2018</b>
Cost	113.600	45.652
Accumulated Depreciation (-)	510	567
<b>Net Book Value</b>	<b>113.090</b>	<b>45.085</b>
<b>Current Period</b>		
Net book value at beginning of the period	113.090	45.085
Additions	47.489	77.020
Disposals (-), net	3.822	8.146
Impairment (-)	-	869
Depreciation (-)	-	-
Cost	157.222	113.600
Accumulated Depreciation (-)	465	510
<b>Closing Net Book Value</b>	<b>156.757</b>	<b>113.090</b>

**p. Information on other assets:**

Other assets amount to TL 179.627 (31 December 2018: TL 160.138) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 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	273.000	-	737.385	3.996.445	393.467	75.160	223.269	-	5.698.726
Residents in Turkey	255.738	-	735.012	3.947.488	388.300	72.597	215.917	-	5.615.052
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	87.470	-	99.471	176.053	15.644	614	13.997	-	393.249
Other Institutions Deposits	1.270	-	1.396	159.736	27	422	-	-	162.851
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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>418.815</b>	<b>-</b>	<b>1.266.285</b>	<b>6.260.118</b>	<b>536.625</b>	<b>193.554</b>	<b>548.325</b>	<b>-</b>	<b>9.223.722</b>

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	172.899	-	485.371	4.041.452	748.184	86.839	203.012	-	5.737.757
Residents in Turkey	154.514	-	482.043	4.010.036	743.045	84.735	198.942	-	5.673.315
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	79.691	-	158.635	176.130	14.444	33.257	26.208	-	488.365
Other Institutions Deposits	1.457	-	1.563	130.558	166	5.804	-	-	139.548
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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>301.043</b>	<b>-</b>	<b>1.098.247</b>	<b>6.547.529</b>	<b>1.328.475</b>	<b>250.314</b>	<b>534.847</b>	<b>-</b>	<b>10.060.455</b>

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(Continued):

II. EXPLANATIONS AND NOTES RELATED TO 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	-	-	-	-
<b>Total</b>	<b>1.187.399</b>	<b>1.253.142</b>	<b>5.665.471</b>	<b>5.818.649</b>

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

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

	31 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	-	-
<b>Total</b>	<b>15.565</b>	<b>9.119</b>

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

None (31 December 2018: None).



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(Continued):**

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

**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	12.176	57.218	14.067	58.404
From Foreign Banks, Institutions and Funds	-	4.532.671	-	4.241.318
<b>Total</b>	<b>12.176</b>	<b>4.589.889</b>	<b>14.067</b>	<b>4.299.722</b>

2. Information on maturity structure of borrowings:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Short-term	12.176	536.999	14.067	603.283
Medium and Long-term	-	4.052.890	-	3.696.439
<b>Total</b>	<b>12.176</b>	<b>4.589.889</b>	<b>14.067</b>	<b>4.299.722</b>

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

The Bank's main funding sources are deposits and borrowings. As of 31 March 2019, deposits and borrowings from Bank's risk group comprise 2,31% (31 December 2018: 1,68%) of total deposits. Besides this, Borrowings from Bank's risk group comprise 66% (31 December 2018: 66,08%) of subordinated and other borrowings.

**d. Information on marketable securities issued:**

None (31 December 2018: None).

**e. Information on other liabilities:**

Other foreign liabilities amounting to TL 900.302 (31 December 2018: TL 1.040.214) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

**f. Information on lease payables:**

	31 March 2019		31 December 2018	
	Gross	Net	Gross	Net
Less Than 1 Year	2.049	1.462	-	-
Between 1-4 Years	27.257	21.790	-	-
More Than 4 Years	125.848	100.912	-	-
<b>Total</b>	<b>155.154</b>	<b>124.164</b>	<b>-</b>	<b>-</b>

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(Continued):

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

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	35.631	938	113.297	1.618
Swap Transactions	147.409	33.831	131.989	35.787
Futures Transactions	-	-	-	-
Options	21	47.463	-	49.461
Other	-	-	-	-
<b>Total</b>	<b>183.061</b>	<b>82.232</b>	<b>245.286</b>	<b>86.866</b>

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	-	-	-	-
<b>Total</b>	<b>54.931</b>	<b>6.779</b>	<b>59.902</b>	<b>10.371</b>

h. Information on provisions:

1. Information on reserve for employment termination benefits:

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

The payment amount that is one month's salary for each working year is restricted to TL 6.017,60 since 1 January 2019 (31 December 2018: TL 5.434,42). Employee termination benefits are not funded, as there is no funding requirement.

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

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(Continued):**

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

Movement of reserve for employment termination benefits during the period:

	31 March 2019	31 December 2018
Prior period balance	12.902	11.432
Service cost	1.767	2.162
Interest cost	-	1.242
Settlement cost	-	240
Actuarial loss/gain	-	(232)
Benefits paid (-)	718	1.942
<b>Total</b>	<b>13.951</b>	<b>12.902</b>

In addition, as of 31 March 2019 the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL 14.630 (31 December 2018: TL 29.390).

2. Other provisions:

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

As of the balance sheet date, there is no provision related to the foreign currency difference of foreign indexed loans (31 December 2018: TL 26).

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 7.983 (31 December 2018: TL 7.292) for lawsuits, TL 33.862 (31 December 2018: TL 35.017) for provisions for non-cash loans and commitments that are not converted to cash and are not indemnified, TL 415 (31 December 2018: None) for provisions of promotional practices 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, there is no corporate tax provision (31 December 2018: None).

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

**i. Information on taxes payable (Continued):**

**2. Information on taxes payable:**

	<b>31 March 2019</b>	<b>31 December 2018</b>
Corporate Tax Payable	-	-
Taxation of Marketable Securities	13.299	9.727
Property Tax	241	78
Banking Insurance Transaction Tax	7.615	9.087
Value Added Tax Payable	200	493
Other	4.746	3.783
<b>Total</b>	<b>26.101</b>	<b>23.168</b>

**3. Information on premium payables:**

	<b>31 March 2019</b>	<b>31 December 2018</b>
Social Security Premiums-Employee	3.295	1.245
Social Security Premiums-Employer	4.392	1.911
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	226	85
Unemployment Insurance-Employer	449	171
Other	50	40
<b>Total</b>	<b>8.412</b>	<b>3.452</b>

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

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

**i. Information on taxes payable (Continued):**

**4. Explanations on deferred tax liability:**

As of 31 March 2019, the Bank has netted-off the calculated deferred tax asset of TL 132.554 (31 December 2018: TL 160.790) and deferred tax liability of TL 156.650 (31 December 2018: TL 166.993) in accordance with “TAS 12” and has recorded a net deferred tax liability of TL 24.096 (31 December 2018: TL 6.203 net deferred tax liability) in the financial statements.

As of 31 March 2019 and 31 December 2018, the details of temporary differences and deferred tax assets and liabilities are as follows:

	Accumulated Temporary Differences		Deferred tax assets/liabilities	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Carried Financial Loss (***)	56.103	238.716	12.343	52.517
Provisions for Legal Cases	7.983	7.292	1.756	1.604
General Provisions and Other Provisions	485.783	428.042	106.872	94.169
Employee Benefits Provision	19.046	16.336	4.190	3.594
Derivative Financial Instruments Valuation Difference	-	-	-	-
Unearned Income	30.359	30.847	6.679	6.786
Others	3.248	9.639	714	2.120
<b>Deferred Tax Assets</b>	<b>602.522</b>	<b>730.872</b>	<b>132.554</b>	<b>160.790</b>
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	20.696	28.090	2.129	3.756
Derivative Financial Instruments Valuation Difference	702.370	741.988	154.521	163.237
Other	-	-	-	-
<b>Deferred Tax Liabilities</b>	<b>723.066</b>	<b>770.078</b>	<b>156.650</b>	<b>166.993</b>
<b>Deferred Tax Assets/(Liabilities) (Net)</b>	<b>(120.544)</b>	<b>(39.206)</b>	<b>(24.096)</b>	<b>(6.203)</b>

The deferred tax asset/liability summary is as follows:

	31 March 2019	31 December 2018
Balance as of 1 January	(6.203)	(33.481)
Current year deferred tax income/(expense), net	(9.966)	(37.434)
Deferred tax charged to equity, net (*) (**)	(7.927)	64.712
<b>Balance at the End of the Period</b>	<b>(24.096)</b>	<b>(6.203)</b>

(\*) Deferred tax expense accounted in equity due to the effects of TAS 27 amounts to TL (286).

(\*\*) Deferred tax asset accounted in equity also includes the effects of the transition to IFRS 9.

(\*\*\*) The Bank will be able to use its carried financial loss occurred in the current year amounted TL 56.103 in the calculation of corporate tax until 2023.

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

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

None (31 December 2018: None).

**k. Information on subordinated debt instruments:**

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 Institutions	-	-	-	-
Foreign Banks	-	1.705.147	-	1.599.472
Other Foreign Institutions	-	-	-	-
<b>Total</b>	-	<b>1.705.147</b>	-	<b>1.599.472</b>

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

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**II. EXPLANATIONS AND NOTES RELATED TO 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 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.

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

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

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

**I. Information on shareholders' equity (Continued):**

8. Information on marketable securities valuation reserve:

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

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 UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued):

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	31 March 2019	31 December 2018
Foreign currency buy/sell commitments	1.267.861	557.476
Securities buy/sell commitments	161.729	-
Loan limit commitments	117.881	117.343
Commitments for cheques	83.658	74.242
<b>Total</b>	<b>1.631.129</b>	<b>749.061</b>

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	-	-
<b>Total</b>	<b>2.295.112</b>	<b>2.319.967</b>

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
<b>Total</b>	<b>542.802</b>	<b>1.149.110</b>	<b>596.675</b>	<b>1.089.509</b>

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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS (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
<b>Total</b>	<b>2.295.112</b>	<b>2.319.967</b>

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
Acceptance and Acceptance Loans	411	69.732	-	-
Letters of Credit	-	249.141	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	282.956	-	-
<b>Total</b>	<b>519.388</b>	<b>1.694.621</b>	<b>18.078</b>	<b>47.589</b>

(\*) In addition to non-cash loans stated above, the Bank has non-cash loans classified as non-performing loans, amounting to TL 15.436. As of 31 March 2019, the Bank has recorded a 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 Bank is TL 53.728 (31 December 2018: TL 54.164) and the Bank sets aside a provision of TL 7.983 (31 December 2018: TL 7.292) 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 Note	b

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

Interest Income on Loans (*)	31 March 2019		31 March 2018	
	TL	FC	TL	FC
Short-term Loans	137.507	13.379	111.233	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 Utilisation Support Fund	-	-	-	-
<b>Total</b>	<b>252.023</b>	<b>149.776</b>	<b>240.788</b>	<b>113.590</b>

(\*) 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	3.897	288
From Foreign Banks	-	3.318	-	19
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>7.462</b>	<b>3.495</b>	<b>9.530</b>	<b>307</b>

3. Information on interest income on marketable securities:

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	129	370	227	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
<b>Total</b>	<b>9.726</b>	<b>5.119</b>	<b>4.591</b>	<b>3.465</b>

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

**a. Information on interest income (Continued):**

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

	31 March 2019	31 March 2018
Interest Received From Investments in Associates and Subsidiaries	1.027	706

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
<b>Banks</b>	369	74.323	531	48.812
The CBRT	-	-	-	-
Domestic Banks	369	445	531	401
Foreign Banks	-	73.878	-	48.411
Headquarters and Branches Abroad	-	-	-	-
<b>Other Institutions</b>	-	3.931	-	3.122
<b>Total (*)</b>	369	78.254	531	51.934

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

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

	31 March 2019	31 March 2018
Interest Paid to Investment in Associates and Subsidiaries	2.239	1.141

3. Interest expense on issued marketable securities:

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		
<b>Turkish Currency</b>									
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	-	2.504	10.507	1.309	1.260	1.217	-	16.797	17.346
Other Deposits	-	47	4.909	10	235	-	-	5.201	3.364
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	20.250	125.949	26.285	8.496	19.317	-	200.297	130.593
<b>Foreign Currency</b>									
Foreign Currency Account	-	3.978	34.796	7.547	1.000	3.094	-	50.415	48.358
Bank Deposits	-	364	-	-	-	-	-	364	743
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	4.342	34.796	7.547	1.000	3.094	-	50.779	49.101
<b>Sum Total</b>	-	24.592	160.745	33.832	9.496	22.411	-	251.076	179.694

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

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

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

	31 March 2019	31 March 2018
<b>Income</b>	<b>6.761.445</b>	<b>4.411.094</b>
Capital Market Transactions	3.573	1.127
Derivative Financial Transactions	61.908	43.586
Foreign Exchange Gains	6.695.964	4.366.381
<b>Loss (-)</b>	<b>6.742.693</b>	<b>4.406.309</b>
Capital Market Transactions	1.239	993
Derivative Financial Transactions	43.556	38.951
Foreign Exchange Losses	6.697.898	4.366.365
<b>Net Income/Loss</b>	<b>18.752</b>	<b>4.785</b>

d. Information on other operating income:

As of 31 March 2019, the Bank's other operating income is TL 3.927 (31 March 2018: TL 5.388). TL 2.023 (31 March 2018: TL 811) amount of the other operating income is composed of the profit from sales of the fixed assets that were classified as Asset Held for Resale.

e. Expected loss provisions and other provision expenses:

	31 March 2019	31 March 2018
<b>Expected Credit Loss</b>	<b>52.811</b>	<b>33.762</b>
12 Month Expected Credit Loss (Stage 1)	(6.356)	-
Significant Increase in Credit Risk (Stage 2)	36.919	33.475
Non-performing Loans (Stage 3)	22.248	287
<b>Marketable Securities Impairment Expense</b>	<b>-</b>	<b>-</b>
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Joint Ventures Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other</b>	<b>690</b>	<b>295</b>
<b>Total</b>	<b>53.501</b>	<b>34.057</b>

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

**BURGAN BANK A.Ş.**

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

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

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

**f. Information related to other operating expenses:**

	31 March 2019	31 March 2018
Reserve For Employee Termination Benefits (*)	3.428	1.957
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Amortization Expenses of Fixed Assets	9.474	2.322
Impairment Expenses of Intangible Assets	-	-
Amortization Expenses of Intangible Assets	3.166	2.659
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	25.184	28.974
Leasing expenses related to IFRS 16 exceptions	725	7.677
Maintenance Expenses	328	357
Advertising Expenses	1.544	346
Other Expense	22.587	20.594
Loss on Sales of Assets	167	-
Other	8.374	4.133
<b>Total</b>	<b>49.793</b>	<b>40.099</b>

(\*) As of 31 March 2019, "the employee vacation fee provision expense" is TL 1.661 (31 March 2018: TL 740).

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

The Bank has no discontinued operations. The Bank's net in profit before taxes from continuing operations is TL 45.058 (31 March 2018: TL 61.167).

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

**BURGAN BANK A.Ş.**

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

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

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

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

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

As of 31 March 2019, the Bank has no current tax income/expense and deferred tax expense amounting to TL 9.966.

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

The Bank has TL 73.663 deferred tax income from temporary differences and TL 39.275 deferred tax expense from carried financial loss. The bank also has deferred tax expense from closed temporary differences amounting to TL 44.354, deferred tax expense and income net-off to TL 9.966 deferred tax expense.

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

As of 31 March 2019, the Bank has TL 29.309 (31 March 2018: TL 13.156) deferred tax income arising from temporary differences and deferred tax expense from carried financial loss belonging to the prior period amounting to TL 39.275 (31 March 2018: 5.538).

**i. Information on continuing and discontinued operations' current period net profit/(loss):**

The Bank has no discontinued operations and the below article (j) represents the current period net profit/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 Bank, the composition and amount of these items:**

None.

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

None.

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

BURGAN BANK A.Ş.

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

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

k. Information on other income and expenses:

1. Interest income amounts to TL 606.580 (31 March 2018: TL 456.186) and TL 145.418 (31 March 2018: TL 74.247) of this amount is classified as "Other Interest Income" in the income statement of Bank in the current period.

	31 March 2019	31 March 2018
<b>Other Interest Income</b>		
Interest Income Related to Derivative Transactions	141.802	72.914
Other	3.616	1.333
<b>Total</b>	<b>145.418</b>	<b>74.247</b>

2. Interest expense amounts to TL 442.466 (31 March 2018: TL 312.380), TL 108.180 (31 March 2018: TL 78.461) of this amount is classified as "Other Interest Expense" in the income statement of Bank in the current period.

	31 March 2019	31 March 2018
<b>Other Interest Expense</b>		
Interest Expense Related to Derivative Transactions	97.691	69.289
Other	10.489	9.172
<b>Total</b>	<b>108.180</b>	<b>78.461</b>

3. In the current period, the Bank's fee and commission income amounts to TL 13.108 (31 March 2018: TL 12.660) and TL 6.622 (31 March 2018: TL 7.504) the related amount is classified under "Other" account.

	31 March 2019	31 March 2018
<b>Other Fee and Commissions Received</b>		
Account Operating Fees	2.258	1.192
Insurance Commissions	1.515	2.935
Commissions from Correspondent Banks	139	135
Transfer Commissions	126	174
Commissions on Investment Fund Services	56	207
Credit Card and POS Transaction Commission	33	105
Common Point Commissions	27	23
Other	2.468	2.733
<b>Total</b>	<b>6.622</b>	<b>7.504</b>

4. In the current period, Bank's fee and commission expense amounts to TL 3.274 (31 March 2018: TL 3.487) and TL 3.259 (31 March 2018: TL 3.473) of the related amount is classified under "Other" account.

	31 March 2019	31 March 2018
<b>Other Fee and Commissions Given</b>		
Credit Card Transaction Commission	501	552
Commissions Granted to Correspondent Banks	304	289
EFT Commissions	120	182
Common Point Commissions	107	113
Transfer Commissions	16	32
Other	2.211	2.305
<b>Total</b>	<b>3.259</b>	<b>3.473</b>



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

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**V. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP:**

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

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

31 March 2019	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Banks' Risk Group</b>						
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	22.858	10.792	-	149.865	166	87
Balance at the End of the Period	23.885	17.204	-	37.969	123	87
<b>Interest and Commission Income Received</b>	1.027	32	7	-	7	-

31 December 2018	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Banks' Risk Group</b>						
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	21.693	12.963	-	-	27	15.429
Balance at the End of the Period	22.858	10.792	-	149.865	166	87
<b>Interest and Commission Income Received</b>	706	25	-	-	-	-

2. Information on deposits and repurchase transactions of the Bank's risk group:

Banks' Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposit</b>						
Beginning of the Period	145.154	55.644	11.951	6.357	12.172	24.791
End of the Period	140.797	145.154	52.176	11.951	19.992	12.172
<b>Interest Expense on Deposits</b>	2.239	1.141	79	-	536	82

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

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

**BURGAN BANK A.Ş.**

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

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

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

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

Banks' Risk Group Transactions at fair value through profit or loss	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period (*)	1.437.332	806.971	-	-	-	-
Balance at the end of the period (*)	1.768.741	1.437.332	-	-	-	-
<b>Total Profit/Loss</b>	<b>(9.543)</b>	<b>8.420</b>	-	-	-	-
<b>Transactions for hedging purposes</b>						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-

(\*) The information in the table above shows the total amount of "buy".

**b. With respect to the Bank's risk group:**

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank:  
The Bank performs various transactions with related parties during its banking activities. These are commercial transactions realised with market prices.
2. The type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

	Total Risk Group	Share in Financial Statements (%)
Borrowings and Subordinated Debt Instruments	4.162.869	66,00
Banks and Other Institutions	368.222	94,71
Deposit	212.965	2,31
Non-cash loans	55.260	2,41
Loans	24.008	0,17

As of 31 March 2019, the Bank has realized interest income from deposits given to banks included in the risk group amounting to TL 1.884 (31 March 2018: None), the Bank has realized interest expense amounting to TL 55.583 (31 March 2018: TL 30.086) on loans borrowed from the direct shareholders of the Bank.

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

**BURGAN BANK A.Ş.**

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

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

**V. EXPLANATIONS AND NOTES RELATED TO BANK'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:

According to the Joint Expense Sharing Agreement with the Bank and its subsidiaries; the Bank has TL 104 (31 March 2018: TL 104) from Burgan Finansal Kiralama A.Ş., TL 12 (31 March 2018: TL 181) from Burgan Yatırım Menkul Değerler A.Ş as other operating income and the Bank has TL 32 (31 March 2018: TL 47) from Burgan Finansal Kiralama A.Ş. as other operating expense.

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Bank's risk group and the amount composes 1,12% (31 March 2018: 0,17%) of the Bank'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 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 Bank is included.

**c. Information on benefits provided to top management:**

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 10.661 (31 March 2018: TL 8.456) which include total gross salary, travel, meal, health, life insurance and other expenses.

**VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

None.

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019**

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

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**SECTION SIX**

**EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT**

**I. EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT**

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

**II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR**

None.

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019**

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**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

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

The global economic expansion has decelerated notably in the second half of 2018 after strong growth in 2017 and early 2018, triggering a more accommodative 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.

The unconsolidated balance sheet size of our bank dated 31 March 2019 is TL 19.128.539, while the unconsolidated deposit is TL 9.223.722. In the current period Burgan Bank has maintained its support to its customers uninterruptedly and net cash loans and factoring receivables has been realized as TL 13.835.430. Our unconsolidated equities have been realized as TL 1.935.707 while our unconsolidated capital adequacy ratio is 21,24%. 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 improving 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

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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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 Sözlügüzel	Commercial & SME banking	01.04.2014	Bachelor's degree	17
Hasan Hüseyin Uyar	Loans	01.04.2014	Post graduate	27
Tuba Onay Ergelen	Financial Affairs (represent by proxy)	08.11.2018	Bachelor's degree	18
Hasan Ufuk Dinç	Digital Banking and Information Technologies	19.11.2018	Post graduate	22

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

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**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):**

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

Faisal M.A. Al Radwan, chairman of Board of Directors, performs the duty of chairmanship of Credit Committee. The members of the aforementioned committee are Ali Murat Dinç, General Manager of the Bank, and Eduardo Eguren Linsen, 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 UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)**

**BURGAN BANK A.Ş.**

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**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):**

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

	<b>31.03.2019</b>	<b>31.12.2018</b>	<b>Change (%)</b>
Total Assets	19.128.539	19.581.399	(2,3)
Loans, Leasing and Factoring Receivables (Net)	13.835.430	14.085.758	(1,8)
Securities	674.910	633.184	6,6
Deposits	9.223.722	10.060.455	(8,3)
Debts Having Loan Characteristics	6.487.839	6.084.567	6,6
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	21,24%	20,74%	2,4

	<b>01/01/2019-31/03/2019</b>	<b>01/01/2018-31/03/2018</b>
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 Bank in the sector with respect to base quantities are as follows:

**31 March 2019**

<b>Million TL</b>	<b>Burgan Bank</b>	<b>Sector (*)</b>	<b>Share of our Bank (%)</b>
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.