

BURGAN BANK

ANNUAL REPORT

2015



**BURGAN
BANK**

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**BURGAN
BANK**

General Information

Corporate Profile

Burgan Bank is focused on sustainable customer satisfaction, profitability and growth.

As the "Solution partner for its customers", Burgan Bank operates in all banking segments with its 56 branches in 18 cities throughout Turkey's leading industrial and trading zones. With an extensive customer base in the corporate, commercial and retail banking segments, Burgan Bank also has three subsidiaries operating in leasing (Burgan Leasing), investment banking services (Burgan Securities) and asset management services (Burgan Asset Management).

Moving forward with the strength derived from its dedication to banking ethics, particularly integrity,

transparency, accountability and trust, Burgan Bank is focused on establishing long-term relations with its stakeholders within the context of its approach that prioritizes quality and customer orientation.

Tremendous potential from strong group positioning in the Middle East and North Africa

Burgan Bank S.A.K. (Kuwait) - the major shareholder of Burgan Bank - is the youngest private capital retail bank in Kuwait and is also the third largest bank of the country in terms of asset size. Burgan Bank S.A.K. commands a strong position in the Middle East and North Africa (MENA) region which is ambitious in global economy.

Burgan Bank takes advantage of the extensive regional service network of its major shareholder to generate sustainable added value for its

customers and to offer right and fast solutions for Turkish companies in their commercial relations with the countries in the region.

Burgan Bank's strategy is based on the establishment and sustainable development of long-term relations with its customers.

As of 31 December 2015, Burgan Bank had TL 10,674,834 in assets, TL 8,187,754 in loans and TL 6,695,608 in deposits. The Bank's stand alone and consolidated capital adequacy ratio stood at 15.97% and 14.49% respectively at the end of the year.

**THE YEAR 2015
MARKED A NEW
MILESTONE FOR
BURGAN BANK
ON ITS ROAD MAP
WHICH IS FOCUSED
ON SUSTAINABLE
GROWTH AND
PROFITABILITY.**

General Information

Values

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

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

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

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

About the Burgan Bank Group

Burgan Bank S.A.K. is an affiliate of the KIPCO Group (Kuwait Projects Company), one of the major holding groups in the MENA (Middle East and North Africa) region. Established in Kuwait in 1977, it is one of the key banking groups operating in the Middle East and North Africa. Besides Kuwait, Burgan Bank Group is active

in Algeria (Gulf Bank Algeria), Iraq (Bank of Baghdad), Jordan (Jordan Kuwait Bank) and Tunisia (Tunis International Bank) through banking associates in which it is a majority shareholder.

Burgan Bank Group foresees the generation of significant synergies thanks to its robust capitalization, high level of liquidity, international recognition and banking experience, and Turkey's position as an emerging, powerful financial center.

For further information, please visit our website at: www.burgan.com

Milestones from 1989 to 2015

- Founded under the name of Tekfen Yatırım Finansman Bankası A.Ş. in 1989, the Bank quickly became one of the sector's leading banks in corporate and investment banking.
- Providing service under one single branch until 2001, the Bank decided to implement an expansion strategy, and deployed its knowledge in the area of commercial banking; in 2001, it acquired Bank Ekspres, a midsize commercial bank.
- In 2007, the Tekfen Group and Eurobank EFG entered a partnership; following the completion of legal requirements, the Bank was renamed Eurobank Tekfen A.Ş.

- Burgan Bank S.A.K. acquired the Bank's shares held by Eurobank and Tekfen Holding on 21 December 2012 and became the majority shareholder with a 99.26% stake.
- Following the completion of legal amendments, the name of the Bank was changed to Burgan Bank A.Ş. with effect from 25 January 2013.
- In 2013 Burgan Bank had largely completed the restructuring of its infrastructure and human resources in accordance with its new shareholder's banking strategy, illustrating that it was prepared to achieve efficient and effective growth in its loan volume at a rate exceeding the sector average.
- In 2014 Burgan Bank's loan and deposit volume grew at a rate in excess of the sector average. The Bank achieved a sustainable profit and steady growth.
- The year 2015 marked a new milestone for Burgan Bank on its road map which is focused on sustainable growth and profitability.

General Information

SUMMARY FINANCIAL INFORMATION

	31 December 2015 ^(*)	31 December 2014 ^(*)	%
Total Assets	10,674,834	8,689,365	22.8
Loans and Factoring Receivables (Net)	8,187,754	6,466,286	26.6
Marketable Securities	654,879	764,586	-14.3
Deposits	6,695,608	5,365,121	24.8
Funds Borrowed and Money Market Borrowings	2,561,507	1,985,554	29.0
Shareholders' Equity	1,012,502	953,026	6.2
Non-cash Loans	1,544,155	1,190,752	29.7
Capital Adequacy Ratio	15.97%	17.74%	-10.0
	(01 January 2015 31 December 2015)	(01 January 2014 31 December 2014) ^(**)	%
Net Profit/(Loss) for the Period	52,169	17,824	192.7

(*) TL thousand based on unconsolidated financial statements.

(**) The Bank adjusted related statements in accordance with the TAS 8 Accounting Policies, Turkish Accounting Standard regarding Amendments and Errors in Accounting Estimates in its financial statements and income statement as of 31 December 2012, 2013 and 2014 through making rearrangements with respect to amendments in TAS 27 Separate Financial Statements Standard.

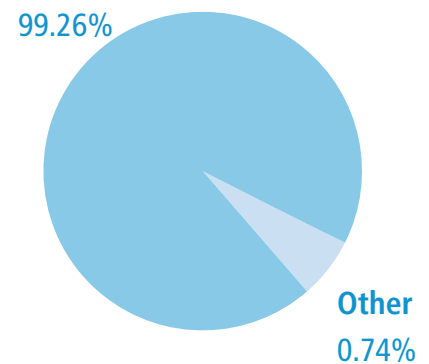
THE BANK'S SHAREHOLDING STRUCTURE, CHANGES IN THE CAPITAL AND SHAREHOLDING STRUCTURE DURING THE REPORTING PERIOD, TITLES AND STAKEHOLDING OF REAL PERSONS OR LEGAL ENTITIES WITH QUALIFIED SHARES

There are no changes to the Bank's capital during 2015, The Bank's paid-in capital amounts to TL 900 million and the Bank has a capital ceiling of TL 1 billion.

The Bank's shareholding structure as of 31 December 2015 is presented below and there are no changes to the Bank's shareholder structure during the year.

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

Burgan Bank S.A.K.



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

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

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

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 September 2001, 2,983,800,000 shares with a nominal value of Kr1 each and which amount to 99.46%

of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57.69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency's ("BRSA") decision numbered 489 dated 18 October 2001. The share transfers were realized on 26 October 2001 and the Bank's name was changed to Tekfenbank Anonim Şirketi (the "Bank"), which had two main shareholders: Tekfen Holding A.Ş. with 57.30% and TST International S.A. with 40.62%.

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

S.A. ("Eurobank EFG Holding") was approved by the BRSA and the sale was completed after the share transfer on 16 March 2007.

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

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

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

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

**BURGAN BANK
RECORDED 23% YOY
GROWTH IN 2015,
COMPARED WITH THE
18% YOY GROWTH IN
THE WIDER TURKISH
BANKING SYSTEM.**

General Information

CHAIRMAN'S ASSESSMENT OF THE FISCAL YEAR AND FUTURE OUTLOOK



Dear stakeholders,

The key concern in global markets during 2015 was the decline in the rate of economic growth. The Turkish economy maintained a moderate rate of growth in this period by utilizing its dynamics. The Turkish banking sector, on the other hand, maintained its healthy development.

In 2015, the spotlight turned to monetary policy and the measures being taken by central banks - primarily the Fed and European Central Bank (ECB), the heightened geopolitical risks - especially in our neighboring region, the rise of the dollar, and the slump in commodity prices, primarily oil prices.

The main reasons global growth fell short of expectations in 2015 were the decline in commodity prices, shrinking global trade volumes, a drying up of capital flows and slowing economies in emerging markets.

After posting 2.4% growth in 2014, the US economy maintained the same rate of growth in 2015. The rate of unemployment decreased to 5% and continued to contribute to the recovery in consumption. The headline rate of inflation in the USA remained close to zero, especially in the second half of the year with the impacts of decreased oil prices and an appreciating dollar.

The sustainable improvement in economic activity paved way for the Fed's decision to hike rates for the first time in nine years on 16 December 2016. Although the 25 basis point increase in the policy rate may not seem a big step, it will have a profound impact on the performance of the world economy in 2016 and beyond, as well as the growth of emerging markets.

Following this interest rate decision, which the markets had been awaiting for two years, the Fed signaled that it would

continue to support the US economy in cautious and attentive statements. The Fed also signaled that the rate hikes would be gradual. This moderate and careful policy approach raised expectations that there would be no sharp decrease in global cash flows in 2016.

The Euro zone rounded off 2015 with a relatively positive performance when compared to the previous year, despite some loss of pace in the last months of the year.

After posting 0.9% growth in 2014, the Eurozone economy is expected to have grown by 1.5% in 2015. In parallel with the low levels of inflation in the Eurozone, the ECB continued to apply a loose monetary policy throughout 2015. The ECB extended the termination date of its asset purchase program from September 2016 to March 2017 and signaled that it would further extend the deadline if necessary. The ECB also included regional

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The growth rate of emerging countries weakened in general during 2015.

and local administrations' bonds which are Euro denominated to the asset purchase program.

China grew by 6.9% in 2015. China has been reshaping the balances of the world economy with its double digit growth performance for more than 10 years. China has entered a period of relative stagnation, especially in the last two years. The declining export volume, weak domestic demand, problems in banking system and the housing balloon have all raised concerns globally regarding the Chinese economy.

The Chinese Central Bank (PBOC) took measures to revive economic activity which had lost pace. The PBOC cut interest rates and the required reserve ratio. Despite this, Chinese capital markets suffered a significant collapse in the autumn months of 2015. China's growth model has recently been focused on exports, and it has become the world's second largest economy. China devalued its currency repeatedly in the second half of 2015 in a bid to stave off export weakness. China aimed to boost competitiveness in its currency.

The Chinese Government is expected to step up its monetary and fiscal measures and enhance its contribution to economy through financial reforms.

The growth rate of emerging countries weakened in general during 2015 as internal problems in these countries cause deterioration in risk perception regarding these countries. On the other hand, political concerns and geopolitical risks in some emerging countries have piled pressure on their local currencies.

IMF projecting 3.4% growth in the world economy in 2016.

The recovery in economic activity in emerging countries in 2016 will depend on the continued growth in developed economies, balancing of commodity prices, the monetary policies implemented by the Turkish Central Bank as well as other central banks such as the FED, and the sustainability of the balancing process that started in China.

Turkish economy estimated to have grown by 3.5% in 2015.

The Turkish economy, which grew by 2.9% in 2014, is estimated to have grown by 3.5% in 2015, exceeding expectations. In the first nine months of the year, the Turkish economy posted 3.4% growth when compared to same period of the previous year.

The Current account deficit maintained its downward trend in 2015. The decline in imports, helped by the decline in energy prices during the year, played an important role in the improvement in the current account deficit and the current account deficit ended the year 2015 at US\$ 32.2 billion. The current account deficit/ GDP ratio decreased from 5.8% in 2014 to less than 5% by the end of 2015.

The situation on the inflation front was different. The divergence between consumer and producer price inflation became more apparent by the end of 2015. The annual increase in the CPI index stood at 8.81% in December, the highest year-end inflation rate in four years. Conversely, the annual rate of PPI inflation ended the year at its lowest for three years, at 5.71%. Despite the decrease in commodity prices, the increase in food prices and rapid fall in the value of the Turkish Lira against foreign currencies was reflected to CPI inflation.

Having dramatically tightened monetary policy in 2014, the Central Bank of Turkey (CBT) took steps towards an interest rate cut in the first months of 2015. In the

period that followed, the CBT opted to keep the rates unchanged given the domestic and external conditions. As a response to the volatility in the market and depreciation of the Turkish Lira, the CBT reacted with more implicit instruments and adjustments to the marginal funding rate. The CBT stated that the interest rate corridor would be simplified if the reduced volatility became permanent.

The two general elections in 2015 gave rise to something of a wait-and-see approach for the rest of the year. The result of the repeat general election on November 1st, removed the political uncertainty and raised expectations that work on accelerating structural reforms would gain pace.

Burgan Bank recorded a rate of asset growth in excess of the sector, expanded its loan portfolio and maintained its healthy development in line with its strategy.

Burgan Bank recorded 23% YoY growth in 2015, compared with the 18% YoY growth in the wider Turkish banking system.

This growth performance, which exceeded the sector average, was a success of synergy and can be put down to a combination of our strong anticipation competency, an accurate strategy, the continuous support of our shareholders, a team dedicated to its job, and a customer mass which was loyal to the Burgan brand with its support.

Our Bank maintained its core mission of allocating loans to the real sector in light of the Bank's attentive risk policy during 2015. The Bank remained one of the most popular service providers and was a preferred choice of foreign trade customers thanks to the Bank's strong and deeply rooted international service network. Burgan Bank offered products and services according to all kind of financial needs of consumer customers.

Our target for 2016 is to achieve growth in excess of the sector average.

In summary, while Burgan Bank has been expanding its transaction volume in its business lines, its growth in assets under management and its customer base, it also continues to support its customers with ever increasing vigor in building and planning their financial future.

Another success story in 2015 was notched up by our subsidiary, Burgan Leasing. Burgan Leasing significantly exceeded its budget targets in terms of total business volume, leasing receivables and net income. The asset size of Burgan Leasing grew by 41%. It was also a year of activity for Burgan Securities, our other subsidiary, with restructuring and preparation for the new dynamics of global and national capital markets that are changing in axes of product range and service channels. Burgan Securities further expanded its product range and its competencies.

Another important topic in 2015 was the move of Burgan Bank and its subsidiaries to the new Head Office in Maslak, İstanbul. This step, which we took under volatile and difficult market conditions, marked an important milestone in contributing to Burgan Bank's presence and popularity in Turkey.

The new Head Office building, which we moved into for the long term, offered unique synergy by gathering the entire group under a single roof, while the building will also be the flagbearer of our brand. The contribution of gathering all subsidiaries under a single roof to our efficiency started to be tracked clearly just after our move. It also provided us with a service platform that will enable us to apply our banking strategy, which is focused on improving shareholder value and profitable growth and with a more effective approach.

Both challenges new growth opportunities await

The future holds both challenges and new growth opportunities for us. We think the pressure on the banking sector's profitability will continue in 2016 and beyond. We also think that growth will follow a moderate trend now that a balance has been reached 7 years after the 2008 global crisis. We have to define this balance as the new normal, adapt ourselves and continue along our path. In this regard, the commercial banks that are structured on an accurate scale, have clearly defined segments that they are involved in, work to a medium and long term strategy and offer a strong product and service range will be the ones that sustain their achievements.

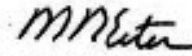
Our Bank, which is a member of the Burgan Bank Group which has such a strong position in the Middle East and North Africa, presses on with strong shareholder support. Our Bank will always have these necessary characteristics and will tenaciously carry its ambition to the future. Our shareholder is content with its experience in Turkish market and synergy created on the Group scale three years after its investment. Our shareholder considers Turkey as a market that will grow in the long term.

Entering 2016 with vigor and brave steps, together with its subsidiaries

We are determined to maintain our profitable growth with new projects and breakthroughs. Our qualified and healthy balance sheet structure continues to be a keystone on which we will not compromise. We will continue to accurately manage the leverage offered by our shareholders' equity, which steers us well away from risk. Our target for 2016 is to achieve growth in excess of the sector average.

I am delighted to report that the entire Burgan Bank family, and the professional management team in particular, generated a performance which went well beyond our targets in 2015, which was a year full of uncertainty. I believe that the same team will continue its progress under the guidance of our Board of Directors.

On behalf of our Board of Directors, I would like to take this opportunity to extend my respects to all of our stakeholders, especially our customers and employees.



Mehmet N. ERTEN
Chairman of the Board

**BURGAN BANK'S
LOANS EXPANDED
BY 27%. THE BANK'S
TOTAL LOANS WERE
RECORDED AT TL 8.2
BILLION AS OF 2015
YEAR-END.**

General Information

GENERAL MANAGER'S ASSESSMENTS OF FISCAL YEAR AND FUTURE OUTLOOK



Dear stakeholders,

Burgan Bank completed 2015 with a healthy and sound financial performance.

This success which we achieved in a difficult year was a result of our determination as a team to implement our accurately structured business plan, our strong cooperation with customers and the continuous and decisive support of our shareholder.

The year 2015 was one marked by challenges, surprises and volatilities for both Turkey and the world. The slowdown of the Chinese economy and the interest rate hike in the USA were the main focal points of the global agenda. Our country, on the other hand, experienced two elections. In addition, the domestic market closely followed the tensions in the Middle East, which borders Turkey, and the civil war in Syria. Despite this negative

backdrop, the Turkish economy set itself apart from other emerging economies and maintained its moderate growth with a dynamic structure, competitive advantages in international markets and a sound banking system.

Burgan Bank rounds off 2015 with 23% growth.

Burgan Bank's total assets grew by 23% in 2015 to reach TL 10.7 billion on an unconsolidated basis and TL 11.6 billion on a consolidated basis. In the same period, Burgan Bank successfully expanded its loan volume without compromising on profitability in the market, where competition is intense. Burgan Bank's loans expanded by 27%. The Bank's total loans were recorded at TL 8.2 billion and TL 9.2 billion on unconsolidated and consolidated bases, respectively as of 2015 year-end. Share of cash loans in balance sheet increased compared to previous period. Loan growth was mainly achieved through

our intense activities in corporate and commercial banking. We also improved our presence in SME segment.

As of the year-end, the ratio of non-performing loans in cash loans stood at 2.5% well below non-performing loan ratio in the sector.

We firmly and carefully pursued a collateral policy in our lending activities in 2015. We set aside a 57% provision for non-performing loans.

Burgan Bank realized a rate of loan growth which is in excess of the sector average in a period which the Bank further improved its interest margin. At the same time, Burgan Bank's volume of cross sale transactions also grew and the Bank's non-interest income increased. In light of these developments, Burgan Bank achieved a 37% increase in its operating income.

General Information

The sustainable profitability and growth of our Bank is closely and directly related to its ability to decide and act quickly.

In parallel with the increase in our operating income, another gain in 2015 was the improvement in the expenses/income ratio by proactively managing our cost base and income mix. Positive developments in our interest margins and resource diversity with growth over and above our cost curve paved the way for a 44% increase in our net interest income when compared to the previous year. Our operating income grew by 37% in 2015, while operational net income increased by 95%. Burgan Bank recorded net income of TL 52,169,000, indicating a record 193% growth in 2015. Another key achievement was that Burgan Bank financed most of the growth in its loans with resources that it created. In line with our strategic preferences, we focused on increasing share of deposits in our resource structure in 2015. Burgan Bank's total deposits grew by 27% to TL 6.7 billion as of the year-end. Burgan Bank also maintained its strong shareholders' equity level in 2015, which will support growth. One important issue that should be emphasized in the scope of shareholders' equity was the continuous and strong support of our shareholder.

Burgan Bank Group has also committed itself to supporting the Bank's growth plans in 2016, and will provide all manner of supports to maintain the Bank's strong shareholders' equity level. In addition to the sustainable balance sheet growth in 2015, Burgan Bank also ensured important developments that would empower its performance and provide growth, in products and financing activities, service range, service channels structuring and human resources.

Attaching importance to developing our funding resources.

Burgan Bank maintained its activities to develop and diversify its funding resources. Our deposits grew at a rate in excess of the sector's growth rate. Burgan Bank worked to decrease the concentration and followed an approach based on increasing the share of saving deposits in total deposits.

As a result of these activities, the deposit composition took on a healthier structure. Customer deposits increased by 27% in 2015 while the share of total deposits in the balance sheet increased to 63%. Burgan Bank intensively continued to utilize other funding resources in addition to deposits. Our Bank, which has strong correspondent relations, continued to utilize financing opportunities to support foreign trade customers in 2015.

Burgan Bank obtained its first syndication loan in 2015, attracting considerable interest in the international market. Burgan Bank obtained US\$ 124 million of resources from 12 banks in 6 countries. This transaction represented a milestone for the reputation and presence of Burgan Bank in international markets.

We will press ahead in our activities to develop our resource structure in 2016. While we maintain the growth of our saving deposit base, our activities to obtain cheap resources from international markets within the scope of dual and multiple transactions will be carried out under an approach that improves all dimensions of the value offered to customers and which will contribute to the Bank's profitability.

Changing and developing at all points

Being successful in the dynamic and volatile atmosphere of today's markets is achievable with a proactive strategy which is flexible or, in other words, offers the opportunity of fast transformation and change depending on external conditions. The sustainable profitability and growth of a bank of our scale is closely and directly related to its ability to decide and act quickly in all fundamental areas, from the number of its branches to its human resources.

Burgan Bank's long-term vision is to be a medium size bank and take firm steps accordingly. Our short term target is to generate permanent value for our stakeholders by taking full advantage of

the opportunities and business potential presented by market conditions.

Burgan Bank took important steps towards preparation for future and continued to develop its infrastructure and superstructure in 2015.

We continued our work to publicize the locations of our branches. At the same time, we gathered our Head Office units and subsidiaries under a single roof at our new building in Maslak/Istanbul. Our new head office building started to contribute to total motivation and the efficiency of our team in addition to offering a modern work atmosphere with an area of 14,000 m².

We successfully relocated 8 branches from locations we felt did not sufficiently meet our operational targets to service locations. Meanwhile, in locations where we considered there was a need, we contributed branch management teams with new colleagues who would fully realize Burgan Bank's boutique service approach that is supported by competent human resources and who will ensure our customers experience a unique and special service.

Another achievement in 2015 was bringing the data center, to which we attach importance to regarding our information technologies (IT) infrastructure, into operation. We completed the data center in an investment which can be considered to be important for our scale. The data center represented an important step for our future and growth.

We will continuously maintain development of our physical and alternative distribution channels in 2016.

We will continue to improve our IT infrastructure, especially in line with the requirements of digital banking, to offer an easy and practical banking experience for our customers. We support the IT management team and human resources in a manner that it will meet the dynamic

Our synergy with Burgan Bank Group, makes us even more stronger.

need of our business line. We are in a period which digitalization and big data become one of the most important determinants of competitive conditions in the finance sector. From this point of view, Burgan Bank has been preparing to realize innovations and offer easy and practical banking products and services to wide masses through alternative distribution channels. We aim to build a presence in the market and improve our market position with digital banking innovations targeting both consumers and micro enterprises.

Meeting our promise of outstanding quality by sustaining and improving our competent human resources mosaic.

We believe the main instrument of differentiation in the fiercely competitive financial services sector is qualification, competency and quality of human resources. In line with this belief, we accept that our human resources is our most valuable asset and source of strength that will help us achieve our long term vision.

A total of 302 new friends joined Burgan Bank in 2015. I would like to take this opportunity once again to welcome them wish them the greatest success in their responsibilities. We started the Management Trainee and Sales Management Trainee programs to enhance our corporate culture and to train the Bank's management team of the future. Within the framework of these programs, we continued to recruit young people who were newly graduated from university. A total of 50 graduates who successfully completed our programs joined the Burgan Bank family and took up positions in various units.

Our aim is to also differentiate Burgan Bank with its human resources and to position the Bank as a preferred employer. In order to reach this target, we are determined to improve and develop all opportunities that we offer our employees. We can only fulfil our qualified and different service

commitment to customers with qualified and competent human resources. On this simple premise, Burgan Bank will continue to invest and develop its human resources under a systematic approach.

Burgan Bank will continue to take responsibility and create value in customers' processes for building their financial future.

We anticipate a challenging year for Burgan Bank in 2016. As well as the pressure from competition, volatility in global and domestic markets will continue. On the other hand, we have trust in the Turkish economy and its long term growth potential. Our country offers tremendous potential in a whole range of business lines such as finance, trade, tourism and energy in the Eurasia region, where Turkey enjoys a central position. Provided we can capitalize on this potential appropriately and depict our growth story well, we believe in the power of our country's future.

Our synergy with Burgan Bank Group, which is a regional power, supports our ability to correctly and rapidly understand global market conditions and adapt our strategies accordingly. Burgan Bank will sustain its profitable growth with the strong support of its shareholders. Burgan Bank is supported by the resources and capacity necessary to execute this process. Our Bank is determined to fulfil the mission that it is focused on and to maintain the leadership and in its segment with its professional management team and employees.

We thank our stakeholders for their contributions.

Our team achieved a performance that it can be proud of in 2015. In addition to their success in working as a team, each Burgan employee also works on an individual basis to fulfil the requirements of being a member of this corporation and to share this culture.

With the support and guidance of our shareholders and board of directors, I believe our Bank will easily reach its future targets. I would like to take this opportunity to extend my thanks to our customers, investors and employees for their contributions and trust and loyalty to the Burgan brand.



Ali Murat Dinç
General Manager

**IN 2015, BURGAN
BANK ACHIEVED A
RATE OF GROWTH
WHICH EXCEEDED THE
SECTOR AVERAGE.**

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2015 marked another milestone for Burgan Bank on its road map, which is focused on sustainable growth and profitability.

Highlights...

- Burgan Bank's stand-alone asset volume grew by 22.8% YoY to TL 10,674,834,000 by the end of 2015 while the consolidated figure increased by 22% to TL 11,573,117,000.
- The Bank's net stand-alone cash loans grew by 26.6% YoY to TL 8,187,754,000 while the consolidated figure increased by 27.4% YoY to TL 9,195,199,000. The Bank achieved a rate of growth which exceeded the sector average rate for loans. The share of cash loans in the balance sheet increased to 79.5% on a consolidated basis.
- Burgan Bank managed its credit risk with a careful and attentive approach. While loans continued to grow in 2015, the Bank also continued to protect its strong collateral structure. According to the unconsolidated financial statements, the share of non-performing loans in total cash loans stood at 2.5% at the end of 2015, which was below the sector average.
- The share of the securities portfolio in total assets remained low at TL 654,879,000 on a stand-alone basis and TL 679,536,000 in the consolidated financial statements.
- Deposit volume increased by 23.8% to TL 6,611,511,000 on a stand-alone basis and by 24.8% to TL 6,695,608,000 on a consolidated basis. The share of deposits in the balance sheet was 62.7% on a stand-alone basis and 57.1% on a consolidated basis. The growth in deposits was also in excess of the sector average. The Bank exercised care in its deposit concentration, and the share of saving deposits in total deposits was increased.
- The Bank's equity base remained strong in 2015, supporting the growth. The capital adequacy ratio stood at 15.97% at the end of the year on a stand-alone basis and 14.49% on a consolidated basis.

- Operating income increased by 31% on a consolidated and 37% at a bank-only level in 2015 thanks to a recovery in net interest income and a healthy increase in non-interest income as well as continuing growth. Supported by the measures taken to bring down operating expenses, the Bank achieved stable growth with sustainable profit. The Bank generated TL 52,169,000 of net earnings in 2015.
- Burgan Bank continued to restructure its branch network in line with the market developments. Burgan Bank has an extensive branch network throughout the country offering deepening potential in all banking products and services. As of the end of 2015, in the 18 cities where Burgan Bank had branches, it offered 93% coverage in foreign trade volume, 87% coverage in deposits in terms of geographical breakdown and 85% coverage the in banking sector's total loans.

Diversified structure of Burgan Bank's loan portfolio maintained in 2015.

In 2015, diversified structure of Burgan Bank's loan portfolio was maintained. The greatest concentration in Burgan Bank's loan portfolio was in the construction sector, which accounted for 25% of its loans in 2015. This was followed by the wholesale and retail trade sector 12%, tourism 12% and the metal industry 7%.

In 2015, the Commercial Banking segment attracted the highest share of Burgan Bank's total placements, followed by Corporate Banking.

Burgan Bank targets higher-than-sector average loan growth in 2016. The Bank is also focused on sticking to its risk oriented management approach and diversifying its resources structure.

DEVELOPMENTS AND ACHIEVEMENTS BY BUSINESS LINES

COMMERCIAL AND SME BANKING

Transition to synergic structuring in Commercial and SME Banking

Burgan Bank's Commercial Banking and SME Banking Units were restructured during 2015.

As a result of the merger between the two different business units responsible for the coordination of sales teams and their transfer to the head office, the functioning of the organization was improved and it was formed with a simpler, more effective and more efficient approach. Common follow up of activities for both business lines ensured more efficient use of all resources including human resources.

Aiming to be the main bank of customers

The target of Burgan Bank's Commercial and SME Banking unit is to be main bank of customers, to grow together with them and to establish long term customer relations that bring about create mutual gain by receiving a large share of their financial transactions.

To this end, Burgan Bank has a product range and correspondent network that enables the easy execution of international transactions. In addition, Burgan Banking Group's presence in the MENA region and its strong know-how are other factors contributing the target of being main bank of customers.

Burgan Bank's main target is to contribute to customers' competitive power in both domestic and international markets and to establish multi-dimensional customer relations by enabling customers to take advantage of new opportunities in this way.

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Medium and long term loans are among the main instruments for establishing deeply rooted and long term relations with customers. Accordingly, Burgan Bank preferred to grow in medium and long term loans in 2015.

Cash loans allocated in commercial SME portfolios during 2015 grew by 22% while the growth in medium and long term cash loans was realized at 68.5%. On the other hand, the share of medium and long term loans in total cash loans increased from 42% to 57%.

Payment and collection solutions appropriate for customers' needs

The Cash Management Department at Burgan Bank develops strategies that will establish long term relations by offering customers payment and collection methods that are appropriate for customers' needs and their ways of doing business.

The Primary target in Burgan Bank's cash management business line is to increase the Bank's market share in cross sale products and to ensure a structure which is ready for meeting customers' demands with a wide service and product range. Steps were taken towards being the main bank in customers' mandatory payments in all cities where the Bank operates during 2015. The Bank signed 13 new corporate agreements.

Aiming to be more involved in customers' foreign trade transactions

Marketing activities were stepped up, to ensure the Bank was a part of our customers' foreign trade transactions.

We enriched our support services by providing training to enable us to meet our customers' needs, enhancing our presence in the eyes of our customers.

Development in post-financing transactions

Burgan Bank recorded growth in the post-financing transactions among various customers in all business lines. As a result of this growth, Burgan Bank realized new

customer acquisitions. In addition, there was rapid development in transactions undertaken with correspondent networks.

Offering full-scope insurance services to customers with life, non-life and pension products.

Insurance income increased in 2015 thanks to applying the correct product correct customer strategy. On the non-life side in particular, income grew by 45% as a result of further increase of close follow up.

In the coming period, Burgan Bank aims to increase both customer loyalty and income by launching elementary and life products that will create a difference for both consumer and corporate customers.

RETAIL BANKING

Retail Banking carried out successful activities in 2015. Targeting retail customers, Retail Banking offers its products and services to customers through Burgan Bank's 55 branches throughout Turkey.

In Retail Banking...

98% increase in customer deposits

The Bank's Retail Banking activities continued to focus on customer satisfaction without compromising high service quality in 2015. Burgan Bank's aim is to meet customer needs with the most suitable products and services, offered through the most appropriate channels and to provide an excellent customer experience.

Burgan Bank offered gains within the scope of fast and easy service processes as part of this target and strategy. The Bank maintained its pace of growth in retail loans and deposits, a rate which was in excess of the sector rate. This healthy and sustainable growth has also led to a rapid increase in fee and commission income.

Strategies, practices and new deposit products aimed at acquiring new customers and strengthening the deposit base

contributed to the Bank's success in this area in 2015. The total volume of deposits held by Retail Banking customers reached TL 2.7 billion, signaling 98% YoY growth.

The share of Retail Banking deposits in Burgan Bank's total deposits increased from 25% to 40% in the same period.

On the other hand, new retail loan alternatives designed especially for occupational groups in all customer segments and cash loans grew by 30% YoY to TL 124 million. Retail Banking commission income increased by 86% to TL 5.4 million.

Products and applications attract customer acclaim

An array of products and applications enjoyed wide acclaim from customers in 2015, including the Hoşgeldin Mevduatı (Welcome Deposit) application, Kazandır Kazan (Earn on Earnings), Değerini Bilen Kredi (Credit that appreciates your value), Profesyoneller Paketi (Professional Package), Kamu ve Finans çalışanları Paketi (Public and Finance Employee Package), Expat Paketi (Expat Package) and the Emekliler Kulübü (Pensioners Club).

The Tatlı Paket (Sweet Package), which was added to Retail Banking portfolio in 2014, was enriched with different alternatives in 2015. The Bank continued to offer 360 degree solutions for all customers' banking needs.

Systemic infrastructure change in credit cards and POS

Burgan Bank carried out systemic infrastructure changes in 2015 to act in a more flexible way in credit card and POS products and to generate faster solutions which more rapidly met customers' needs.

One of the priorities of 2016 will be offer benefit to micro enterprises. Burgan Bank aims to offer solutions that are suitable for needs of micro enterprises with POS and commercial card products.

In Alternative Distribution Channels...

Digital banking activities gained momentum at Burgan Bank in 2015. Within the scope of activities carried out, channels such as internet, telephone, SMS and ATM where the Bank offers service started to be reshaped to enable customers to reach Burgan Bank's products and services in a faster and easier manner.

Customer satisfaction and service quality were improved through improvements in business processes and technical infrastructure.

In summary, Burgan Bank became a corporation that created satisfaction in the sector in 2015.

The prioritized aim for 2016 with respect to alternative distribution channels is to complete the Digital Banking transformation and offer people-oriented technological solutions which will create excellent customer satisfaction.

Strategic Planning and Project Management unit enters operation at Burgan Bank.

Burgan Bank created the Strategic Planning and Project Management team in September 2015 and the unit started operations.

The aim of the unit is to carry out the development of new products, services and channels to meet customers' expectations with business units in addition to tasks that will be given from senior management in line with Burgan Bank's strategic targets. In addition, the unit also measures and reports critical business processes and develops and manages for process improvement areas. At the same time, the unit is also responsible for the central coordination, prioritization and reporting of projects.

Within this scope, analysis in the following processes were completed in 2015: credit allocation processes, legal proceedings,

customer complaints and account openings. Actions required for improvement started to be taken.

CORPORATE BANKING

Cash loans in corporate banking business line reaches TL 2.5 billion.

Burgan Bank offers high value added products, services and solutions to its large corporate customers. Having continued its progress, the volume of cash loans extended to customers through the Corporate Banking business line continued its healthy improvement, reaching TL 2.5 billion by the end of 2015.

In long term credits, the Bank's Unit was present in almost all segments of Corporate Finance, and its involvement in significant syndicated loans was also effective in the Bank's loan volume growth.

Burgan Bank's operations were expanded in the MENA region and opportunities for group synergies were prioritized through significant cooperation in Algeria and Kuwait.

Furthermore, the Unit achieved a significant number of new customer acquisitions and improved its relations with customers through cross selling products in 2015.

TREASURY AND CAPITAL MARKETS

Local and global economic developments affect Treasury and Capital Markets operations.

Two general elections - one of which was an early election, increasing geopolitical tensions in the nearby region and safety concerns all had a profound effect on TL assets in 2015. On the other hand, the first rate hike from US Federal Reserve for 10 years and the pressures brought about by the expectations of a rate hike throughout the year, concerns over growth in the world economy, and the slump in commodity

prices, led by the fall in oil prices, paved the way for volatility in asset prices both domestically and internationally.

Still, the Turkish economy achieved growth despite the pressures from the international conjuncture

The Turkish economy is estimated to have posted 4% growth in 2015 in line with the targets set out within the context of the Medium Term Program. Inflation, however, was realized at 8.81% - far above the 5% target - with food prices and exchange rate volatility taking their toll on inflation. The National-100 Index moved within a range between 69,190 and 91,805 throughout the year. The US\$/TL exchange rate started the year at 2.3200 but rose to 3.0750 within the year before closing at 2.9200. Further weakening in the TL could continue to pressure inflation in 2016 due to the pass-through impact.

Having started the year at 8.25%, the CBRT cut the policy rate to 7.75% in January and further to 7.50% in its next Monetary Policy Committee meeting. On the other hand, 2-year benchmark yields increased from 7.50% to 11.20% by the end of the year; and the 10-year benchmark yield increased from 7.30% to 11.00%.

The general election in June raised the possibility that the 13-year long single party government rule in Turkey could be replaced by a coalition was priced in sharply in the markets, before giving way to cautious optimism. Since no coalition was established under the roof of the Parliament, an early election was called in accordance with constitutional law. The early election resulted in a single party government, which affected TL based assets positively. However, the rising possibility that the FED would hike rates, coupled the debate over the change in Turkey's political system led to negativity in the markets. On top of these concerns, questioning over the CBRT's independence in determining its policies, delays and uncertainty over fiscal reform, concerns

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regarding Syria and tensions with Russia resulted in a weak close of the year for TL based assets, as in other emerging markets.

The developments summarized above also inhibited the benefit brought about by the decline in energy prices on the current account deficit, which is one of the principle reasons of Turkey's fragility.

Potential rate hikes from the US Federal Reserve Bank in 2016, increasing concerns over security and geopolitical risks in the Middle East could all dampen optimism in the markets. However, the undertaking of necessary reforms and easing in local political tensions would help Turkey decouple positively from other emerging markets.

A proactive approach shaped by the market realities

While the volatility in financial markets throughout 2015 presented challenging conditions for legal entity customers in managing their financial risks, it also presented opportunities for individual customers to increase their income. Over the counter derivative instruments were used extensively by all customers in all business lines at Burgan Bank during 2015. Over the counter derivatives trading volume reached US\$ 6.5 billion, an increase of 23% when compared to the previous year.

As part of the Effective Risk Management Model, the Burgan Bank Treasury Sales Team offered products to eliminate interest rate risk for those who expected FED to hike the rates and had US\$ based variable interest loans in their balance sheets. The Team also offered products to protect those customers which carry currency risk in their balance sheets from exchange rate uncertainty.

Burgan Bank's customer deposits increased to TL 6.6 billion in 2015, an increase of 27% compared to the previous year.

Funds provided by the Bank for trade financing amounted to US\$ 706 million.

While achieving growth in deposits, the Bank also paid attention to effective liquidity risk management, taking into account the concentration risk. The Bank's funding costs were reduced through demand deposits and trade financing transactions, and the Bank realized a healthier funding base and effective interest rate risk management by extending the maturity on the liabilities side of its balance sheet.

Taking into consideration the ongoing conjectural developments and risks, Burgan Bank foresees an increased importance of Treasury products in risk management in 2016.

A Treasury and Capital Markets Group strategy focused on the future

In an environment where costs will increase and access to global liquidity will decline gradually, Burgan Bank's priority will be to provide necessary funding sources at the most appropriate costs. Accordingly, the Bank is focused on establishing its balance sheet management strategies under different risk scenarios and to minimize interest rate and liquidity risks, both in the medium term and the long run.

Considering its customers will also be exposed to similar risks, the Bank will continue to offer products which best suit customer needs in 2016 within the context of its Treasury Sales strategy.

The Burgan Bank Treasury and Capital Markets Group will remain the preferred solution provider for transactions in the financial markets with its organizational structure and business model being developed in line with its strategy of "being a value creating service team for its customers", where there is a wide product mix with the Bank therefore able to meet the needs of its customers simultaneously thanks to qualified personnel and an advanced technological system infrastructure.

FINANCIAL INSTITUTIONS

Continuing to improve its international relationships that have been focused on efficiency and mutuality, Burgan Bank further increased its cooperation with international financial institutions in 2015. In line with its increasing international prestige, the Bank continued to achieve progress in credit limits and terms despite ongoing challenges in global markets.

US\$ 375 million in funds obtained from correspondents in 2015.

In 2015, Burgan Bank continued to secure financing at the most appropriate terms possible by utilizing international funding resources. Unwaveringly reinforcing its position in international markets thanks to its strong ownership structure, Burgan Bank obtained US\$ 375 million in funding from international markets.

A solution partner for its customers in foreign trade

In 2015, the Bank obtained 50% more funding from its correspondents than in 2014, US\$ 205 million of which was for the foreign trade finance.

Burgan Bank continued to add new banks to its correspondence network and developed its identity as a solution partner for its customers in the foreign trade field.

EFSE credit put into use in January 2015.

€ 20 million of credit obtained from the European Fund for Southeast Europe (EFSE) was put into use in January 2015.

This credit is utilized to meet the borrowing needs of the small scaled entities. The credit has a 5-year maturity with a 2 year grace period. After establishing relations with the European Investment Bank, Burgan Bank also initiated credit relations with EFSE, continuing to improve its relations with supranational institutions.

Burgan Bank's first syndication loan secured in 2015.

For the first time in its history, Burgan Bank signed a syndication loan from international markets.

Attracting great attention with its first syndication loan, Burgan Bank secured US\$ 124 million in funding with the loan. Twelve banks from six countries participated in the loan, which was secured in two tranches amounting to € 42 million and US\$ 77 million with respective maturities of 364 and 366 days. The syndication loan reinforced Burgan Bank's prestige and visibility in international markets.

Moody's continue to issue ratings for Burgan Bank. The Bank currently has a Ba3 credit rating with a stable outlook.

PRIVATE BANKING

More successes for Private Banking in 2015.

Highlights from Private Banking activities in 2015:

- The number of Private Banking customers increased by 20%.
- The average deposits volume increased by 56%.
- Deposits in the Private Banking segment account for 22% of the Bank's total deposits.
- Revenues from Treasury transactions arising from Private Banking expanded by 96% compared to a year ago.
- The Group's Treasury transactions revenues generated from individual clients constitute 47% of Bank's total revenues from Treasury transactions.

In addition to deposits and standard Treasury products, Burgan Bank Private Banking Group offers structured capital markets products in an effort to respond to the expectations and needs of individual clients from higher income segment.

Burgan Bank performs its private banking services through the central management system and private banking managers in İstanbul, Ankara, İzmir, Bursa, Antalya and Adana. Meanwhile, customers are provided with access to private banking products and services through synergic cooperation with the Bank's other business lines in all cities where the Bank has branches.

The Bank's primary target audience in Private Banking is direct acquired wealthy retail customers. Backed by the strength and experience of the Bank's growing sales team, the Private Banking Group undertakes activities to acquire shareholders, partners and senior executives of companies that are served under Bank's corporate and commercial segments. This approach contributes to the creation of cross selling opportunities between business lines, an extremely important target for the Bank.

Private Banking Department conducting its operations with three main service units.

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

The Domestic Sales Unit offers private banking services for wealthy retail customers resident in Turkey.

Private Banking Foreign Sales Unit was established in December 2013 to offer Private Banking products and services to the customers of Group Banks, which are active in MENA Region namely Burgan Bank Kuwait, Jordan Kuwait Bank, Bank of Baghdad, Tunis International Bank and Gulf Bank Algeria who seek to invest in Turkey.

The Real estate Project Unit provides support for domestic and foreign customers seeking to invest in continuing and completed real estate projects in Turkey.

OPERATIONS

A function that plays a key role in Burgan Bank's profitable growth

Burgan Bank Operations and Management Services Group employs a workforce of 280 staff, of which 114 of which are located in the head office and 166 in the branches.

The Group provides the following services;

- Branches Operation,
- Central Operations and Process Management,
- Construction Real Estate,
- Procurement and Expense Management,
- Fund and Cash Management Operations,
- Security.

Acting to a vision of continuous development and efficiency, the Operations and Management Services Group also played an important role in Burgan Bank's "Profitable Growth" in 2015.

In 2015, the move of Burgan Bank and all its affiliates to a new Head Office Building was completed in just 4 months, allowing the Bank and its affiliates the opportunity for synergies.

Many projects were undertaken with the aim of increasing internal and external customer satisfaction, enhancing service quality and boosting operating efficiency. Some of these projects are listed below.

The Operation Service Model was initiated at the end of 2014 with the aim of encouraging the branch sales teams to spare more time for Burgan Bank customers and to offer higher quality services. This model was extended to all branches of the Bank in 2015.

Foreign trade training and customer visits were organized in order to become a solution partner to Burgan Bank customers with their foreign trade transactions.

With the aim of deploying human resources to the correct positions, the analysis of monthly work load of branch operations staff and central operation staff was monitored on a regular basis, resulting in

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work with effective teams.

A number of systemic improvements were effected in order to speed up transactions.

Analysis of the transaction time for services provided to customers continued to be conducted regularly every month. Where issues were found which required actions to be taken, measures were taken without delay.

Training programs for bank employees were supported as trainers and the sharing of information was enabled through the deployment of intra-bank resources.

Regular branch visits were conducted in order to listen to and understand the field and determine necessary actions on-site.

Many products activated by the Bank were supported at the design stage on technique and process matters, preventing operational risks from arising.

Activities were undertaken to improve the intra group communication and a communication platform was set up in the final quarter of 2015.

BOARD OF INSPECTORS

Audit activities carried out with an independent approach

The Board of Inspectors, through the vice president responsible for Internal Systems, reports to the Audit Committee which is at the Board of Directors level. It consists of the Branches Audit, Headquarters Audit and Information Systems Audit teams.

With this organizational structure, the Board of Inspectors independently carries out an audit of the Bank in line with international auditing standards aimed at improving effectiveness and sufficiency of risk management and internal auditing system, operational efficiency, preservation of assets and efficient use of resources, ensuring that the Bank will reach its strategic goals and purposes.

Within this scope, the audit of the branches, affiliates, units and the processes of the headquarters were completed in line with the 2015 audit plan. The Bank's Senior Management, primarily the Board of Inspectors and Board of Directors, were periodically informed of the audit activities and their results.

According to the results of the risk evaluation conducted within the scope of the annual audit plan, the Bank also carried out on-site audits and a central audit of the various support service providers serving the Bank and audits of the main banking and CoBIT processes within the framework of the Management Declaration system, taking the materiality criteria into account.

Proactive support was provided to enhance risk management and internal control systems in developing new products and services in addition to important infrastructure, transformation and Group integration projects that the Bank carried out in 2015 within the scope of advisory activities.

A structure fully compatible with International Internal Audit Standards

The activities undertaken by the Board of Auditors are required to be evaluated by an independent specialist every five years according to International Internal Audit Standards, although this is not a legal obligation according to banking legislation in Turkey. In this context, as a result of the Quality Assurance Review Project which was carried out by Deloitte Touche Tomatsu Limited, a consulting firm, in 2014, the activities of the Board of Inspectors as well as its position within the organization and its processes were viewed to be in line with International Internal Audit Standards. The activities of Board of Inspectors were again conducted in line with the standards in 2015.

In line with the standards, in 2015 the Board of Inspectors encouraged its auditors to obtain the International Certified Internal Auditor (CIA) and other occupational certificates, which are issued by the

International Institute of Internal Auditors and other occupational associations.

Working in line with revised legislation and best international practices

The Board of Auditors continued to review and update its audit methodology, program and reporting standards in line with the revised legislation and best international practices in 2015. The Board of Inspectors aims to utilize technology at the maximum level for effective audit. Accordingly, the Board of Inspectors continued to invest in Computer Assisted Audit Tools (CAATs) and data mining.

Steps were taken to ensure the coordination of audits carried out by legal authorities such as BRSA and CBK (Central Bank of Kuwait) as well as by the independent audit firm, E&Y.

Activities carried out in the Bank's subsidiaries

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

Activities regarding the detection and prevention of abuse

In addition to audit activities scheduled within the scope of the audit plan, the Bank also carried out examination and investigation activities in 2015. The Board of Auditors has communication channels (a special telephone line able to take messages 365 days a year on a 24/7 basis and an e-mail address) that will enable any incidents of abuse, irregularity or corruption to be reported to the board directly.

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

INTERNAL AUDIT UNIT

Burgan Bank's Internal Audit Unit serves the Bank and its affiliates.

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

The Internal Audit Unit continued its periodical and spot central and onsite monitoring at branches and the Head office, also examining and monitoring activities using sample methodology under a risk based approach as part of the annual control plan in 2015.

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

Auditing activities were carried out within the scope of the Management Declaration and ICAAP statutory reporting. Moreover, the Internal Audit Unit continued to coordinate the auditing activities of those affiliates which are consolidated.

In 2015, the "Treasury and Capital Markets Transactions Audit Unit" was established under the Internal Audit Unit in order to undertake compliance activities with new capital markets legislation, to follow secondary regulations to be issued by the CMB in the future, to provide necessary legislation consultancy services to the business and operational management, and to undertake secondary level controls about the treasury/derivatives transactions.

This unit provided consultancy services in the process of applications for CMB Operational Authorization and adaption to the new CMB regulations process in addition to its functioning as internal control regarding Bank Treasury/Derivatives Transactions.

New structure

In 2015, the Internal Audit Unit reorganized its activities which can be carried out by the Branches, Operations Control, Head office-Processes Control and Treasury-Capital Markets Transactions Control units, in an effort to enhance its operating efficiency and increase the effectiveness of the checks performed.

In line with the revised organization structure, the Internal Control Unit Policy, job definitions, working principles and methodology were reviewed and current control activities were enhanced with the addition of new control areas.

Consultancy, training and certification activities

Within the context of consultancy activities, the Internal Audit Unit continued to support projects about process development regarding new products/services and projects aimed at increasing the operational efficiency and effectiveness of the risk management and internal audit system.

In an attempt to raise awareness among the Bank's staff to prevent abuse, the Bank personnel and, most importantly, the branch staff continued to attend seminars and workshops concerning "Forgery and Abuse Awareness".

The Chair of the Internal Audit continued to encourage its staff to obtain domestic and international professional title certificates issued by the International Internal Auditors Institute, the Capital Markets Licensing and Training Agency (SPL) and other professional institutions.

LEGISLATION AND COMPLIANCE UNIT

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

- Following banking legislation, apart from tax legislation, announcing amendments and innovations to the Bank and providing advisory services to our Bank's units, ensuring that the Bank's implementations and operations are carried out in line with the legislation,
- Following, announcing and conducting necessary controls of legislation in combating laundering the proceeds of crime and financing of terrorism.

In 2015, the Legislation and Compliance Unit continued the activities outlined above.

Systemic developments for the Foreign Account Tax Compliance Act (FATCA) application, which Burgan Bank Group and our country are party to, were completed and the Bank's system was made ready for the domestic legislation. Furthermore, the automatic record and monitor system was formed for the Politically Exposed Person (PEP) customers.

RISK MANAGEMENT

Working to bring about compliance with Basel regulations in 2015.

Within this context, studies were undertaken for compliance with the relevant regulation through the Risk Report, Regulatory Consistency Assessment Program (RCAP) and Liquidity Coverage Ratio (LCR) Report. The implementation of the Internal Capital Adequacy Assessment Process (ICAAP) in the Bank and the preparation of ICAAP report process were coordinated.

Activities were carried out by the Decision Support Systems and Modelling Units organized under the Risk Management

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Group to improve the internal rating models used to measure credit risk, and bank employees participated in the relevant projects. The Risk Management Unit extended support for activities to develop an infrastructure of decision trees to more effectively manage risks arising from retail loans.

INFORMATION TECHNOLOGIES

Burgan Bank's Information Technologies activities focused on credit infrastructure investments, customer acquisition and the transfer of the data center, the emergency center and the head office.

Burgan Bank continues its activities to provide a faster service by reaching customers through more channels including web-based, direct sales and dealer channels in addition to the new developments to be carried out in digital banking. Within the scope of the moving program regarding Information Technologies infrastructure, the Bank established a high access, flexible, strong and customer oriented technology infrastructure in 2015.

The completed investments ensure technological superiority in several areas. The projects completed in 2015 were listed under the following categories;

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

In 2015:

- Within the scope of sustainability of high service quality, Burgan Bank relocated its head office in addition to moving the Data Center and Emergency Case Data Center. The project increased efficiency, accessibility and the back-up level of technological infrastructure. The Bank ensured high standards in the Head Office user information infrastructure, meeting rooms and telecommunication technologies.
- "Experian" credit decision support services were integrated within the scope of evaluation of consumer credit application through the SMS and branch channels as well as management of customers' limits.
- Developments regarding the automatic purchase and sale of life policies through our channels were brought into use.
- The Group ensured automatic reporting of Burgan Bank Turkey by integrating Burgan Bank Kuwait's financial information infrastructure with the Burgan Bank Turkey.
- Burgan Bank conducted evaluations of customer data with the "Moody's" scenario analysis application. This allowed decisions regarding the credit approval process to be taken by computing customers' risk ratings.
- Burgan Bank renewed its Credit Card and POS infrastructure and ensured cooperation and integration with the "Master Card" to increase the service quality offered to customers.
- Activities and investments within the scope of business continuity continued. The Bank successfully completed business continuity ordinary tests.
- Mechanisms to assess branch managers and portfolio managers through IT infrastructure were implemented.

Information security activities

Burgan Bank continuously carries out information security activities, with some of the most important activities conducted within this scope set out below.

As a response to increased cyber threats, Burgan Bank facilitates new generation security systems which protect the Bank's technological infrastructure. In addition, the Bank organized penetration tests to detect the readiness level of the Bank against threats. By doing so, potential leakages in our services were scanned throughout the year.

Internal and external security tests were conducted to measure the security level of the Bank's systems and information security awareness of employees. Employees were informed of current threats with information security awareness programs.

Information technology in 2016...

Burgan Bank will continue to pursue activities to provide a qualified and uninterrupted service to its customers with new products, advanced technological infrastructure and channels in 2016.

A number of activities will be carried out with aim of reducing the Bank's risk. The Bank also plans to undertake investments in Digital Banking, the virtual branch, improvements to legal/purchase processes, developments in the credits infrastructure and CRM and risk modelling projects.

HUMAN RESOURCES

The importance of corporate culture

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

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

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

Burgan Bank's corporate culture shapes the human resources applications.

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

Competent graduates trainees are employed within the framework of the Management Trainee and Sales Management Trainee programs to enhance the corporate culture and raise the Bank's management teams of the future.

The program starts with extensive banking and finance training which is provided to Management and Sales Management trainees. The program then aims to provide trainees with serious job experience with on-the-job training given in the units or branches that they are positioned. In line with this, 41 young people were recruited in 2015, 31 as Management Trainees and 10 as Sales Management Trainees.

A total of 302 people joined the Burgan Bank Family from different experience levels during 2015.

Human Resources Policy and the elements of being a preferred work place

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

Burgan Bank offers its employees a working atmosphere which supports their development, respects their work-life balance and supports their interests outside work, as well as supporting social and cultural diversity. With its Social Life project which gathers hobbies, sport clubs and volunteering projects, the Bank also supports its employees outside the work place.

Burgan Bank's human resources profile:

- The average age of the employees at Burgan Bank is 35.
- Employees have an average of 11 years' experience in the sector.
- 55% of the employees are women.
- 89% of employees are educated to at least undergraduate degree level.

Training and development activities at Burgan Bank

Training and development activities are carried out through class training and distance learning under four different categories;

- Banking Technical Information and Skills,
- Management and Personnel Development,
- Mandatory Certification and
- Orientation and on the Job Training Programs.

A total of 36,939 hours of training was provided, while each employee received an average of 5 training days in Burgan Bank in 2015. In-house lecturers provided 58% of total training hours.

These numbers suggest that Burgan Bank employees are young but experienced, very well educated and have a balanced profile in terms of the breakdown between men and women.

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

General Information

BURGAN FİNANSAL KİRALAMA A.Ş. (Burgan Leasing)

A year where beating targets

Burgan Leasing's total business volume, leasing receivables and profit significantly exceeded the company's budgetary targets. Burgan Leasing's total assets climbed by 41% to reach TL 1,063 million, and leasing receivables were up by 33% to reach TL 956 million.

With these results, the company significantly exceeded the targets it had set out at the beginning of the year, and completed 2015 with a net profit of TL 21.4 million.

One of the primary factors behind Burgan Leasing's success has been its low ratio of bad loans in total assets, which was just 3.1% in 2015 well below the sector average.

Burgan Leasing continued to unwaveringly apply a strong lending policy during 2015, leasing the right assets to the right firms in the right sectors.

In 2015, the company mainly offered leasing services to its customers operating in the following sectors;

- real estate sale-and-lease-back,
- marine vessels,
- textiles,
- manufacturing,
- tourism.

On the other hand, the company also focused on renewable energy investments and gained a major foothold in the sector by exercising its first transaction.

On a sector-by-sector basis, the real estate sector has the highest share based on goods groups that rate subject to leasing, with a 49% share of Burgan Leasing's portfolio, where Burgan Leasing has extensive know-how and expertise.

Burgan Leasing diversified its borrowing instruments in 2015 after completing its first bond issuance and securing its first renewable energy loan from international markets.

In 2016, Burgan Leasing will continue to be one of the leading service providers of real estate and marine vessel transactions, the two products where the company commands the highest market share.

New products

Burgan Leasing's strategy is to take positions and expand in special areas that require extensive know-how and expertise while adding new products to its portfolio through these strategies. With this approach, the Bank increases its leasing services for aircraft, motorboats and yachts, which are among specialty goods. The company has also undertaken various sell and lease back transactions for schools, warehouses, malls, offices and factory buildings.

For 2016, Burgan Bank's target is to access a wider customer base starting with the low-value transactions. In line with this strategy, the company invested in its sales team throughout Turkey.

Healthy and sustainable growth

The Turkish economy offers tremendous growth potential in the area of financial leasing. Burgan Leasing will continue to grow rapidly in 2015 by increasingly reflecting such potential to its performance, thanks to its strong human resources and firm financial structure, as well as the continuous support of its shareholders.

Highlights from Burgan Leasing in 2014-2015

	31 December 2014	31 December 2015	% Change
Leasing receivables (TL million)	717	956	33
Net Kâr (TL million)	12,2	21,4	76

BURGAN YATIRIM MENKUL DEĞERLER A.Ş. (Burgan Securities)

A company well-prepared for the new era in capital markets

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

The year 2015 proved a much more difficult year for the markets and brokerage houses. While far-reaching legislative amendments and the complete renewal of the technological infrastructure at the Borsa Istanbul as a result of the cooperation with Nasdaq made for another busy agenda for brokerage houses throughout the year, it was also a distressed year for the capital markets in Turkey with two general elections in the year coupled with the realization of conjectural risks in international markets.

In addition to its existing branches, Burgan Securities focused on developing and improving online channels during 2015 in order to serve its customers, whose number exceeds 5,000. This was also considered as a step which will accelerate new customer acquisitions in the coming years.

The capital of Burgan Securities was increased to TL 100 million in 2015, and the company was placed among the top brokerage houses in terms of its shareholders' equity.

Restructuring efforts and new licenses

As a widely authorized brokerage house, the company obtained operating licenses with the widest validity and treated 2015 as a year of investment and restructuring. In 2015, Burgan Securities responded to the radical amendments in the Capital Markets Law with a significant restructuring within the company and undertook necessary investments in order to operate with an extensive product and service mix in capital markets.

As a fully authorized brokerage house, Burgan Securities also received licenses for Transactions Brokerage Operations, Portfolio Brokerage Operations, Individual Portfolio Management Operations, Investment Consulting Operations, IPO Brokerage Operations through Underwriting (Book Building) and Best Effort methods; and also received a license to provide Limited Fiduciary Services.

In the international corporate sales field

In addition to providing direct sales and brokerage services to international corporate investors in the United States, Europe, Middle East and the Far East, the company also undertook extensive international marketing operations for publicly traded Turkish companies.

Since Turkey was exposed to geopolitical risks, this led to a substantial decline in trading volume by foreign investors, which also affected Burgan Securities negatively in 2015.

In 2015, Burgan Securities took 2.58% share from the foreign transactions made in the Turkish equity market.

Brokerage Activities

In addition to providing brokerage services in organized markets such as Stock, Derivatives, Options, Debt Securities and Takasbank Money Market from various channels, the company also offered brokerage services for leveraged FX and CFD transactions on gold, oil and foreign indices.

In 2015, Burgan Securities achieved a 2.82% share of the Borsa Istanbul Stock Market trading volume. For 2016, the company plans to expand the scope of its brokerage services both in national and international markets by expanding its product and underlying assets diversity, particularly in the derivatives market.

Research and financial consultancy activities

Led by equity market reports, the Burgan Securities research team produces an extensive range of fundamental and quantitative reports in both English and Turkish on macroeconomics, the international markets and foreign exchange. Some of these reports are published periodically while some are on an ad-hoc basis. These reports are also organized and classified according to their target clientele (for example corporate or individual, or by level of risk appetite). In 2016, the company plans to expand its research coverage to include money and fixed income market and products, derivatives markets and volatility products.

General Information

BURGAN PORTFÖY YÖNETİMİ A.Ş. (Burgan Asset Management)

Burgan Asset Management aims to help its customers achieve their expected returns for different risk preferences through its transparent investment products which have distinct targets.

In addition to equities, long term T-bills and bonds, private sector, liquid and gold funds, Burgan Asset Management also undertakes the management of the Burgan 1 Hedge Fund, through which it offers investors a range of different alternatives.

In line with the communique of the Capital Markets Board on mutual funds, Burgan Asset Management also took over the founder status for the funds under its management in 2015.

By the end of 2015, the volume of assets under management at Burgan Asset Management stood at TL 24.2 million.

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

With a total of 56 branches composed of 15 retail branches, one corporate branch and 40 mixed branches, along with the internet banking application, a call center and 1,022 personnel, Burgan Bank provides high added value banking products and services in corporate and commercial banking, small business banking, retail banking, private banking and factoring, as well as in leasing and investment banking through its subsidiaries.

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

TL million	31 December 2015		
	Burgan Bank	Sector*	The Bank's Share (%)
Cash Loans	7,913	1,500,261	0.53
Customer Deposits	6,616	1,320,930	0.50
Number of Branches	56	11,193	0.50
Number of Employees	1,022	201,205	0.51

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

R&D PRACTICES RELATED TO NEW SERVICES AND ACTIVITIES

The main products that were offered to customers in 2015 are listed below:

- Birikimli Kredi (Loan with Saving), a consumer loan offering discounted interest rates with BES (Private Pension System) sale, account maintenance fee exemption, Eft/transfer fee exemption.
- Süper Net Kredi (Super Net Loan) which is a consumer loan offering attractive interest rates and a low cost
- Borç Transfer Kredisi (Debt Transfer Loan) which is a consumer loan with maturities of up to 36 months targets customers who have difficulty following their payments and who want to complete their payments easily with affordable instalments by gathering all of their debts under a single roof.
- Emlak Ofis - The Cooperation with Burgan Bank targets retail banking customers seeking to buy a new home. This cooperation will provide the Bank with new customer acquisitions, help maintain cross-selling activities with new customers acquired through the Emlak Ofis channel and to increase the Bank's insurance and commission income.
- Maaş Ödemeleri Paketi (Salary Payment Package) offers special exemptions and pricing to companies and employees involved in the enterprise and commercial business line with salary payment service, primarily services with loans. At the same time as accounts are opened, applications for the overdraft deposit account are also received.
- Apartman ve Site Yönetimleri Paketi (Apartment block and Building Services Package) offers special advantages to occupants and building managers. It includes regular and systematic realization of cash flows and free of cost banking transactions.
- Kazandır Kazan Kampanyası (Make Earnings Work Campaign), where existing customers of the Bank direct their friends, who could be potential retail customers, to the Bank. The new customer is required to have a time deposit account or drawing account at Burgan Bank and to maintain their balance for 92 days from the opening date.

General Information

INFORMATION ON BENEFITS PROVIDED TO TOP MANAGEMENT

The Top management of the Bank is composed of the Chairman of the Board, the General Manager and Vice General Managers. The sum of benefits paid to the top management in the current period totaled TL 15,504 thousand (December 31st, 2014: TL 12,271 thousand) which includes total gross salaries, travel, meal

allowances, health insurance, life insurance and other expenses.

Total benefit of TL 15,504 thousand which was provided to top management as of 31 December 2015, was provided to following groups as a salary package: TL 5,081 thousand to Board Members and

the General Manager (1st Group), TL 7,826 thousand to Chief Financial Officer (CFO), Internal Systems Vice President (CIA) and Chief Risk Officer (CRO) and first 5 managers who receive the highest salary (2nd Group).

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

As of December 31st, 2015, the total amount of legal action taken against the Bank stood at TL 34,582 thousand (December 31st, 2014: TL 51,784 thousand) and the Bank sets aside a provision of TL 4,652 thousand (December 31st, 2014: TL 20,191 thousand) regarding these risks. As a result of the favorable developments occurring in the case, the provision of 20,504 thousand TL for the current year

has been revoked and the case has been concluded by making a payment of 5,746 thousand TL. Due to the delayed reply to e-foreclosure submitted by the Gökpinar Tax Administration, negative declaratory action has been claimed at the "Denizli Tax Authority" and the "Denizli Civil Court of General Jurisdiction" for the cancellation of the payment order of TL 25,459 thousand, which was notified to the Bank. The

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

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

None.

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

The sum of the Bank's Personnel Expenses totaled TL 129,118 thousand as of December 31st, 2015 (December 31st, 2014: TL 108,613 thousand), while the Bank set aside a provision of premium amounting to TL 12,985 thousand (December 31st, 2014: TL 10,800 thousand) to be paid to the Bank's personnel.

Corporate Governance Practices

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

Name and Surname	Position	Date of Appointment to Office	Academic Background	Experience in Banking or Business Administration Prior to Appointment to Office (Years)
CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS:				
Mehmet Nazmi Erten	Chairman	29.01.2014	Bachelor's degree	29
Faisal M.A. Al Radwan	Vice Chairman	29.01.2014	Bachelor's degree	23
Eduardo Eguren Linsen	Member	20.12.2012	Bachelor's degree	25
Majed E.A.A. Al Ajeel	Member	20.12.2012	Master's degree	22
Adrian Alejandro Gostuski	Member	21.12.2012	Master's degree	35
Mehmet Alev Göçmez	Member	23.01.2013	Master's degree	33
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	Master's degree	21
CHIEF EXECUTIVE OFFICER:				
Ali Murat Dinç	Member and General Manager	03.02.2014	Master's degree	21
EXECUTIVE VICE PRESIDENTS:				
Robbert J. R. Voogt	Operations, IT and Private Banking Senior Executive Vice President	23.09.2013	Bachelor's degree	15
Esra Aydın	Operations	01.08.2007	Bachelor's degree	16
Mutlu Akpara	Treasury and Capital Markets	08.08.2007	Master's degree	11
Hüseyin Cem Öge	Corporate Banking	22.08.2007	Master's degree	13
Cihan Vural	Internal Control and Audit	03.11.2008	Bachelor's degree	13
Rasim Levent Ergin	Human Resources	01.11.2012	Master's degree	17
Emine Pinar Kuriş	Retail Banking	10.12.2013	PhD	16
Suat Kerem Sözügüzel	Commercial Banking	01.04.2014	Bachelor's degree	17
Hasan Hüseyin Uyar	Credits	01.04.2014	Master's degree	27
Tuba Onay Ergelen	Chief Financial Officer	09.09.2014	Bachelor's degree	16

Changes in the Bank's top management during 2015 and until the reporting date:

Appointments

As a result of a resolution passed at the annual general assembly on 30 March 2015, Halil Cantekin was appointed to a seat on the Board of Directors effective the same date. Under board resolution 852 dated 17 April 2015, Mr Cantekin was made head of the Audit Committee.

Resignations

Assistant General Manager for Information Technologies Soner Ersoy resigned effective 12 June 2015.

Corporate Governance Practices

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE OF STATUTORY AUDITORS

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) was elected as an external auditor in pursuant to decision made in our Bank's General Assembly which was held on 30 March 2015.

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

CREDIT COMMITTEE

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

INTERNAL SYSTEMS ORGANIZATIONAL FUNCTION GROUPS

AUDIT COMMITTEE

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

Halil Cantekin is the chairman of Audit Committee while Adrian Alejandro Gostuski and Osama T.Al Ghousesein serve as the committee members. Risk Management and Internal Audit and Control Groups report to Audit Committee functionally.

A. RISK MANAGEMENT SYSTEM

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

of Risk Management System is to establish a common risk management conception within the Bank.

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

1) RISK COMMITTEE

Risk committee is composed of Adrian Alejandro Gostuski, chairman of the committee and board member, Majed E.A.A. Al Ajeel and Osama T.Al Ghousesein. Risk Management Group reports to Risk Committee functionally.

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

2) RISK MANAGEMENT GROUP

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

a) Market Risk Unit

The objective of the Market Risk Unit is to monitor and analyze the market risks

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

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

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

b) Credit Risk Unit

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

also makes proposals for the identification and improvement of hitches and vulnerabilities in the lending system, as and when necessary.

c) Decision Support Systems and Modelling Unit

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

d) Operational Risk Unit

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

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

e) Treasury Mid Office Unit

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

Meeting Frequencies of Committees:

As defined in the Bank's Risk Policies document, the Risk Committee meets at least four times a year, and the Risk Coordination Committee meets biweekly. The Risk Coordination Committee is set up in order to determine joint actions in relation to Internal Audit, Internal Control and Risk Management issues. Participants are the board director responsible for Internal Audit and Risk Management (as the chairman), General Manager, Senior Executive Vice President, Head of Risk Management Group, Head of Internal Audit and Control, Head of Internal Audit, Head of Internal Control and Head of Compliance. Heads of the Credit Control, Market Risk and Operational Risk Units also attend these meetings.

B. INTERNAL AUDIT AND CONTROL GROUP

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

B.1. INTERNAL AUDIT

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

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

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

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

In line with 2015 audit plan, audit activities of units and processes in branches, affiliates and headquarters were completed. According to the results of risk evaluation that was carried out within the scope of annual audit plan, audits of main banking and CoBIT processes were conducted by considering on-site and central audits of support service companies and materiality criteria within the scope of Management Declaration.

In addition to infrastructure, transformation and Group integration projects that the

Bank carried out within the scope of consultancy activity, proactive support was given for enhancing risk management and internal control system in developing new products and services.

Board of Auditors activities are required to be evaluated by an independent specialist every five years according to International Internal Audit Standards although banking legislation in Turkey does not keep it legal obligation. With the approval of Audit Committee and Board of Directors in January 2014, it is decided that Board of Auditors activities are evaluated by Deloitte Touche Tohmatsu Limited, consulting firm, within the scope of Quality Assurance Review. As a result of Quality Assurance Review Project, Board of Auditors activities as well as its position within the organization and its processes were viewed as they are in line with International Internal Audit Standards. 2015 auditing and consulting activities under the Quality Assurance & Development Program were conducted in line with the International Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing" as well as with the Bank's own code of ethics.

In 2015, Board of Auditors, in line with International Standards for the Professional Practice of Internal Audit encourages its auditors to obtain International Certified Internal Auditor (CIA) and other occupational certificates which are given by International Institute of Internal Auditors and other occupational associations.

Board of Auditors reviewed and updated audit methodology, program and reporting standards in line with changed legislation and best international practices in 2015.

Burgan Bank A.Ş. Board of Auditors were rewarded within the scope of Internal Audit Awareness Rewards by The Institute of Internal Audit - Turkey as a result of following points: the fact the Board of Auditors carries out internal audit function and profession at international standards by completing Quality Assurance Review Project, that the Bank is among the leading institutions in this area, that high level

Corporate Governance Practices

of participation in training programs for International Certified Internal Auditor exams and success rate at these exams.

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

In addition to audit activities that were scheduled within the scope of audit plan, the Bank also carried out examination and investigation activities in 2015. Board of Auditors has means of communication (a special telephone line which is available for leaving a message for 365 days 7/24 and an e-mail address) that will enable reporting of abuse, irregularity and corruption to the board directly.

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

B.2 INTERNAL CONTROL

The Internal Control Center reports its activities to the Audit Committee through the Assistant General Manager for Internal Systems. The Internal Control Center consists of the Branch and Operations Control Unit, the Headquarters and Process Control Unit, and the Capital Market Operations Control Unit.

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

Internal Control Unit's activities are carried on with a risk focused approach, in terms of main control points mainly on lending, deposit collection, accounting, financial reporting, information systems, treasury, and capital market transactions from amongst the Bank's functional activities.

Internal Control oversees the transactions in these and other fields on and off-site periodically in the context of predetermined schedules with respect to their conformity with regulatory legislation, the Bank's strategy and policies, implementation procedures, limits and internal regulations.

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

During 2015, the Internal Control Center continue to coordinate the internal control operations of Burgan Leasing, Burgan Securities, and Burgan Asset Management, three subsidiaries whose results are consolidated with the Bank's own.

In 2015, Internal Control Unit personnel has participated in management declaration work including audits of companies from which the Bank obtains support services, in the stages of the review of risk matrices, testing and findings follow-up and preparation of management declaration report. Furthermore, Internal Control Unit also carried out ISEDES validation activities in 2015.

C. COMPLIANCE

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

In 2015, the efforts of monitoring the Bank's compliance to the legal obligations of combating laundering proceeds of crime and financing of terrorism and the execution of Compliance Programme have continued.

Training was provided to branch and headquarters personnel on issues pertaining to the prevention of money-laundering and terrorism financing. IT systems were used to effectively monitor transactions for indications of suspicious activity. US Foreign Account Tax Compliance Act-related activities were conducted and systematically updated in line with the project plan formulated by the FATCA (Foreign Accounts Tax Compliance Act) Project Group. The department's policies and procedures that were updated in line with Burgan Group principles and changes in the legal and regulatory frameworks were approved by the Bank's Board of Directors. Visits were conducted to branches in order to increase money-laundering related issue awareness among branch personnel and to identify any specific local risks that might exist and report them to senior management.

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

In order to ensure trouble-free compliance with changes in banking laws and regulations, a "Regulatory Compliance Working Group" was set up and tasked with identifying the Bank's potential regulatory compliance risks and with determining and prioritizing the actions that all bank business units must take to monitor and prevent such risks. This group has begun working under the guidance and coordination of the Compliance Unit.

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

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

The Credit Committee meets once a week.

The Audit Committee meets at least four times a year.

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

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

Corporate Governance Practices

BOARD OF DIRECTORS' SUMMARY REPORT PRESENTED TO THE GENERAL ASSEMBLY

Drawing the strength of the Burgan Bank Group, our Bank targeted stable growth in its activities in 2015. In this context, Burgan Bank pursued its banking activity in accord with the Turkish Commercial Code, tax legislation, the Banking Law, Banking Ethics, the "Know Your Customer" and Suspicious Transaction provisions and the Competition Laws and Guidelines.

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

In 2015, our Bank has focused its attention on customer-oriented activities with its new organization change and management approach through its 56 branches throughout Turkey and fully responded to the financial needs of its customers in the corporate, commercial, retail and private banking business lines by means of an effective pricing policy and a rich array of products. As well as its expanding balance sheet, the Bank also effected significant improvements, which will further strengthen its performance in the future in terms of product and service portfolio, the number of customers and the structure of service channels.

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

In the twelve months to end-2015, the Bank's total assets increased by 23% and reached TL 10,674,834 thousand.

Customers' deposits were up by 27% and amounted to TL 6,645,262 thousand. Besides being above the sector's average last year, this rate of growth also increased the share of savings deposits in the Bank's total deposits.

Growth in deposits was accompanied by greater diversification in funding resources last year. In 2015 the Bank secured its first syndicated loan, the amount of which was US\$ 124 million.

As of December 31st, 2015, 63% of the total liabilities consisted of deposits, 24% consisted of funds borrowed and money market borrowings and 10% consisted of shareholders' equity.

As far as assets are concerned, total cash loans had reached TL 8,187,754 thousand as of December 31st, 2015, signifying a YoY rise by 27% which the sector's growth rate.

The total amount of the Bank's nonperforming loans accounted for 2.5% of its cash loan portfolio which is below the sector's rate. The Bank set aside 57% provision for non-performing loans.

Total securities stood at TL 654,879 thousand. As a result, 77% of our assets consisted of loans, with securities accounting for 6% and cash, CBTR and short term placements comprising 12% of our assets.

Last year the Bank registered a 37% year-on rise in its operating income. This was the result both of improvements in interest rate margins and of growth in non-interest revenues nourished by cross-sales that were driven by an above-sector-average expansion in lending.

At the same time, operating expenses were strictly controlled so as to support the Bank's growth through sustainable profitability. The result was a 95% year-on rise in the Bank's operational net profit, which is its total profit less its operating expenses. The Bank's pre-tax profit in 2015 amounted to TL 65,117 thousand while its net profit was TL 52,169 thousand.

Our principal shareholder continued to support the Bank in 2015. As of 31 December 2015, the Bank's books showed a US\$ 250 million long-term loan and a US\$ 150 million subordinated loan, both received from its principal shareholder.

As of 31 December 2015, the Bank's unconsolidated standard capital adequacy ratio was 15.97%.

The Bank's organizational structure has reached a much better and more sustainable position from the standpoints of efficiency and motivation. Our focus remains on increasing profitability and productivity in every possible area. In 2016 we will continue our efforts to sustain the growth in our lending while concentrating on loan quality, to reduce our funding costs through resource diversification, and to improve revenues without sacrificing the principle of prudence.

Burgan Bank has everything it needs to remain on course as a company that generates long-term added value. A unique blend of knowledge and experience, disciplined approach to business, superior-quality human resources, and effective risk management make our Bank an excellent financial institution capable of creating value for its stakeholders.

In closing, I therefore take this opportunity to thank, both personally and on behalf of the Board of Directors, those who have contributed the most to our success; our colleagues for the dedicated efforts and our customers for the confidence in and loyalty to our Bank.

I hereby submit for your consideration and approval Burgan Bank's independently-audited financial statements dated 31 December 2015.

Very truly yours,

THE BOARD OF DIRECTORS

INFORMATION ABOUT HUMAN RESOURCES PRACTICES

Human Resources Policy

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

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

Recruitment

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

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

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

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

Training

The Bank's goals for training are listed below:

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

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

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

Career Management

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

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

Performance Appraisal

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

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

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

Corporate Governance Practices

Remuneration

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

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

Staff Vacation Policy

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

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

The employees must use:

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

The Remuneration and Benefits Management Department asks the employees, who have not taken their vacations in line with the rules stipulated by the Bank, to submit their explanations after being approved by their managers. Only the General Manager may permit a member of staff to take less than two consecutive weeks, and only in exceptional and justifiable circumstances.

Employment of Relatives Policy

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

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

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

Private Insurance Practices

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

Furthermore, our employees are provided with life insurance.

THE BANK'S TRANSACTION WITH ITS RISK GROUP

	Total Risk Group	Share in Financial Statements (%)
Received loans	1,169,982	54.02
Deposi	108,123	1.61
Non cash loans	32,491	2.10
Loans	253	0.13
Banks and other financial institutions	89	-

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

INFORMATION REGARDING AFFILIATE REPORT

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

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

the fiscal year 2015, in the circumstances and conditions known to the board at the time at which the company conducted the legal proceeding or took or refrained from taking the measure, obtained appropriate counter-performance in relation to each proceeding and whether the company incurred any loss due to taking or refraining from taking the measure and in this regard there is no transaction or prevention required to net-off."

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

SUPPORT SERVICE COMPANY	AREA OF EXPERTISE	EXPLANATION OF SERVICE
Risk Aktif Danışmanlık Eğitim ve Yazılım San. Tic. Ltd. Şti.	Information Systems	Basel II Reporting
Asseco SEE Teknoloji A.Ş.	Information Systems	MASAK Reporting
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	Core Banking System, Support and Maintenance Services
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	Credit card Integration
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	SIRON Integration
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	e-pledge Integration
Active Bilgisayar Hizmetleri Tic. Ltd. Şti.	Information Systems	Nova 2000 Software System
ATC - Athens Technology Centre S.A.	Information Systems	ERP System
Fineksus Bilişim Çözümleri Ticaret A.Ş.	Information Systems	Paygate Maestro & Search Swift application
Fineksus Bilişim Çözümleri Ticaret A.Ş.	Information Systems	SWIFT Application Software Repair and Maintenance Services
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Information Systems	Business Continuity and Flexibility Services
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Information Systems	(DRC) Emergency Services
Innova Bilişim Çözümleri A.Ş.	Information Systems	Kiosks Equipment Installation, Support and Maintenance
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Information Systems	IVR and CTI applications, Support and Maintenance Services
Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.	Information Systems	ATM Management System, ATM Card Management System, ATM Fraud Management System
Bantaş A.Ş.	Logistics	CIT Cash Management Services
G4S Güvenlik Hizmetleri A.Ş.	Logistics	CIT Cash Management Services
Bantaş A.Ş.	Operational Services	ATM Installation Services
Provus Bilişim Hizmetleri A.Ş.	Operational Services	Printing and Distribution of Credit Cards and ATM Cards, Settlement, Reporting, Slip Printing and Distribution Provision Services
Iron Mountain Arşivleme Hizmetleri A.Ş.	Operational Services	Archive Services
TEPE Güvenlik Hizmetleri A.Ş.	Security	Physical Security Services
BİLİN Yazılım ve Bilişim Danışmanlığı Ltd. Şti.	Operational Services	Software Support and Development Services
TAGAR Tapu Garanti Hizmetleri A.Ş.	Operational Services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	Operational Services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
İSNET Telekomünikasyon Servis Hizm. Tic. Ltd. Şti.	Information Systems	Communication Equipments Procurement
Risk Business Int.	Information Systems	Operation Risk Database
MTM Holografi Güvenlik Basım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş.	Operational Services	Printing Valuable Documents
V.R.P Veri Raporlama Programlama Bilişim Yazılım ve Danışmanlık Hizm. Tic A.Ş.	Information Systems	Internet Banking, Direct Sales Tablet App. Vendor Channel Web App
İpoteka Gayrimenkul Danışmanlık A.Ş.	Operational Services	Deed Transactions
Innova Bilişim Çözümleri A.Ş.	Information Systems	Innova Payflex Collection System
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Information Systems	DC ve DRC Hosting/ Data Storage Center
Austria Card Turkey Kart Operasyonları A.Ş.	Operational Services	Personalization and Processing of Debit/Credit Cards, Password Printing and Enveloping
BGA Bilgi Güvenliği Eğitim ve Danışmanlık Ltd. Şti.	Information Systems	Penetration Test

Corporate Governance Practices

CORPORATE GOVERNANCE REPORT

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

Members of Corporate Governance Committee

CHAIRMAN

Majed E.A.A. Al Ajeel (Independent)

MEMBER

Mehmet N.Erten (Chairman of the Board of Directors)

MEMBER

A. Murat Dinç (General Manager)

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

Activities:

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

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

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

Financial Information and Risk Management

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

Please refer to Appendix-1

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

Please refer to Appendix-2

FINANCIAL STATEMENTS AND INFORMATION ON FINANCIAL STRUCTURE

Please refer to Appendix-3

Financial Information and Risk Management

AN ASSESSMENT OF THE FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

In the twelve months to end-2015, the Bank's total assets increased by 22.8% and reached TL 10,674,834 thousand.

Liquid assets accounted for a 12.1% of the Bank's balance sheet.

At TL 654,879 thousand, the Bank's trading portfolio made up a 6.1% share of its balance sheet.

There was a 26.6% year-on rise in cash lendings, which accounted for a 76.7% share of the total balance sheet as of year-end. The Bank's NPL ratio was a low 2.5% in 2015.

As of 31 December 2015, the Bank's total deposits amounted to TL 6,695,608 thousand. This corresponds to a year-to-year rise of 24.8% and a 62.7% share of the balance sheet.

The Bank's registered share capital ceiling is TL 1 billion; its paid-in capital amounts to TL 900 million.

As of end-2015, the Bank showed a net profit of TL 52,169 thousand.

BURGAN BANK A.Ş. BALANCE SHEET ANALYSIS THOUSAND TL

ASSETS	31 December 2015	31 December 2014	Change (%)
Liquid Assets	1,289,084	899,060	43.4
Securities	654,879	764,586	-14.3
Loans	8,187,754	6,466,286	26.6
Subsidiaries	228,722	217,779	5.0
Tangible and Intangible Assets	107,321	89,364	20.1
Other Assets	207,074	252,290	-17.9
TOTAL ASSETS	10,674,834	8,689,365	22.8
LIABILITIES			
Deposits	6,695,608	5,365,121	24.8
Funds Borrowed	2,561,507	1,985,554	29.0
Other Liabilities	405,217	385,664	5.1
Shareholders' Equity	1,012,502	953,026	6.2
TOTAL LIABILITIES	10,674,834	8,689,365	22.8

BURGAN BANK A.Ş. STRUCTURAL BALANCE SHEET (%)

ASSETS	31 December 2015	31 December 2014
Liquid Assets	12.1	10.4
Securities	6.1	8.8
Loans	76.7	74.5
Subsidiaries	2.1	2.5
Tangible and Intangible Assets	1.0	1.0
Other Assets	2.0	2.8
TOTAL ASSETS	100.0	100.0
LIABILITIES		
Deposits	62.7	61.9
Funds Borrowed	24.0	22.9
Other Liabilities	3.8	4.4
Shareholders' Equity	9.5	10.8
TOTAL LIABILITIES	100.0	100.0

Paralleling the 26.6% rate of growth in the Bank's lending and supported also by wider interest rate margins and by the upward mobility in market interest rates, increases of 34.3% and 35.5% respectively were registered in the Bank's loan interest income and gross interest income.

Somewhat similarly, the 24.8% expansion in bank-held deposits led to a 20.7% rate of increase in the interest that was paid on

them. However it should be noted that the growth in interest expenses fell significantly short of the growth in deposits. Owing to loans received from our principal shareholder and from other banks, there was a 33.3% year-on rise in the interest paid on such borrowings. The 30.9% year-on rise in gross interest expenses is attributable to the growth in resources secured by the Bank to fund the expansion in its assets.

Favorable developments in interest rate spreads accompanied by growth lending and by changes in costs brought on by resource diversification resulted in a year-on-year 43.8% rise in the Bank's net interest income.

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

	31 December 2015	31 December 2014	INCREASE (%)
INTEREST INCOME	845,777	624,326	35.5
Interest on Loans	688,055	512,315	34.3
Interest on Reserve Requirements	3,835	561	583.6
Interest on Banks	3,046	1,080	182.0
Interest on Money Market Transactions	5,670	2,844	99.4
Interest on Securities	34,966	65,763	-46.8
Other Interest Income	110,205	41,763	163.9
INTEREST EXPENSE	(526,287)	(402,121)	30.9
Interest on Deposits	(286,400)	(237,321)	20.7
Interest on Money Market Borrowings	(63,721)	(47,819)	33.3
Interest on Funds Borrowed	(13,329)	(34,155)	-61.0
Other Interest Expense	(162,837)	(82,826)	96.6
NET INTEREST INCOME	319,490	222,205	43.8

BURGAN BANK A.Ş. NET INTEREST INCOME ANALYSIS (%)

	31 December 2015	31 December 2014
INTEREST INCOME	100.0	100.0
Interest on Loans	81.4	82.1
Interest on Reserve Requirements	0.5	0.1
Interest on Banks	0.4	0.2
Interest on Money Market Transactions	0.7	0.5
Interest on Securities	4.1	10.5
Other Interest Income	12.9	6.6
INTEREST EXPENSE	100.0	100.0
Interest on Deposits	54.4	59.0
Interest on Money Market Borrowings	12.1	11.9
Interest on Funds Borrowed	2.5	8.5
Other Interest Expense	31.0	20.6

Financial Information and Risk Management

There was a 29.4% rise in loan provisions, specific provisions, and provisions for possible losses, the total value of which amounted to TL 86,635 thousand.

To sum up, total lendings were up by 26.6% last year while a 24.8% rise in our total deposits allowed us to support that growth mainly with our own resources. Significantly this was achieved without sacrificing profitability even in the face of the stiff price competition that prevailed in

2015. The upshot is that there was a 43.8% year-on rise in net interest income and a 37% rise in operating revenues, the latter of which was attributable to increases in other interest income and cross-sales earnings. The Bank's sustainable growth was also supported by strict management of operating expenses. In 2015 Burgan Bank posted a net current profit of TL 52,169 thousand, which was 193% higher than that of the previous year.

BURGAN BANK A.Ş. NET INCOME ANALYSIS THOUSAND TL

	31 December 2015	31 December 2014	Change (%)
Net Interest Income	319,490	222,205	43,8
Net Commission And Fee Income	19,039	19,346	-1,6
Dividend Income	54	583	-90,7
Trading Income/Loss (Net)	28,169	26,470	6,4
Other Operating Income	13,405	8,895	50,7
Reserve For Loan And Other Losses	(86,635)	(66,976)	29,4
Operating Expenses	(239,195)	(205,077)	16,6
From Investments Accounted Based on the Equity Method	10,790	16,216	-33,5
Income Before Tax	65,117	21,662	200,6
Tax	(12,948)	(3,838)	237,4
Net Income	52,169	17,824	192,7

INFORMATION ON RISK MANAGEMENT POLICIES IMPLEMENTED BY TYPES OF RISKS

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

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

Risk Management Policies

The Bank adapts following principles for a healthy risk management process:

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

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

Risk Management

Bank's management aims to ensure that:

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

Risk Limits

Risk limits are specified for quantified risk categories in line with the level of risk that the Bank is exposed to. In this respect, limits are determined in credit, market and operational risk categories. Risk limits are determined by the Board of Directors. Risk management systems have the capacity of monitoring the conformity of the pre-defined limits.

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

Risk Strategy Objectives

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

Credit Risk Strategy

- The Bank shall engage in lending activities towards legal entities and individuals which exhibit satisfactory creditworthiness and financial standing.
- The Bank shall maintain a diversified credit portfolio. As such, all business sectors where opportunities for profitable growth exist may be eligible for lending purposes. However the effect of economic cycles and other endogenous or exogenous factors must always be taken under consideration in any credit decision.
- The Bank will assume credit risk of which it has a good understanding and is capable to manage, either at individual or at portfolio level.
- The Bank shall require that credit exposures are adequately covered by satisfactory collateral. Unsecured exposures shall be taken with prudence.
- The Bank shall avoid significant concentrations of credit risk, either to single or groups of borrowers or sectors of the economy.

Financial Information and Risk Management

- The Bank aims to extend credit facilities towards customers with a satisfactory credit history and successful overall track record. As such, the Bank shall proceed with financing of start-ups and new ventures with outmost care and on exceptional cases.

Market Risk Strategy

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

Operational Risk Strategy

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

Risk Management Unit Organization

The Risk Management Group reports to the Board of Directors through the Risk Committee. The Risk Management Group consists of the Credit Risk, Decision Support Systems and Modeling, Market Risk, Operational Risk and Treasury Middle Office units.

Risk Measurement and Reporting

To quantify credit risk, the Bank uses an advanced scoring system that makes it possible to generate a rating that is specific to each customer. A customer's score is an indication of their ability to repay their borrowing obligations in a timely manner and of their overall creditworthiness. The rating system takes into account both numerical and anecdotal elements. Sectoral concentration, individual borrower concentration, and NPL limits are calculated on a monthly basis and the results of such calculations are sent to the members of both the Asset and Liability Committee and the Risk and Audit Committee. Stress tests related to the potential effects of changes that might occur in exchange rate movements and in loan collateral are also conducted on a monthly basis and the results of these calculations are sent to the members of the Risk and Audit Committee.

Currency position, bond and bill position, and RMD limits are calculated and monitored on a day-to-day basis by the Market Risk Unit, which is also responsible for performing monthly calculations of the Bank's interest rate gap limits. All market risk limit uses are reported to the Asset and Liability Committee and to the Risk and Audit Committee. Market risk management is regularly subjected to stress tests and the results of such testing are reported to the Board of Directors, the Asset and Liability Committee, and the Risk and Audit Committee. Stress tests are designed so as to show the impact of yield curves, loan spreads, exchange rates and exchange rate volatilities on specific on- and off-balance-sheet items.

Risk Prevention and Mitigation Policies; Processes Aimed at Ensuring the Ongoing Effectiveness of Such Policies

Because the biggest risk to which the Bank is exposed is credit risk, the Bank has formulated specific policies to ensure the effectiveness and oversight of its collateral management processes. It is a fundamental principal that assets which are accepted as collateral must have a market value that is both quantifiable and trackable. The types of collateral which the Bank may accept are listed in its lending policy. The Internal Control and Internal Audit Units are responsible for checking both the legal ownership of collateral and its compatibility with current collateral-management procedures. Any collateral-related losses appearing in the Operational Risk Database are analyzed to determine their causes, with the results of such analyses being sent to the appropriate units so that measures may be taken as needed.

Interest-rate swaps and/or cross-currency swaps are used by the Treasury and Capital Markets Asset and Liability Management Department to manage the structural interest rate risk which the Bank incurs on its banking-business accounts. The same department also uses currency swaps to manage the Bank's liquidity risk. The Board of Directors has set and approved structural interest rate risk and liquidity risk limits, with policies applicable to them being reviewed at least once a year. The Bank's Internal Control and Internal Audit Units are responsible for conducting process controls to ensure that these risks are being managed effectively.

RATINGS GRANTED BY RATING AGENCIES AND THEIR CONTENTS

MOODY'S (Dated on 1 October 2015)

Category	Rating	Outlook
(Long Term Foreign Currency)	Ba3	Stable
(Short Term Foreign Currency)	Not Prime	-
(Long Term Local Currency)	Ba3	Stable
(Short Term Local Currency)	Not Prime	-

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

TL thousand	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Total Assets^(*)	10,674,834	8,689,365	6,816,283	4,458,981	4,922,687
Loans	8,187,754	6,466,286	4,761,368	3,045,267	2,457,299
Deposits	6,695,608	5,365,121	3,428,695	3,264,555	2,273,175
Shareholders' Equity^(*)	1,012,502	953,026	591,217	659,174	628,786
Current Year Income/ (Loss)^(*)	52,169	17,824	(53,697)	(34,966)	37,369
Non-cash Loans	1,544,155	1,190,752	1,186,621	1,058,312	1,633,430
Capital Adequacy Ratio	15.97%	17.74%	14.99%	16.45%	16.94%

^(*) The Bank adjusted related statements in accordance with the TAS 8 Accounting Policies, Turkish Accounting Standard regarding Amendments and Errors in Accounting Estimates in its financial statements and income statement as of December 31, 2012, 2013 and 2014 through making rearrangements with respect to amendments in TAS 27 Separate Financial Statements Standard.

CONSOLIDATED FINANCIAL INFORMATION

	31.12.2015 ^(*)	31.12.2014 ^(*)	%
Total Assets	11,573,117	9,487,259	22.0
Loans, factoring and financial lease receivables	9,195,199	7,215,052	27.4
Securities	679,536	794,614	-14.5
Deposits	6,611,511	5,339,413	23.8
Borrowings and money market placements	3,448,473	2,732,727	26.2
Shareholders' Equity	1,012,502	953,026	6.2
Non-cash Loans	1,544,155	1,190,752	29.7
Current Year Income/ (Loss)	52,169	17,824	192.7
Capital Adequacy Ratio^(*)	14.49%	16.12%	-10.1

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

INFORMATION ON CONSOLIDATED SUBSIDIARIES

Our consolidated subsidiaries are presented below as of 31 December 2015:

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

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

	Total Assets	Shareholders' Equity	Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	1,062,523	137,392	1,084	69,556	-	21,435	12,163	-
2 ^(*)	150,054	91,412	4,573	10,510	392	(10,645)	4,053	-

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

Please consult Appendix-4 for the Consolidated Independent Auditor's Report, the Consolidated Financial Report, and Consolidated Information on Financial Structure.

APPENDICES

APPENDICES-1

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

APPENDICES-2

PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT AT 31 DECEMBER 2015

APPENDICES-3

PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH REVIEW REPORT AT 31 DECEMBER 2015



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(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

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

Report on the Audit of the Annual Report of the Board of Directors in Accordance with the Independent Auditing Standards

We have audited the annual report of Burgan Bank A.Ş. ("the Bank") and its consolidated subsidiaries (together will be referred as "the Group") as at December 31, 2015.

Responsibility of the Bank's Board of Directors

In accordance with Article 514 of the Turkish Commercial Code (TCC) no.6102 and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006, the Bank management is responsible for the preparation and fair presentation of annual report consistent with the consolidated and unconsolidated financial statements prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation; "BRSA Accounting and Reporting Legislation" ("consolidated and unconsolidated financial statements") and for the internal control considered for the preparation of a report of such quality.

Independent Auditor's responsibility

Our responsibility is to express an opinion based on the independent audit we performed on the Bank's annual report, in accordance with the Article 397 of TCC and "Communique on Independent Audit of Banks" published in the Official Gazette no.29314 dated 2 April 2015 on whether the financial information provided in this annual report is presented fairly and consistent with the Bank's consolidated and unconsolidated financial statements there on which auditor's report dated March 7, 2016 has been issued.

We conducted our audit in accordance Independent Standards of Auditing ("ISA") which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). These standards require compliance with ethical requirements the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report is free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

An independent audit involves performing audit procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the independent auditor's professional judgment.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial information provided in the annual report of the Board of Directors is presented fairly and consistent with the audited consolidated and unconsolidated financial statements in all material respects.

Report on other responsibilities arising from regulatory requirements

In accordance with paragraph 3 of Article 402 of the Turkish Commercial Code, within the framework of the Independent Auditing Standards 570 "Going Concern", no material uncertainty has come to our attention to be disclosed which causes us to believe that the Bank will not be able to continue as a going concern in the foreseeable future.

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



Fatma Ebru Yücel, SMMM
Partner

Istanbul, March 7, 2016

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH AUDIT REPORT
AT 31 DECEMBER 2015**

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

Independent auditor report

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

Report on the Financial Statements

We have audited the accompanying unconsolidated balance sheet of Burgan Bank A.Ş. ("the Bank") as at December 31, 2015, and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors for the financial statements:

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statement in accordance with "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 (BRSA), circulars, interpretations published by BRSA and BRSA Accounting and Reporting Legislation which includes the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Independent Auditor's responsibility:

Our responsibility is to express an opinion on the unconsolidated financial statements based on our audit. We conducted our audit in accordance with communique "Independent Audit of Banks" published by BRSA on the Official Gazette No.29314 dated April 2, 2015 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement

An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the independent auditor's professional judgment, including the assessment of risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control relevant to bank's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An independent audit also includes evaluating the appropriateness of accounting policies used by the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the unconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying unconsolidated financial statements presents fairly, in all material respects, the financial position of Burgan Bank A.Ş. as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with BRSA Accounting and Reporting Legislation.

Reports on arising from other regulatory requirements:

In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period January 1 – December 31, 2015 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation to English:

As explained in detail in Note I. of Section Three, 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.

GüneyBağımsız Denetim veSerbestMuhasebeci Mali MüşavirlikAnonimŞirketi
A member firm of Ernst & Young Global Limited

Fatma Ebru Yücel, SMMM
Partner

Istanbul, March 7, 2016

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 31 DECEMBER 2015**

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

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

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

7 March 2016

Mehmet N. ERTEN
Chairman of the
Board of Directors

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

Tuba Onay ERGELEN
Finance Group Head

Ahmet CIĞA
Head of Accounting,
Tax, and
Reporting Unit

Halil Cantekin
Head of the Audit
Committee

Adrian Alejandro
GOSTUSKİ
Member of the Audit
Committee

Osama T. AL
GHOUSSEIN
Member of the Audit
Committee

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

Name-Surname/Title : Ahmet CIĞA / Head of Accounting, Tax, and Reporting Unit

Telephone Number : 0 212 371 34 84

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

SECTION ONE

GENERAL INFORMATION

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

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

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

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 June 2001, 2,983.800.000 shares with a nominal value of Kr1 each and which amount to 99,46% of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş.. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57,69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency's ("BRSA") decision numbered 489 dated 18 October 2001. The share transfers were realised on 26 October 2001 and the bank's name was changed to Tekfenbank Anonim Şirketi (the "Bank"), which had two main shareholders: Tekfen Holding A.Ş. with 57,30% and TST International S.A. with 40,62%.

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

GENERAL INFORMATION (Continued)

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

GENERAL INFORMATION (Continued)

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Mehmet Nazmi Erten	Chairman of Board of Directors	Undergraduate
Board of Directors Members:	Faisal M.A. Al Radwan	Vice President	Undergraduate
Eduardo Eguren Linsen	Member	Member	Undergraduate
	Majed E.A.A. Al Ajeel	Member	Graduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halil Cantekin	Member	Undergraduate
	Osama T. Al Ghoussein	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Vice General Managers:	Robbert J. R. Voogt	Operation, IT and Private Banking Senior Vice General Manager	Undergraduate
	Esra Aydın	Operations	Undergraduate
	Mutlu Akpara	Treasury	Graduate
	Hüseyin Cem Öge	Corporate Banking	Graduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Emine Pınar Kuriş	Retail Banking	PHD
	Suat Kerem Sözügüzel	Commercial Banking	Undergraduate
	Hasan Hüseyin Uyar	Loans	Graduate
	Tuba Onay Ergelen	Finance Group Head	Undergraduate
Audit Committee:	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 DECEMBER 2015

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

GENERAL INFORMATION (Continued)

IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES:

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

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

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

As of 31 December 2015, the Bank has 56 branches operating in Turkey (31 December 2014: 60). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2015, the Bank has 1.022 (31 December 2014: 1.046) employees.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

(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 (STATEMENTS OF FINANCIAL POSITION)

AT 31 DECEMBER 2015 AND 31 DECEMBER 2014

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

I. BALANCE SHEET		Note (Section Five)	(31/12/2015)			Revised (31/12/2014)		
			TL	FC	Total	TL	FC	Total
ASSETS								
I.	CASH AND BALANCES WITH CENTRAL BANK	I-a	147.885	946.187	1.094.072	242.104	530.757	772.861
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	47.077	37.403	84.480	103.497	45.732	149.229
2.1	Trading Financial Assets		47.077	37.403	84.480	103.497	45.732	149.229
2.1.1	Government Debt Securities		7.263	2.569	9.832	48.764	278	49.042
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		37.656	34.610	72.266	52.673	45.454	98.127
2.1.4	Other Marketable Securities		2.158	224	2.382	2.060	-	2.060
2.2	Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	I-c	87.094	107.918	195.012	72.116	54.083	126.199
IV.	MONEY MARKETS		-	-	-	-	-	-
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	269.040	380.474	649.514	674.527	46.014	720.541
5.1	Share Certificates		6.849	-	6.849	7.057	-	7.057
5.2	Government Debt Securities		258.441	279.985	538.426	667.470	-	667.470
5.3	Other Marketable Securities		3.750	100.489	104.239	-	46.014	46.014
VI.	LOANS	I-e	3.727.581	4.458.500	8.186.081	3.538.497	2.909.863	6.448.360
6.1	Loans		3.636.333	4.458.500	8.094.833	3.471.587	2.909.863	6.381.450
6.1.1	Loans to Bank's Risk Group		84	5	89	2.190	-	2.190
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		3.636.249	4.458.495	8.094.744	3.469.397	2.909.863	6.379.260
6.2	Loans under Follow-up		210.305	-	210.305	129.874	-	129.874
6.3	Specific Provisions (-)		119.057	-	119.057	62.964	-	62.964
VII.	FACTORING RECEIVABLES	I-e	856	817	1.673	16.849	1.077	17.926
VIII.	HELD-TO-MATURITY SECURITIES (Net)	I-f	-	-	-	-	-	-
8.1	Government Debt Securities		-	-	-	-	-	-
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	I-g	-	-	-	-	-	-
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		-	-	-	-	-	-
9.2.1	Financial Investments in Associates		-	-	-	-	-	-
9.2.2	Non-financial Investments in Associates		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	I-h	228.722	-	228.722	217.779	-	217.779
10.1	Unconsolidated Financial Subsidiaries		228.722	-	228.722	217.779	-	217.779
10.2	Unconsolidated non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	I-i	-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-financial Joint Ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	I-j	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	I-k	40.809	36	40.845	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		40.809	36	40.845	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)	I-l	58.027	-	58.027	36.079	-	36.079
XV.	INTANGIBLE ASSETS (Net)	I-m	42.609	-	42.609	42.348	-	42.348
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		42.609	-	42.609	42.348	-	42.348
XVI.	INVESTMENT PROPERTY (Net)	I-n	-	-	-	-	-	-
XVII.	TAX ASSET	I-o	655	-	655	12.212	-	12.212
17.1	Current Tax Asset		-	-	-	419	-	419
17.2	Deferred Tax Asset		655	-	655	11.793	-	11.793
XVIII.	ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-p	6.685	-	6.685	10.937	-	10.937
18.1	Held for Resale		6.685	-	6.685	10.937	-	10.937
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	I-r	72.998	13.461	86.459	75.313	59.581	134.894
	TOTAL ASSETS		4.730.038	5.944.796	10.674.834	5.042.258	3.647.107	8.689.365

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 (STATEMENTS OF FINANCIAL POSITION)

AT 31 DECEMBER 2015 AND 31 DECEMBER 2014

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2015)			Revised (31/12/2014)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	1.877.718	4.817.890	6.695.608	2.173.679	3.191.442	5.365.121
1.1 Deposits of Bank’s Risk Group		9.955	98.168	108.123	13.996	46.402	60.398
1.2 Other		1.867.763	4.719.722	6.587.485	2.159.683	3.145.040	5.304.723
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	46.703	29.918	76.621	19.212	36.675	55.887
III. BORROWINGS	II-c	37.466	1.689.362	1.726.828	53.341	1.265.636	1.318.977
IV. MONEY MARKETS		129.967	265.819	395.786	316.618		316.618
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	8.002	-	8.002
4.3 Funds Provided Under Repurchase Agreements		129.967	265.819	395.786	308.616	-	308.616
V. MARKETABLE SECURITIES ISSUED (Net)							
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS							
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		37.885	31.755	69.640	59.367	39.364	98.731
VIII. OTHER LIABILITIES	II-d	82.848	2.253	85.101	90.561	4.165	94.726
IX. FACTORING PAYABLES							
X. LEASE PAYABLES (Net)	II-e						
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-f	15.132		15.132			
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		15.132	-	15.132	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	II-g	77.592	59.435	137.027	66.043	55.002	121.045
12.1 General Loan Loss Provision		38.681	38.816	77.497	39.183	25.476	64.659
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		23.564	-	23.564	20.264	-	20.264
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		15.347	20.619	35.966	6.596	29.526	36.122
XIII. TAX LIABILITY	II-h	21.696		21.696	15.275		15.275
13.1 Current Tax Liability		21.696	-	21.696	15.275	-	15.275
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS	II-i						
14.1 Held for Resale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	II-j		438.893	438.893		349.959	349.959
XVI. SHAREHOLDERS’ EQUITY	II-k	1.013.359	(857)	1.012.502	952.661	365	953.026
16.1 Paid-in Capital		900.000	-	900.000	900.000	-	900.000
16.2 Capital Reserves		20.270	(857)	19.413	11.490	365	11.855
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Reserve		(1.521)	(857)	(2.378)	795	365	1.160
16.2.4 Tangible Assets Revaluation Reserve		15.122	-	15.122	13.187	-	13.187
16.2.5 Intangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.6 Investment Property Revaluation Reserve		-	-	-	-	-	-
16.2.7 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Reserves (Effective portion)		9.216	-	9.216	-	-	-
16.2.9 Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		(2.547)	-	(2.547)	(2.492)	-	(2.492)
16.3 Profit Reserves		87.205	-	87.205	69.632	-	69.632
16.3.1 Legal Reserves		19.107	-	19.107	18.397	-	18.397
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		68.098	-	68.098	51.235	-	51.235
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		5.884	-	5.884	(28.461)	-	(28.461)
16.4.1 Prior Years’ Income/ (Loss)		(46.285)	-	(46.285)	(46.285)	-	(46.285)
16.4.2 Current Year Income/ (Loss)		52.169	-	52.169	17.824	-	17.824
TOTAL LIABILITIES		3.340.366	7.334.468	10.674.834	3.746.757	4.942.608	8.689.365

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 SHEETS COMMITMENTS AT

31 DECEMBER 2015 AND 31 DECEMBER 2014

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

II. OFF-BALANCE SHEET		Note(Section Five)	(31/12/2015)			(31/12/2014)		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		6.930.497	12.989.086	19.919.583	3.592.742	8.592.505	12.185.247
I.	GUARANTEES AND WARRANTIES	III-a-2-3	631.672	912.483	1.544.155	536.481	654.271	1.190.752
1.1	Letters of Guarantee		628.292	596.943	1.225.235	534.698	379.343	914.041
1.1.1	Guarantees Subject to State Tender Law		7.486	26.218	33.704	10.633	18.957	29.590
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		620.806	570.725	1.191.531	524.065	360.386	884.451
1.2	Bank Acceptances		3.352	93.928	97.280	1.570	67.643	69.213
1.2.1	Import Letter of Acceptance		3.352	93.928	97.280	1.570	67.643	69.213
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	195.057	195.057	-	176.485	176.485
1.3.1	Documentary Letters of Credit		-	195.057	195.057	-	176.485	176.485
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		28	-	28	213	-	213
1.8	Other Guarantees		-	26.555	26.555	-	30.800	30.800
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	III-a-1	717.279	275.640	992.919	583.124	214.504	797.628
2.1	Irrevocable Commitments		717.279	275.640	992.919	583.124	214.504	797.628
2.1.1	Asset Purchase and Sales Commitments		220.061	275.640	495.701	50.147	214.504	264.651
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits		168.409	-	168.409	192.030	-	192.030
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		299.665	-	299.665	301.592	-	301.592
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		25.825	-	25.825	37.353	-	37.353
2.1.10	Promotion Commitments for Credit Cards and Banking Services		19	-	19	2	-	2
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		3.300	-	3.300	2.000	-	2.000
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		5.581.546	11.800.963	17.382.509	2.473.137	7.723.730	10.196.867
3.1	Hedging Derivative Financial Instruments		248.580	736.192	984.772	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		248.580	736.192	984.772	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		5.332.966	11.064.771	16.397.737	2.473.137	7.723.730	10.196.867
3.2.1	Forward Foreign Currency Buy/Sell Transactions		374.864	949.719	1.324.583	276.160	631.993	908.153
3.2.1.1	Forward Foreign Currency Transactions-Buy		200.408	460.907	661.315	77.789	369.847	447.636
3.2.1.2	Forward Foreign Currency Transactions-Sell		174.456	488.812	663.268	198.371	262.146	460.517
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		2.969.773	7.078.635	10.048.408	1.382.295	5.682.838	7.065.133
3.2.2.1	Foreign Currency Swap-Buy		1.023.004	1.912.070	2.935.074	438.212	1.426.977	1.865.189
3.2.2.2	Foreign Currency Swap-Sell		1.506.769	1.449.699	2.956.468	942.759	874.897	1.817.656
3.2.2.3	Interest Rate Swap-Buy		220.000	1.858.433	2.078.433	662	1.690.482	1.691.144
3.2.2.4	Interest Rate Swap-Sell		220.000	1.858.433	2.078.433	662	1.690.482	1.691.144
3.2.3	Foreign Currency, Interest rate and Securities Options		1.988.329	3.036.417	5.024.746	814.682	1.408.899	2.223.581
3.2.3.1	Foreign Currency Options-Buy		985.139	1.524.640	2.509.779	443.249	670.452	1.113.701
3.2.3.2	Foreign Currency Options-Sell		1.003.190	1.511.777	2.514.967	371.433	733.855	1.105.288
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	2.296	2.296
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	2.296	2.296
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		24.307.387	14.098.416	38.405.803	19.791.807	10.447.301	30.239.108
IV.	ITEMS HELD IN CUSTODY		1.208.992	117.865	1.326.857	1.897.554	228.481	2.126.035
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		260.179	18.910	279.089	294.942	8.820	303.762
4.3	Cheques Received for Collection		843.730	83.272	927.002	1.446.374	199.132	1.645.506
4.4	Commercial Notes Received for Collection		105.083	15.683	120.766	156.238	20.529	176.767
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		23.097.445	13.968.187	37.065.632	17.892.003	10.209.512	28.101.515
5.1	Marketable Securities		1.043	-	1.043	28.235	-	28.235
5.2	Guarantee Notes		16.761.580	8.098.175	24.859.755	13.902.377	7.330.701	21.233.078
5.3	Commodity		677.707	8.807	686.514	326.956	18.119	345.075
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		5.359.812	4.083.800	9.443.612	3.370.793	2.467.200	5.837.993
5.6	Other Pledged Items		297.303	1.777.405	2.074.708	263.642	393.492	657.134
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		950	12.364	13.314	2.250	9.308	11.558
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		31.237.884	27.087.502	58.325.386	23.384.549	19.039.806	42.424.355

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 FOR THE PERIOD ENDED
31 DECEMBER 2015 AND 31 DECEMBER 2014

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

III. INCOME STATEMENT	Note (Section Five)	01/01/2015 - 31/12/2015	Revised 01/01/2014 - 31/12/2014
INCOME AND EXPENSE ITEMS			
I. INTEREST INCOME	IV-a	845.777	624.326
1.1 Interest on Loans		688.055	512.315
1.2 Interest Received from Reserve Requirements		3.835	561
1.3 Interest Received from Banks		3.046	1.080
1.4 Interest Received from Money Market Transactions		5.670	2.844
1.5 Interest Received from Marketable Securities Portfolio		34.966	65.763
1.5.1 Trading Financial Assets		3.258	3.381
1.5.2 Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3 Available-for-sale Financial Assets		31.708	62.382
1.5.4 Held-to-maturity Investments		-	-
1.6 Financial Lease Income		-	-
1.7 Other Interest Income	IV-1	110.205	41.763
II. INTEREST EXPENSE (-)	IV-b	526.287	402.121
2.1 Interest on Deposits		286.400	237.321
2.2 Interest on Funds Borrowed		63.721	47.819
2.3 Interest Expense on Money Market Transactions		13.329	34.155
2.4 Interest on Securities Issued		-	-
2.5 Other Interest Expenses	IV-1	162.837	82.826
III. NET INTEREST INCOME (I + II)		319.490	222.205
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		19.039	19.346
4.1 Fees and Commissions Received		26.517	30.621
4.1.1 Non-cash Loans		11.754	10.757
4.1.2 Other		14.763	19.864
4.2 Fees and Commissions Paid (-)		7.478	11.275
4.2.1 Non-cash Loans (-)		14	31
4.2.2 Other (-)	IV-1	7.464	11.244
V. DIVIDEND INCOME	IV-c	54	583
VI. TRADING INCOME/(LOSS) (Net)	IV-d	28.169	26.470
6.1 Trading Gains/(Losses) on Securities		4.061	3.078
6.2 Trading Gains/(Losses) on Derivative Financial Instruments		(5.749)	727
6.3 Foreign Exchange Gains/(Losses)		29.857	22.665
VII. OTHER OPERATING INCOME	IV-e	13.405	8.895
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		380.157	277.499
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-f	86.635	66.976
X. OTHER OPERATING EXPENSES (-)	IV-g	239.195	205.077
XI. NET OPERATING INCOME/(LOSS) (VIII+IX+X)		54.327	5.446
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		10.790	16.216
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	IV-h	65.117	21.662
XVI. TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-i	12.948	3.838
16.1 Current Tax Provision		3.598	-
16.2 Deferred Tax Provision		9.350	3.838
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV+XVI)	IV-j	52.169	17.824
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Non-Current Assets Held for Resale		-	-
18.2 Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
18.3 Other Income from Discontinued Operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expense from Non-Current Assets Held for Resale		-	-
19.2 Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3 Other Expenses from Discontinued Operations		-	-
XX. INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII+XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX+XXI)		-	-
XXIII. NET INCOME/(LOSS) (XVII+XXII)	IV-k	52.169	17.824
Earnings/(Loss) per share (1.000 nominal in TL full)		0,580	0,298

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 STATEMENTS OF INCOME AND EXPENSE ITEMS
ACCOUNTED IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015 AND 31
DECEMBER 2014**

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	31/12/2015	Revised 31/12/2014
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(4.423)	6.968
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	2.419	11.494
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	11.520	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS	191	(164)
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	(574)	(816)
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(1.826)	(3.497)
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	7.307	13.985
XI. CURRENT PERIOD INCOME/LOSS	52.169	17.824
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	1.419	(499)
11.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4 Other	50.750	18.323
XII. TOTAL (INCOME)/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	59.476	31.809

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 DECEMBER 2014

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
REVISED PRIOR PERIOD 31/12/2014	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Shareholders' Equity
I. Prior Period End Balance(31/12/2013)	II-k	570.000	-	-	-	11.423	-	48.146	(1.637)	(40.995)	-	(4.414)	3.992	-	-	-	586.515
II. Corrections according to TAS 8		-	-	-	-	6.676	-	41.027	(71)	3.355	(46.285)	-	-	-	-	-	4.702
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	6.676	-	41.027	(71)	3.355	(46.285)	-	-	-	-	-	4.702
III. New Balance (I + II)		570.000	-	-	-	18.099	-	89.173	(1.708)	(37.640)	(46.285)	(4.414)	3.992	-	-	-	591.217
Changes in the Period																	
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	5.574	-	-	-	-	5.574
VI. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	9.195	-	-	-	9.195
VIII. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase		330.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330.000
14.1 Cash		330.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330.000
14.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	(784)	-	-	-	-	-	-	-	(784)
XIX. Current Year Income or Loss		-	-	-	-	-	-	-	-	17.824	-	-	-	-	-	-	17.824
XX. Profit Distribution		-	-	-	-	298	-	(37.938)	-	37.640	-	-	-	-	-	-	-
20.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	298	-	(37.938)	-	37.640	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+...+XX)		900.000	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	953.026

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 DECEMBER 2015

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																		
CURRENT PERIOD 31/12/2015	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Shareholders' Equity	
I. Prior Period End Balance(31/12/2014)	II-k	900.000	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	-	953.026
Changes in the Period																		
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(3.538)	-	-	-	-	-	(3.538)
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	9.216	-	-	9.216
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	9.216	-	-	9.216
4.2 Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	1.935	-	-	-	-	1.935
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	(306)	-	-	-	-	-	-	-	-	(306)
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	52.169	-	-	-	-	-	-	-	52.169
XVIII. Profit Distribution		-	-	-	-	710	-	16.863	251	(17.824)	-	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	710	-	16.863	251	(17.824)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+...+XVIII)		900.000	-	-	-	19.107	-	68.098	(2.547)	52.169	(46.285)	(2.378)	15.122	-	9.216	-	-	1.012.502

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 STATEMENTS OF CASH FLOW AS AT 31 DECEMBER 2015 AND 31 DECEMBER 2014

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

VI. CASH FLOW STATEMENT	Note	(31/12/2015)	Revised (31/12/2014)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		155.874	179.750
1.1.1 Interest Received		770.622	633.386
1.1.2 Interest Paid		(520.470)	(390.437)
1.1.3 Dividend Received		54	583
1.1.4 Fees and Commissions Received		25.145	25.271
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		63.367	54.217
1.1.7 Payments to Personnel and Service Suppliers		(129.118)	(108.613)
1.1.8 Taxes Paid	VI-b	-	(419)
1.1.9 Other		(53.726)	(34.238)
1.2 Changes in Operating Assets and Liabilities		(157.029)	(350.045)
1.2.1 Net (Increase)/Decrease in Trading Securities		38.369	31.692
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net (Increase)/Decrease in Due from Banks		(339.333)	(122.365)
1.2.4 Net (Increase)/Decrease in Loans		(1.775.067)	(2.051.791)
1.2.5 Net (Increase)/Decrease in Other Assets		62.713	227.196
1.2.6 Net Increase/(Decrease) in Bank Deposits		(90.475)	(16.725)
1.2.7 Net Increase/(Decrease) in Other Deposits		1.416.811	1.943.915
1.2.8 Net Increase/(Decrease) in Funds Borrowed		495.119	(1.981)
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities	VI-b	34.834	(359.986)
I. Net Cash Provided from Banking Operations		(1.155)	(170.295)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		37.216	31.206
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	(103.000)
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(37.243)	(32.203)
2.4 Disposals of Property and Equipment		7.021	4.789
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(510.931)	(358.767)
2.6 Cash Obtained from Sale of Investments Available-for-Sale		578.369	520.387
2.7 Cash Paid for Purchase of Investment Securities		-	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		-	330.000
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment Of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	330.000
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		13.347	2.407
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		49.408	193.318
VI. Cash and Cash Equivalents at Beginning of the Period		502.753	309.435
VII. Cash and Cash Equivalents at end of the Period		552.161	502.753

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 STATEMENTS OF PROFIT APPROPRIATION FOR THE PERIOD ENDED 31 DECEMBER 2015 AND 31 DECEMBER 2014

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

VII. PROFIT APPROPRIATION STATEMENT	(31/12/2015)(*)	(31/12/2014)(**)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	65.117	10.647
1.2 TAXES AND DUTIES PAYABLE (-)	12.948	3.838
1.2.1 Corporate Tax (Income tax)	3.598	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	9.350	3.838
A. NET INCOME FOR THE YEAR (1.1-1.2)	52.169	6.809
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	6.809
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	6.809
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) TL 10.790 of net profit, represents net profit/loss of subsidiaries which the Bank applies equity accounting method under the principals of TAS 27 and such amount cannot be subject to profit distributions. Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(**) Contains "Profit Appropriation Statement" approved by the Bank's General Assembly held on 30 March 2015, does not include the effects of TAS 27 standard.

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 DECEMBER 2015

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

SECTION THREE

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 and liabilities which are carried at fair value.

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

Accounting policies and procedures, tracked during the preparation of financial statements, are determined and applied in accordance with regulations, communique, declarations and circulars published related to accounting and financial reporting principles by Banking Regulation and Supervision Authority (BRSA) and the principles existing in scope of TAS/TFRS if there are no specific arrangement made by the BRSA. The aforementioned accounting policies are coherent with those applied in financial statements prepared related to accounting period ending on December 31, 2014 except for the amendment which is explained under “Remarks regarding amendments in demonstration of financial statements and accounting policies” below.

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ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued):

The aforementioned accounting policies and valuation principles are explained between footnotes numbered II and XXIV below. The new and amended TAS/IFRS provisions effective as of January 1, 2015 did not have a significant impact on the accounting policies, financial position and performance of the Bank. TAS/IFRS amendments, published but not entered into force as of effective date of financial statements, shall not have a significant impact on the accounting policies, financial position and performance of the Bank.

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

Communique on “TAS 27 Separate Financial Statements” standard, which is in force in order to be applied for accounting periods after December 31, 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated October 28, 2011 and numbered 28098, has entered into force through making amendments to be applied for accounting periods after January 1, 2016 with “Communique on amending the Communique on TAS27 Separate Financial Statements” (Communique) published in Official Gazette dated April 9, 2015 and numbered 29321.

Entities have the opportunity to recognize their investments in associates, subsidiaries and joint ventures with equity method in their separate financial statements in line with the amendment while it is stated for entities preparing separate financial statements before the amendment in communique to recognize their investments in associates, subsidiaries and joint ventures in accordance with cost value or IFRS 39 Financial Instruments standard.

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 non-consolidated financial tables with the 2nd quarter of 2015 in conjunction with the approval letter of Banking Regulation and Supervision Authority (BRSA) dated July 20, 2015 and realized the implementation retrospectively in the framework of TAS 8 Accounting Policies, Amendments and Errors in Accounting Estimates standard.

Burgan Yatırım Menkul Değerler A.Ş and its associate Burgan Portföy Yönetimi A.Ş in which the Bank has direct or indirect shares, are associates which are recognized according to equity method in separate financial statements and included in scope of full consolidation in financial statements in accordance with the Communique.

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ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued):

The Bank adjusted related statements in accordance with the TAS 8 Accounting Policies, Turkish Accounting Standard regarding Amendments and Errors in Accounting Estimates in its financial statements and income statement as of December 31, 2013 and 2014 through making rearrangements with respect to amendments in TAS 27 Separate Financial Statements Standard. The impact of adjustment records are summarized as follows:

	31 December 2014 Announced	Adjustment	Restated
Total Assets	8.673.779	15.586	8.689.365
Joint ventures (Net)	202.193	15.586	217.779
Total Liabilities	8.673.779	15.586	8.689.365
Shareholders' equity	937.440	15.586	953.026
Capital reserves	12.057	(202)	11.855
Profit Reserves	18.574	51.058	69.632
Income or (Loss)	6.809	(35.270)	(28.461)
-Prior Years' Income/ (Loss)	-	(46.285)	(46.285)
-Current Year Income/ (Loss)	6.809	11.015	17.824
Income Statement			
Dividend income	5.784	(5.201)	583
Income/(loss) from investments accounted based on equity method	-	16.216	16.216

	31 December 2013 Announced	Adjustment	Restated
Total Assets	6.811.581	4.702	6.816.283
Joint ventures (Net)	99.193	4.702	103.895
Total Liabilities	6.811.581	4.702	6.816.283
Shareholders' equity	586.515	4.702	591.217
Capital reserves	(2.059)	(71)	(2.130)
Profit Reserves	59.569	47.703	107.272
Income or (Loss)	(40.995)	(42.930)	(83.925)
Income Statement			
Dividend income	19.418	(18.978)	440
Income/(loss) from investments accounted based on equity method	-	(1.846)	(1.846)

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ACCOUNTING POLICIES (Continued)

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which 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.

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

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

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

As of 31 December 2015, foreign currency denominated balances are translated into TL using the exchange rates of TL 2,9181 and TL 3,1838 and TL for USD and EURO respectively.

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

Non-consolidated financial associates are recognized according to equity method in the framework of TAS28 Communique on Investments in Subsidiaries and Associates with respect to TAS27 Separate Financial Statements Communique in non-consolidated financial statements. Associates, which were recognized with cost value in the non-consolidated financial statement previously, are recognized according to equity method as of December 31, 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 December 2015 and 31 December 2014.

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ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models. Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

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

As of 31 December 2015, The Parent Bank applies cash flow hedge accounting through cross and interest currency swaps to protect against changing in interest rate of FC deposit that is the average maturity 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 TAS 39, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with income statement.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized. In case it is one part of hedging strategy, the renewal of hedging instrument or transferring to another hedging instrument is not eliminated the hedging situation in accordance with TAS 39.

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ACCOUNTING POLICIES (Continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognised in the income statement on an accrual basis by using the effective interest method. The Bank ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are being reversed and no income is accounted until the collection is made according to the related regulation.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

This category has two subcategories: “Trading financial assets” and “Financial assets designated at fair value through profit/loss at initial recognition”.

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

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. All gains and losses arising from these evaluations are recognised in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

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

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ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS(Continued):

b. Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to held-to-maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available-for-sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognised at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at “amortised cost” using the effective interest method after their recognition.

Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

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

c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, services or goods to a debtor. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognised at the amortised cost value calculated using the effective interest method. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised in the expense accounts.

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

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

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ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS(Continued):

d. Available-for-sale financial assets:

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

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the effective interest method, or the fair value if one exists is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and it is charged against the income for the year.

The principles for the accounting of provisions for loans are explained in detail in Note VII of this Section.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

As of 31 December 2015, the Bank has no goodwill (31 December 2014: 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 amortised over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilize the economic benefit of the asset and differs from 3 years to 15 years.

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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	5-50%

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the “lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset. The Bank has implemented the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“TAS 16”)” while revaluating the buildings.

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

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

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ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet.

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

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

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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 20% for 2015 (2014: 20%). The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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

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

b. Deferred tax:

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

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

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ACCOUNTING POLICIES (Continued)

XIX. EXPLANATIONS ON BORROWINGS:

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

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

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

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2015, the Bank has no government grants (31 December 2014: 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.

The date of 30 March 2015, in the Ordinary General Assembly, it was decided to the profit (except the effects of TAS 27) of the 2014, TL 6.809, is classified in extraordinary reserves.

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ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

	31 December 2015	31 December 2014
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	52.169	17.824
Weighted Average Number of Issued Ordinary Shares (Thousand)	90.000.000	59.802.740
Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	0,580	0,298

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect to bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

XXV. EXPLANATIONS ON RELATED PARTIES:

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 XV in Section Four.

XXVIII. RECLASSIFICATIONS:

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

a. As of 31 December 2015, the unconsolidated capital adequacy ratio of the Bank is 15,97% (31 December 2014: 17,74%) which satisfies the requirement of being above the minimum ratio of stated in the related legislation.

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

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

c. Capital adequacy ratio is calculated in accordance with the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, “Regulation on Credit Risk Mitigation Techniques” published in the Official Gazette no.28337, dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no.28756, dated 5 September 2013. Details of “Risk weighted assets” and calculation of “Equities”, which constitute the basis for the calculation of capital adequacy ratio of the Bank, are shown in the tables below.

Information related to consolidated capital adequacy ratio:

31 December 2015	Risk Weights							
	Bank							
	0%	20%	50%	75%	100%	150%	200%	1250%
Surplus credit risk weighted	1.846.841	488.508	2.253.465	142.302	7.151.146	34.425	36.765	-
Risk classifications:								
Claims on sovereigns and Central Banks	1.275.904	-	-	-	477.496	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	6	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	281.931	284.197	70.995	-	114.688	-	-	-
Claims on corporates	97.320	200.630	53.114	-	5.432.573	2.291	-	-
Claims included in the regulatory retail portfolios	5.342	1.835	100	142.302	780	-	-	-
Claims secured by residential property	156.549	1.210	2.111.409	-	658.915	-	-	-
Past due loans	17	-	17.847	-	70.914	2.470	-	-
Higher risk categories decided by the Board	3.333	636	-	-	-	29.664	36.765	-
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-
Other Receivables	26.445	-	-	-	395.774	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued):

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

	31 December 2015	31 December 2014
Amount subject to credit risk(Amount subject to credit risk*0,08) (ASCR)	688.598	523.488
Amount subject to market risk (ASMR)	11.817	10.622
Amount subject to operational risk (ASOR)	35.364	29.978
Shareholders' equity	1.468.393	1.251.127
Shareholders' equity/((ASCR+ASMR+ASOR)*12,5*100)	15,97	17,74
Core Capital/((ASCR+ASMR+ASOR) *12,5*100)	10,39	12,57
Seed Capital/((ASCR+ASMR+ASOR)*12,5*100)	10,66	13,10

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued):

e. Information about shareholders' equity items:

CORE CAPITAL	31 December 2015	31 December 2014(**)
Paid-in capital following all debts in terms of claim in case of the Bank's litigation	900.000	900.000
Share premium	-	-
Share cancellation profits	-	-
Reserves	87.389	18.574
Gains recognized in equity as per TAS	24.338	14.347
Profit	52.169	6.809
Current Year Income	52.169	6.809
Prior Years Income	-	-
Provisions for possible risks	-	-
Bonus Shares from Investment in Associates, Subsidiaries and Joint Ventures that are not recognized in profit	-	-
Seed Capital Before Deductions	1.063.896	939.730
Deductions From Seed Capital		
Portion of the sum of net loss for the period and accumulated losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-).	51.394	2.290
Leasehold improvements (-)	14.972	4.167
Goodwill or other intangible assets and deferred tax liability related to these items (-)	16.923	8.359
Net deferred tax asset/liability (-)	-	1.085
Shares obtained contrary to the 4th clause of the 56th article of the Law (-)	-	-
Direct and indirect investments in the seed capital made by the Bank (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% or more of the seed capital of the bank (-).	-	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-).	-	-
Portion of offering mortgage service rights exceeding 10% of the seed capital (-).	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the seed capital (-).	-	-
Amount exceeding 15% of the seed capital pursuant to Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-).	-	-
Exceeding amount resulting from offering mortgage service rights (-).	-	-
Exceeding amount resulting from deferred tax assets based on temporary differences (-).	-	-
Other items defined by BRSA (-)	-	-
Amount to be discounted from the seed capital in the case that adequate additional principal capital or supplementary capital is not available (-)	-	-
Total Deductions From Seed Capital	83.289	15.901
Total Seed Capital	980.607	923.829
ADDITIONAL CORE CAPITAL		
Capital amount and related premiums corresponding to preference shares that are not included to seed capital	-	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2015)	-	-
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2015)	-	-
Additional Core Capital before Deductions	-	-
DEDUCTIONS FROM ADDITIONAL CORE CAPITAL		
Direct and indirect investments in the additional core capital made by the Bank (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-).	-	-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-).	-	-
Other items defined by BRSA (-)	-	-
Amount to be discounted from the additional principal capital in the case that adequate supplementary capital is not available (-)	-	-
Total Deductions From Additional Core Capital	-	-
Total Additional Core Capital	-	-
DEDUCTIONS FROM CORE CAPITAL		
Portion of goodwill and other intangible assets and the deferred tax liabilities related to these which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of net deferred tax assets/liabilities which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	25.384	33.438
Total Core Capital	-	4.339
SUPPLEMENTARY CAPITAL	955.223	886.052
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2015)	-	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied before 1.1.2015)	-	-
Sources pledged to the bank by shareholders to be used in capital increases of the bank	436.237	346.728
General Provisions	-	-
Supplementary Capital Before Deductions	77.497	64.659
DEDUCTIONS FROM SUPPLEMENTARY CAPITAL	513.734	411.387
Direct and indirect investments in the supplementary capital made by the Bank (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-).	-	-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-).	-	-
Other items defined by BRSA (-)	-	-
Total Deductions From Supplementary Capital	-	-
Total Supplementary Capital	-	-
DEDUCTIONS FROM CAPITAL	513.734	411.387
Loans granted contrary to the 50th and 51th article of the Law (-)	-	-
Net book value of amounts exceeding the limit mentioned in paragraph one of article 57 of the Code and property and real property acquired by the banks because of their receivables which could not be disposed of even though five years have passed since the date of their acquisition pursuant to the same article (-)	-	-
Loans given to banks and financial institutions, including those established abroad, and to eligible shareholders of the bank, and investments made in the borrowing instruments exported by them (-).	341	298
Amount to be discounted from equity in accordance with paragraph two of article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-).	223	46.014
Other items defined by BRSA (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investment made directly or indirectly in additional principal capital or supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investment made in seed capital elements, deferred tax assets based on temporary differences and offering mortgage service rights of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated to be discounted from the seed capital pursuant to subparagraphs (1) and (2) of paragraph 2 of the Provisional Article 2 of the Regulation on the Equity of Banks which is not discounted from the seed capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation (-)	-	-
EQUITY	1.468.393	1.251.127
Amounts Below the Exceeding Limits in the Discount Principles		
Amounts resulting from the net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated	-	-
Amounts resulting from the net long positions of investment made in seed capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated	-	-
Amount resulting from offering mortgage service rights	-	-
Amount resulting from deferred tax assets based on temporary differences	14.830	19.335

(*) The subordinated loan used in the Equity account in accordance with the permission of the Banking Regulation and Supervision Agency dated December 2, 2013 possesses the nature stated in article 8 of the Regulation on the Equity of Banks which took effect on January 1, 2014. TL 1.478 thousand of this amount recognized by deduction from the subordinated loans consists of cash loans provided to the risk group in which the bank is included.

(**) Prior period adjustments which they are described in note I in Section Three, are not reflected.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued):

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

Details on Subordinated Liabilities	
Issuer	Burgan Bank S.A.K.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-
Governing law(s) of the instrument	BRSA
Regulatory treatment	Supplementary Capital
Transitional Basel III rules	No
Eligible at stand-alone / consolidated	Stand Alone- Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	436.237
Par value of instrument (USD)	150.000
Accounting classification	Liability-Subordinated Loans-amortised cost
Original date of issuance	06/12/2013
Perpetual or dated	Dated
Original maturity date	10 Years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	After 5th year
Subsequent call dates, if applicable	After 5th year
Coupons / dividends	3 Months
Fixed or floating dividend/coupon	Floating dividend
Coupon rate and any related index	LIBOR+3,75
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	None
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	None
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments to be included in supplementary capital calculation but after the deposit holders and all other creditors of the Debtor.
In compliance with article number 7 and 8 of “Own fund regulation”	None
Details of incompliances with article number 7 and 8 of “Own fund regulation”	None

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

During the rating process of internal capital adequacy, the concentrating risk and the interest rate risk from banking calculations, country risk, residual risk, liquidity risk and reputation risk are taken into consideration in addition to the credit risk, market risk, operational risk and counterparty risk which are used in the calculation of legal capital adequacy ratio. There is also a risk appetite policy approved by the Board of Directors within the scope of the ISEDES. In the Internal Capital Adequacy Assessment Process, the Bank’s capital adequacy under the stress conditions is analyzed in a variety of scenarios. At the end of Internal Capital Adequacy Assessment Process, reports are reported regularly to the BRSA.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK:

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

In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the rating procedures. Main criteria are geographical and sectoral concentrations. The sectoral concentrations for loans are monitored closely in accordance with the Bank’s loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored on a regular basis.

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

With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as “loans and other receivables under close monitoring” are revised at least twice a year due to Procedures and Principles regarding the regulation on determination of loans and other receivables. The credit limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the credit worthiness has not been reviewed are suspended (except for cash provisions).

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

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

Risk Group	Amount	Average
Claims on sovereigns and Central Banks	1.737.177	1.435.474
Claims on regional governments or local authorities	-	-
Claims on administrative bodies and other non-commercial undertakings	29	31
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	798.316	434.644
Claims on corporates	6.551.060	6.043.718
Claims included in the regulatory retail portfolios	251.055	718.478
Claims secured by residential property	2.978.167	2.476.953
Past due loans	91.248	72.947
Higher risk categories decided by the Board	70.398	75.397
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other Receivables	570.047	550.530
Total	13.047.497	11.808.172

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

In forward transactions no type of coercive action outside of the other party's consent is taken.

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

When evaluated within the context of the financial operations of other financial institutions acting as active participants in the international banking market, the Bank have acceptable level credit risk concentration.

In the current period, the share of the Bank's receivables due to cash loans extended to its top 100 and top 200 customers are 61%, 71% (31 December 2014: 52% and 62%) within the total cash loan portfolio.

In the current period, the share of the Bank's receivables due to non-cash loans extended to its top 100 and top 200 customers are 38%, 53% (31 December 2014: 35% and 49%) within the total non-cash loans portfolio.

In the current period, the share of the Bank's receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 57%, 68% (31 December 2014: 49% and 60%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

As of 31 December 2015, the Bank's general provision for loans amounting to TL 77.497 (31 December 2014: TL 64.659).

a. Information on types of loans and specific provisions:

31 December 2015	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Standard Loans	7.457.555	127.961	8.617	6	7.594.139
Loans under close monitoring	488.655	10.561	1.484	1.667	502.367
Non-performing loans	204.918	3.343	2.044	-	210.305
Specific provision (-)	114.136	3.339	1.571	11	119.057
Total	8.036.992	138.526	10.574	1.662	8.187.754

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

31 December 2015	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Past due up to 30 days	468.387	10.274	1.497	1.667	481.825
Past due 30-60 days	23.318	3.259	120	-	26.697
Past due 60-90 days	14.822	2.129	34	-	16.985
Total	506.527	15.662	1.651	1.667	525.507

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

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

31 December 2015	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Moody’s Rating				
Baa3(*)	9.832	638.915	-	648.747
Total	9.832	638.915	-	648.747

(*) This table contains only Turkish Republic government bank bonds, bank bonds and treasury bills which is rated by Moody’s.

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

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

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

d. Information on rating concentration:

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

	31 December 2015	31 December 2014
Above average (%)	10,76	9,71
Average (%)	65,30	64,90
Below average (%)	22,56	24,26
Not rated (%)	1,38	1,13

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

31 December 2015	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans under close monitoring	325.021	3.986	494	1.691	331.192
Non-performing loans	88.943	6	384	1.793	91.126
Total	413.964	3.992	878	3.484	422.318

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

Type of Collaterals	31 December 2015	31 December 2014
Real-estate mortgage	309.795	131.607
Pledge	93.142	70.226
Cash and cash equivalents	19.381	35.444
Total	422.318	237.277

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

f. Profile of significant exposures in major regions:

	Exposure Categories (*)																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
31 December 2015																	
Domestic	1.753.400	-	6	-	-	235.053	5.821.286	170.644	2.928.925	91.248	70.372	-	-	-	-	422.220	11.493.154
EU Countries	-	-	-	-	-	434.453	5.735	98	-	-	26	-	-	-	-	-	440.312
OECD Countries (**)	-	-	-	-	-	9.027	-	-	-	-	-	-	-	-	-	-	9.027
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	95.828	-	12	-	-	-	-	-	-	-	-	95.840
Other Countries	-	-	-	-	-	1.204	3.205	32	1.392	-	-	-	-	-	-	-	5.833
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.753.400	-	6	-	-	775.565	5.830.226	170.786	2.930.317	91.248	70.398	-	-	-	-	422.220	12.044.166

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

f. Profile of significant exposures in major regions (continued):

	Exposure Categories (*)																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
31 December 2014																	
Domestic	1.566.410	-	6	-	-	395.221	4.506.057	641.802	1.862.148	66.910	73.747	-	-	-	-	402.218	9.514.519
EU Countries	-	-	-	-	-	103.371	608	128	891	-	929	-	-	-	-	-	105.927
OECD Countries (**)	-	-	-	-	-	9.283	-	13	-	-	-	-	-	-	-	-	9.296
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	36.502	-	-	-	-	-	-	-	-	-	-	36.502
Other Countries	-	-	-	-	-	1.546	2.472	129	-	-	-	-	-	-	-	-	4.147
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.566.410	-	6	-	-	545.923	4.509.137	642.072	1.863.039	66.910	74.676	-	-	-	-	402.218	9.670.391

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

g. Risk profile according to sectors and counterparties:

	Exposure Categories (*)																TL	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16				
Agriculture	-	-	-	-	-	-	43.540	3.630	13.701	804	-	-	-	-	-	-	40.046	21.629	61.675	
Farming and Stockbreeding	-	-	-	-	-	-	34.094	3.344	8.492	463	-	-	-	-	-	-	30.501	15.892	46.393	
Forestry	-	-	-	-	-	-	357	168	513	313	-	-	-	-	-	-	1.351	-	1.351	
Fishery	-	-	-	-	-	-	9.089	118	4.696	28	-	-	-	-	-	-	8.194	5.737	13.931	
Manufacturing	-	-	5	-	-	-	2.070.902	36.819	508.352	37.225	398	-	-	-	-	-	878.444	1.775.257	2.653.701	
Mining and Quarrying	-	-	5	-	-	-	116.209	1.642	62.400	3.931	13	-	-	-	-	-	50.709	133.491	184.200	
Production	-	-	-	-	-	-	1.787.140	35.114	393.585	33.294	385	-	-	-	-	-	812.159	1.437.359	2.249.518	
Electricity, Gas and Water	-	-	-	-	-	-	167.553	63	52.367	-	-	-	-	-	-	-	15.576	204.407	219.983	
Construction	-	-	-	-	-	-	1.372.342	13.581	1.068.790	22.113	57	-	-	-	-	-	967.882	1.509.001	2.476.883	
Services	-	-	1	-	-	-	775.565	2.210.481	68.131	1.208.233	30.919	3.097	-	-	-	-	1.304.558	2.991.869	4.296.427	
Wholesale and Retail Trade	-	-	-	-	-	-	947.806	49.975	327.498	24.600	145	-	-	-	-	-	551.562	798.462	1.350.024	
Hotel, Food and Beverage services	-	-	-	-	-	-	212.679	2.850	696.088	152	37	-	-	-	-	-	46.815	864.991	911.806	
Transportation and Telecom	-	-	-	-	-	-	234.182	7.038	82.955	1.676	94	-	-	-	-	-	160.907	165.038	325.945	
Financial Institutions	-	-	-	-	-	-	775.565	317.873	1.147	47.728	-	10	-	-	-	-	395.968	746.355	1.142.323	
Real Estate and Rental Services	-	-	-	-	-	-	422.495	3.259	7.056	1.073	2.807	-	-	-	-	-	58.249	378.441	436.690	
Self-employment Services	-	-	-	-	-	-	1.936	1.580	13.679	226	4	-	-	-	-	-	15.702	1.723	17.425	
Educational Services	-	-	1	-	-	-	16.488	325	5.742	862	-	-	-	-	-	-	15.448	7.970	23.418	
Health and Social Services	-	-	-	-	-	-	57.022	1.957	27.487	2.330	-	-	-	-	-	-	59.907	28.889	88.796	
Other	1.753.400	-	-	-	-	-	132.961	48.625	131.241	187	66.846	-	-	-	-	-	422.220	1.195.520	1.359.960	2.555.480
Total	1.753.400	-	6	-	-	-	775.565	5.830.226	170.786	2.930.317	91.248	70.398	-	-	-	-	422.220	4.386.450	7.657.716	12.044.166

1. Conditional and unconditional exposures to central governments or central banks
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 8. Conditional and unconditional retail exposures
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 10. Past due receivables
 11. Receivables defined in high risk category by BRSA
 12. Exposures in the form of bonds secured by mortgages
 13. Securitization Positions
 14. Short term exposures to banks, brokerage houses and corporates
 15. Exposures in the form of collective investment undertakings
 16. Other receivables
- (*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

Risk classifications	Term To Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Claims on sovereigns and Central Banks	181.637	44.724	331	12.056	449.048
Claims on regional governments or local authorities	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	6	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	605.860	3.410	5.327	14.243	141.971
Claims on corporates	1.050.760	382.779	673.996	1.041.062	2.681.749
Claims included in the regulatory retail portfolios	74.611	24.846	19.727	26.716	24.885
Claims secured by residential property	242.868	107.978	174.457	296.547	2.108.466
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	47	-	-	-	70.357
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	2.155.789	563.737	873.838	1.390.624	5.476.476

i. Information about the risk exposure categories:

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

j. Exposures by risk weights:

Risk Weights	0%	20%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1.Exposures before Credit Risk Mitigation									
	1.306.212	721.283	2.391.374	155.206	7.304.199	36.381	38.794	-	564
2. Exposures after Credit Risks Mitigation(*)									
	1.846.841	488.508	2.253.465	142.302	7.151.146	34.425	36.765	-	564

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

Major Sectors / Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
Agriculture	5.377	13.429	495	4.573
Farming and Stockbreeding	4.555	13.218	489	4.092
Forestry	765	204	6	452
Fishery	57	7	-	29
Manufacturing	82.277	179.091	5.702	45.052
Mining and Quarrying	14.978	1.154	35	11.047
Production	66.890	177.715	5.663	33.596
Electricity, Gas and Water	409	222	4	409
Construction	40.175	52.579	1.578	18.062
Services	76.664	257.477	8.659	45.745
Wholesale and Retail Trade	60.538	75.531	2.513	35.938
Accommodation and Dining	334	153.406	5.307	182
Transportation and Telecom	5.366	11.252	377	3.690
Financial Institutions	36	964	23	36
Real Estate and Rental Services	3.074	2.433	76	2.001
Professional Services	422	1.404	36	196
Educational Services	985	339	15	123
Health and Social Services	5.909	12.148	312	3.579
Other	5.812	22.931	388	5.625
Total	210.305	525.507	16.822	119.057

l. Information about Value Adjustment and Change in Provisions:

	Opening Balance	Provision for Period	Write off from Asset	Other Adjustments(*)	Closing Balance
1. Specific Provisions (**)	78.673	131.588	(52.850)	(7.285)	150.126
2. General Provisions	64.659	13.550	(5.653)	4.941	77.497

(*)TL 9.348 TL shown in Other Adjustments column for "Specific Provisions" consists of released loan loss provision upon sale of Non Performing Loans to Sümer Varlık Yönetimi A.Ş. on 30 April 2015. Other Adjustments column consists of exchange rate differences of provisions in foreign currencies.

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

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III. EXPLANATIONS ON MARKET RISK:

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

The following table indicates the details of the market risk calculation in accordance with the Market Risk Calculation principles pursuant to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 28337 on 28 June 2012.

a. Information on Market Risk:

		31 December 2015
(I)	Capital to be Employed for General Market Risk - Standard Method	5.277
(II)	Capital to be Employed for Specific Risk - Standard Method	206
	Capital to be Employed for Specific Risk in Securitisation Positions – Standard Method	-
(III)	Capital to be Employed for Currency Risk - Standard Method	573
(IV)	Capital to be Employed for Commodity Risk - Standard Method	-
(V)	Capital to be Employed for Clearance Risk - Standard Method	-
(VI)	Capital to be Employed for Market Risk Due to Options - Standard Method	3
(VII)	Capital to be Employed for the Other Party's Credit Risk - Standard Method	5.758
(VIII)	Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(IX)	Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	11.817
(X)	Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	147.713

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

	31 December 2015			31 December 2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
(I) Interest Rate Risk	3.188	3.161	4.792	3.093	5.470	2.303
(II) Common Stock Risk	681	686	690	-	-	-
(III) Currency Risk	4.431	7.707	573	2.491	6.497	1.284
(IV) Commodity Risk	-	-	-	-	-	-
(V) Exchange Risk	-	-	-	-	-	-
(VI) Option Risk	41	42	3	48	85	41
(VII) Counterparty Credit Risk	7.145	8.232	5.758	7.897	18.004	4.805
Total Amount Subject to Risk((I+...+VII) x 12,5)	193.575	247.850	147.700	169.113	375.700	105.413

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III. EXPLANATIONS ON MARKET RISK(Continued):

c. Information on Counterparty Credit Risk:

Calculations based on opposite party credit risk are made in accordance with “Mark to Market Valuation Method” published on 28 June 2012 mentioned in Attachment 2 of “Regulation on Measurement of Bank’s Capital Adequacy”. Resources arising from current master netting agreements of the Bank are not taken into consideration during the calculation of Capital Adequacy Standard Ratio. Potential risk amount is added to renovation costs of contracts having positive value in accordance with this method.

Opposite party credit risks are monitored under one limit for the customers while there are separate limits on the basis of products for Banks. Derivative instrument limits are evaluated in different criteria and related authorization levels depending upon the customers being individuals or legal entities.

Compliance with opposite party credit risk limits are controlled daily.

There are no credit risk derivatives and credit risk protection.

d. Quantitative Information on Counterparty Risk:

	31 December 2015
Agreements based on Interest Rate	19.067
Agreement based on Foreign Exchange Currency	71.647
Agreement Based on Commodity	-
Agreement Based on Shares	-
Other	-
Gross Positive Fair Values	90.714
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	-
Net Position of Derivatives	90.714

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IV. EXPLANATIONS ON OPERATIONAL RISK:

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2015 is calculated once a year by using the gross income of the Bank in 2012, 2013 and 2014.

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

	31.12.2012	31.12.2013	31.12.2014	Total/Positive Year	Ratio (%)	Total
Gross Income	33.647	31.618	40.826	3	15	35.364
Amount subject to Operational Risk (Amount*12,5)						442.049

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V. EXPLANATIONS ON CURRENCY RISK:

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

A series of limits for the tenure of spot and forward foreign exchange positions is set in the risk parameters section of the budget approved by the Board of Directors annually. There is a conservative foreign currency position management policy in the Bank due to the free floating currency regime.

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

	EUR		USD	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
31 December 2015/ 31 December 2014				
Bid rate	TL 3,1838	TL 2,8272	TL 2,9181	TL 2,3269
1. Day bid rate	TL 3,1838	TL 2,8272	TL 2,9181	TL 2,3269
2. Day bid rate	TL 3,1776	TL 2,8207	TL 2,9076	TL 2,3189
3. Day bid rate	TL 3,1921	TL 2,8339	TL 2,9084	TL 2,3235
4. Day bid rate	TL 3,2006	TL 2,8255	TL 2,9157	TL 2,3182
5. Day bid rate	TL 3,1904	TL 2,8368	TL 2,9123	TL 2,3177

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

	EUR		USD	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Arithmetic average-30 days	TL 3,1802	TL 2,8245	TL 2,9186	TL 2,2941

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON CURRENCY RISK (Continued):

Information on currency risk of the Bank:

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

	EUR	USD	Other FC	Total
31 December 2015				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	5.443	940.221	523	946.187
Due From Banks	3.628	93.906	10.384	107.918
Financial Assets at Fair Value Through Profit or Loss (*)	16.991	15.141	648	32.780
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	380.474	-	380.474
Loans (*)	2.467.100	2.748.457	28.205	5.243.762
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	36	-	36
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	74	13.387	-	13.461
Total Assets	2.493.236	4.191.622	39.760	6.724.618
Liabilities				
Bank Deposits	28.773	20.931	4	49.708
Foreign Currency Deposits	910.729	3.826.719	30.734	4.768.182
Funds From Interbank Money Market	-	265.819	-	265.819
Funds Borrowed From Other Financial Institutions	319.973	1.803.865	4.417	2.128.255
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	1.402	30.343	10	31.755
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities (*)	11.795	13.395	670	25.860
Total Liabilities	1.272.672	5.961.072	35.835	7.269.579
Net On-balance Sheet Position	1.220.564	(1.769.450)	3.925	(544.961)
Net Off-balance Sheet Position	(1.214.624)	1.794.333	(2.978)	576.731
Financial Derivative Assets	746.900	3.412.745	79.103	4.238.748
Financial Derivative Liabilities	1.961.524	1.618.412	82.081	3.662.017
Non-Cash Loans (**)	320.947	570.585	20.951	912.483
31 December 2014				
Total Assets (*)	1.568.041	2.679.102	18.641	4.265.784
Total Liabilities (*)	1.064.706	3.750.247	75.900	4.890.853
Net On-balance Sheet Position	503.335	(1.071.145)	(57.259)	(625.069)
Net Off-balance Sheet Position	(501.227)	1.041.676	57.589	598.038
Financial Derivative Assets	532.574	1.903.822	138.962	2.575.358
Financial Derivative Liabilities	1.033.801	862.146	81.373	1.977.320
Non-Cash Loans (**)	210.949	429.298	14.024	654.271

(*)The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets, classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of Net Foreign Currency Position. Due to this, foreign currency indexed loans amounting to TL 784.445(31 December 2014:TL642.493) classified as Turkish Lira assets in the 31 December 2015 financial statements are added to the table above. Besides this, in assets “Income Accruals of Derivative Financial Instruments” amounting to TL4.623(31 December 2014:TL23.816), in liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL6.494(31 December 2014:TL13.613), “General Provisions” amounting to TL38.816(31 December 2014:TL25.476), free provision amounting to TL 20.436 (31 December 2014: TL 12.301) and “Marketable Securities Valuation Reserve” amounting to TL (857) (31 December 2014: TL 365) 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 OF THE BANK (Continued)

V. EXPLANATIONS ON CURRENCY RISK (Continued):

Currency risk sensitivity analysis:

As of 31 December 2015 and 2014, if foreign currencies had appreciated/depreciated by 10% against TL with all other variables held constant, the changes to occur in the net profit before tax as a result of foreign exchange losses/gains on the translation of the foreign exchange position is presented below:

	31 December 2015				31 December 2014			
	Income statement		Equity (*)		Income statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	2.488	(2.488)	2.403	(2.403)	(2.947)	2.947	(2.911)	2.911
Euro	594	(594)	594	(594)	211	(211)	211	(211)
Other FC	95	(95)	95	(95)	33	(33)	33	(33)
Total, net	3.177	(3.177)	3.092	(3.092)	(2.703)	2.703	(2.667)	2.667

(*)Equity effect also includes income statement effect.

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VI. EXPLANATIONS ON INTEREST RATE RISK:

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank’s interest rate sensitive assets and liabilities. The interest sensitivity of risks regarding the interest rate both on the on-balance sheet and off-balance sheet are monitored following several analyses and are discussed in Asset and Liability Committee 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 December 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.013.000	-	-	-	-	81.072	1.094.072
Due From Banks	177.503	-	-	-	-	17.509	195.012
Financial Assets at Fair Value Through Profit/Loss (*)	51.974	7.891	18.420	40.094	4.788	2.158	125.325
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	113.212	115.395	13.385	52.450	348.223	6.849	649.514
Loans	2.792.927	2.424.689	1.681.745	1.178.093	19.052	91.248	8.187.754
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	423.157	423.157
Total Assets	4.148.616	2.547.975	1.713.550	1.270.637	372.063	621.993	10.674.834
Liabilities							
Bank Deposits	43.249	-	-	-	-	7.097	50.346
Other Deposits	3.677.113	2.213.315	239.871	57.956	-	457.007	6.645.262
Funds From Interbank Money Market	395.786	-	-	-	-	-	395.786
Miscellaneous Payables	-	-	-	-	-	69.640	69.640
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	190.667	1.529.136	439.241	6.677	-	-	2.165.721
Other Liabilities (*) (**)	65.665	7.316	17.041	1.731	-	1.256.326	1.348.079
Total Liabilities	4.372.480	3.749.767	696.153	66.364	-	1.790.070	10.674.834
Balance Sheet Long Position	-	-	1.017.397	1.204.273	372.063	-	2.593.733
Balance Sheet Short Position	(223.864)	(1.201.792)	-	-	-	(1.168.077)	(2.593.733)
Off-balance Sheet Long Position	-	-	-	30.119	-	-	30.119
Off-balance Sheet Short Position	(10.372)	(14.314)	(5.534)	-	-	-	(30.220)
Total Position	(234.236)	(1.216.106)	1.011.863	1.234.392	372.063	(1.168.077)	(101)

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 40.845 and other liabilities includes hedging derivative financial liabilities amounting to TL 15.132 classified to a related re-pricing periods.

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

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VI. EXPLANATIONS ON INTEREST RATE RISK (Continued):

31 December 2014(**)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	228.509	-	-	-	-	544.352	772.861
Due From Banks	110.247	-	-	-	-	15.952	126.199
Financial Assets at Fair Value Through Profit/Loss	33.174	15.063	47.658	31.026	20.248	2.060	149.229
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	116.877	234.860	315.735	-	46.013	7.056	720.541
Loans	2.457.230	2.027.680	1.084.282	825.511	4.673	66.910	6.466.286
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	454.249	454.249
Total Assets	2.946.037	2.277.603	1.447.675	856.537	70.934	1.090.579	8.689.365
Liabilities							
Bank Deposits	133.742	-	-	-	-	3.704	137.446
Other Deposits	2.844.199	1.657.517	294.725	79.013	-	352.221	5.227.675
Funds From Interbank Money Market	316.618	-	-	-	-	-	316.618
Miscellaneous Payables	-	-	-	-	-	98.731	98.731
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	308.703	1.032.082	328.151	-	-	-	1.668.936
Other Liabilities (*)	20.190	10.725	24.833	139	-	1.184.072	1.239.959
Total Liabilities	3.623.452	2.700.324	647.709	79.152	-	1.638.728	8.689.365
Balance Sheet Long Position	-	-	799.966	777.385	70.934	-	1.648.285
Balance Sheet Short Position	(677.415)	(422.721)	-	-	-	(548.149)	(1.648.285)
Off-balance Sheet Long Position	32.449	-	17.141	8.286	-	-	57.876
Off-balance Sheet Short Position	-	(14.778)	-	-	-	-	(14.778)
Total Position	(644.966)	(437.499)	817.107	785.671	70.934	(548.149)	43.098

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

(**)Prior period balances have been restated due to the application of the equity method.

Interest Rate Risk Sensitivity Analysis:

Change in interest rates 31 December 2015	Effect on income statement	Effect on equity
(+) 1%	(887)	(36.127)
(-) 1%	900	36.991

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

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

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VI. EXPLANATIONS ON INTEREST RATE RISK (Continued):

b. Average interest rates for monetary financial instruments:

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

31 December 2015	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	0,49	-	3,81
Due From Banks	-	0,36	-	10,90
Financial Assets at Fair Value Through Profit/Loss	-	5,75	-	9,41
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,86	-	9,39
Loans	4,96	5,84	-	15,56
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,28	3,49	-	0,18
Other Deposits (*)	1,47	2,44	-	11,86
Funds From Interbank Money Market	-	1,46	-	6,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,51	3,00	-	6,68

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

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

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

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VI. 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 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	(36.888)	(2,5)%
2. TRY	-400 bp	32.657	2,2%
3. EURO	+200 bp	(5.998)	(0,4)%
4. EURO	-200 bp	1.265	0,1%
5. USD	+200 bp	(43.364)	(3,0)%
6. USD	-200 bp	49.556	3,4%
Total (For Negative Shocks)		83.478	5,7%
Total (For Positive Shocks)		(86.250)	(5,9)%

d. Equity share position risk resulting from banking accounts:

None.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK:

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.

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.

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VII. EXPLANATIONS ON LIQUIDITY RISK (Continued):

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. Precautions which shall be taken in this process are determined in scope of Liquidity Emergency Plan and details related to Liquidity Emergency Plan are included in Liquidity Risk Policy of the Bank.

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued):

Liquidity Coverage Ratio:

31 December 2015		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			917.772	680.943
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	3.784.086	2.654.663	230.808	164.880
3	Stable deposits	2.952.020	2.011.728	147.601	100.586
4	Less stable deposits	832.066	642.935	83.207	64.294
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.177.569	1.655.223	1.068.793	798.427
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	1.915.553	1.483.155	807.073	626.359
8	Other Unsecured Funding	262.016	172.068	261.720	172.068
9	Secured funding			3.085	3.085
10	Other Cash Outflows	1.493	27.369	31.505	57.381
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.493	27.369	31.505	57.381
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	1.897.002	962.548	200.694	105.141
16	TOTAL CASH OUTFLOWS			1.534.885	1.128.914
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	773.401	214.207	442.982	154.250
19	Other contractual cash inflows	16.493	391.609	16.493	391.609
20	TOTAL CASH INFLOWS	789.894	605.816	459.475	545.859
				Capped Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			917.772	680.943
22	TOTAL NET CASH OUTFLOWS			1.075.410	583.055
23	Liquidity Coverage Ratio (%)			85,34	116,79

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued):

31 December 2014		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			920.518	328.657
NAKİT ÇIKIŞLARI					
2	Retail and Small Business Customers Deposits	2.803.657	1.410.154	272.748	139.599
3	Stable deposits	152.342	28.338	7.617	1.417
4	Less stable deposits	2.651.315	1.381.816	265.131	138.182
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.066.061	1.283.804	1.065.860	668.436
6	Operational deposits	51.669	34.447	12.917	8.612
7	Non-Operational Deposits	1.717.003	1.082.747	755.554	493.214
8	Other Unsecured Funding	297.389	166.610	297.389	166.610
9	Secured funding			-	-
10	Other Cash Outflows	16.229	15.878	16.229	15.878
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	351	-	351	-
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	15.878	15.878	15.878	15.878
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	1.420.865	605.456	158.466	74.185
16	TOTAL CASH OUTFLOWS			1.513.303	898.098
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	519.453	154.356	319.990	125.045
19	Other contractual cash inflows	12.023	336.761	12.023	336.761
20	TOTAL CASH INFLOWS	531.476	491.117	332.013	461.806
				Capped Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			920.518	328.657
22	TOTAL NET CASH OUTFLOWS			1.181.290	436.292
23	Liquidity Coverage Ratio (%)			77,92	75,33

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK (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 78% and securities issued by Undersecretariat of Treasury at a ratio of 19%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 18%, 61% and 7% 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 March 21, 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 regarding aforementioned cash outflow in 2015 are as follows:

Date Range	Liabilities depending upon Possibility of Change in Fair Values of derivative transactions and Other Liabilities	
	FC	FC + TL
01 January 2015 – 01 September 2015	76.946	76.946
02 September 2015 – 31 December 2015	30.012	30.012

Liquidity coverage rates are calculated weekly for consolidated basis and monthly for non-consolidated basis as of December 31, 2015 in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated March 21, 2014 and numbered 28948. Liquidity coverage rates must be at least 40% for foreign currency assets and liabilities and at least 60% in total assets and liabilities for the year 2015. Dates and values of lowest and highest foreign currency and total non-consolidated 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 (%)	247,09	112,22	60,53	68,13
Week	11 December 2015	25 December 2015	31 December 2015	27 November 2015

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

31 December 2015	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified (***)	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	26.426	1.067.646	-	-	-	-	-	1.094.072
Due From Banks	17.509	177.503	-	-	-	-	-	195.012
Financial Assets at Fair Value Through Profit or Loss (*)	2.158	53.132	7.726	17.817	41.087	3.405	-	125.325
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	51.236	44.503	13.385	185.318	348.223	6.849	649.514
Loans	-	879.478	1.539.430	1.904.437	3.014.509	758.652	91.248	8.187.754
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	-	46.997	482	9.291	15.814	-	350.573	423.157
Total Assets	46.093	2.275.992	1.592.141	1.944.930	3.256.728	1.110.280	448.670	10.674.834
Liabilities								
Bank Deposits	7.097	43.249	-	-	-	-	-	50.346
Other Deposits	457.007	3.677.113	2.213.315	239.871	57.956	-	-	6.645.262
Funds Borrowed From Other Financial Institutions	-	43.946	147.437	715.542	819.905	438.891	-	2.165.721
Funds From Interbank Money Market	-	395.786	-	-	-	-	-	395.786
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	27.938	3.366	-	-	-	38.336	69.640
Other Liabilities (*) (***)	-	165.856	5.513	31.777	7.391	-	1.137.542	1.348.079
Total Liabilities	464.104	4.353.888	2.369.631	987.190	885.252	438.891	1.175.878	10.674.834
Net Liquidity Gap	(418.011)	(2.077.896)	(777.490)	957.740	2.371.476	671.389	(727.208)	-
Net Off-balance sheet Position	-	(8.208)	(24.211)	(15.163)	(41.935)	69	-	(89.448)
Financial Derivative Assets	-	2.467.712	1.154.880	745.095	353.823	117	-	4.721.627
Financial Derivative Liabilities	-	(2.475.920)	(1.179.091)	(760.258)	(395.758)	(48)	-	(4.811.075)
Non-cash Loans	-	896.694	137.512	360.042	149.091	816	-	1.544.155
31 December 2014(****)								
Total Assets	48.191	1.769.636	1.815.184	1.667.615	2.150.797	806.096	431.846	8.689.365
Total Liabilities	355.925	3.464.188	1.771.902	913.699	703.940	349.959	1.129.752	8.689.365
Net Liquidity Gap	(307.734)	(1.694.552)	43.282	753.916	1.446.857	456.137	(697.906)	-
Net Off-balance sheet Position	-	13.771	3.800	3.598	(8.990)	-	-	12.179
Financial Derivative Assets	-	1.171.327	1.098.278	481.282	102.386	-	-	2.853.273
Financial Derivative Liabilities	-	(1.157.556)	(1.094.478)	(477.684)	(111.376)	-	-	(2.841.094)
Non-cash Loans	-	712.644	105.528	272.644	99.551	385	-	1.190.752

(*) The 1-5 years maturity period of Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 40.845 and the 1-5 years maturity period of Other Liabilities includes hedging derivative financial liabilities amounting to TL 15.132.

(**) Assets that are necessary for banking activities, such as fixed and intangible assets, subsidiaries, associates and stationary stocks are classified in this column.

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

(****) Prior period balances have been restated due to the application of the equity method.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued):

Financial liabilities according to their remaining maturities:

31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	50.347	-	-	-	-	50.347
Other deposits	4.141.734	2.229.654	253.346	60.515	-	6.685.249
Borrowings	45.001	158.382	747.124	900.428	487.505	2.338.440
Funds from money market	396.140	-	-	-	-	396.140
Total	4.633.222	2.388.036	1.000.470	960.943	487.505	9.470.176

31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	137.483	-	-	-	-	137.483
Other deposits	3.202.944	1.671.673	306.587	90.099	-	5.271.303
Borrowings	14.444	105.821	627.983	727.997	404.246	1.880.491
Funds from money market	316.766	-	-	-	-	316.766
Total	3.671.637	1.777.494	934.570	818.096	404.246	7.606.043

Contractual maturity analysis of the Bank’s derivative instruments:

31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Trading Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	2.466.739	1.146.702	729.874	64.543	-	4.407.858
- Outflow	2.474.885	1.160.417	733.512	63.067	-	4.431.881
Interest rate derivatives:						
- Inflow	915	7.751	15.221	12.060	117	36.064
- Outflow	821	7.142	13.481	10.755	48	32.247
Hedging Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	-	402	-	277.220	-	277.622
- Outflow	-	11.284	12.415	319.077	-	342.776
Interest rate derivatives:						
- Inflow	58	25	-	-	-	83
- Outflow	214	248	850	2.859	-	4.171
Total cash inflow	2.467.712	1.154.880	745.095	353.823	117	4.721.627
Total cash outflow	2.475.920	1.179.091	760.258	395.758	48	4.811.075

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued):

31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Trading Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	1.170.487	1.096.941	475.607	95.569	-	2.838.604
- Outflow	1.156.709	1.093.739	473.443	105.155	-	2.829.046
Interest rate derivatives:						
- Inflow	840	1.337	5.675	6.817	-	14.669
- Outflow	847	739	4.241	6.221	-	12.048
Hedging Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total cash inflow	1.171.327	1.098.278	481.282	102.386	-	2.853.273
Total cash outflow	1.157.556	1.094.478	477.684	111.376	-	2.841.094

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 31 December 2015, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is %7,10 (31 December 2014: % 6,69). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in the balance sheet assets.

Disclosure of Leverage ratio template :

	31 December 2015 (*)	31 December 2014 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	10.681.961	8.261.692
(Assets deducted from Core capital)	50.246	43.173
Total risk amount of balance sheet assets	10.631.715	8.218.519
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	93.335	81.147
Potential credit risk amount of derivative financial assets and credit derivatives	-	-
Total risk amount of derivative financial assets and credit derivatives	93.335	81.147
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	2.561.389	2.194.872
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	2.561.389	2.194.872
Capital and total risk		
Core Capital	943.196	702.701
Total risk amount	13.286.439	10.494.538
Leverage ratio		
Leverage ratio	7,10%	6,69%

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

IX. EXPLANATIONS ON SECURITIZATION EXPOSURES:

None.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. EXPLANATIONS ON LOAN RISK MITIGATION TECHNIQUES:

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

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

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

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

Risk Group	Amount	Financial Guarantees	Other Material Guarantees	Guarantees and Loan Derivatives
Claims on sovereigns and Central Banks	1.737.177	129.861	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	29	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	798.316	266.318	-	-
Claims on corporates	6.551.060	131.380	-	13.382
Claims included in the regulatory retail portfolios	251.055	12.383	-	5.869
Claims secured by residential property	2.978.167	159.374	-	3.919
Past due loans	91.248	17	-	-
Higher risk categories decided by the Board	70.398	3.969	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other Receivables	570.047	-	-	-
Total	13.047.497	703.302	-	23.170

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INFORMATION ON FINANCIAL ORGANIZATION (Continued)

XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT:

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

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

Risk Management Policies

The Bank adapts following principles for a healthy risk management process:

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

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

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INFORMATION ON FINANCIAL ORGANIZATION (Continued)

XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT (Continued):

Risk Management,

Bank’s management aims to ensure that:

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

Risk Limits

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

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

Risk Strategy Objectives

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

Credit Risk Strategy

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

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INFORMATION ON FINANCIAL ORGANIZATION (Continued)

XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT (Continued):

Market Risk Strategy

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

Operational Risk Strategy

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

Risk Management Unit Organization

RMG attached directly to the BOD through Risk Committee. The risk management group consists of credit risk, decision support systems and modelling market risk, operational risk and treasury divisions.

Risk Measurement and Reporting

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

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

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INFORMATION ON FINANCIAL ORGANIZATION (Continued)

XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT (Continued):

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

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

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

XII. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 31 December 2015, The Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity upto 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with income statement.

The swaps, of which carrying amount is TL 40.845 derivative financial assets and TL 15.132 derivative financial liabilities (31 December 2014: None), as of balance sheet date, are subjected to hedge accounting as hedging instruments. As a result of mentioned hedging account, the fair value in the amount of TL 9.216 (31 December 2014: None) after tax is recognized under the equity. Ineffective part is not available (31 December 2014: None).

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TAS 39, the accounting application is ended. In case of deterioration of efficiency, the effective amounts, which are recognized under the equity due to the risk hedge accounting, are eliminated from equities in the periods or periods, when cash flow effects profit and losses (periods, when interest income or expenses are recognized) as re-classification adjustment and then it is re-classified in the profit and loss. There is no amount, which is transferred to income statement due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2014: None). It is determined in the measurements carried out as of the date of 31 December 2015 that above mentioned cash flow hedging transactions are effective.

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INFORMATION ON FINANCIAL ORGANIZATION (Continued)

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

a. Financial Assets and Liabilities at their fair values:

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

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

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

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

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

	Book Value		Fair Value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Financial Assets	9.032.280	7.313.026	9.079.508	7.471.410
Due from Money Market	-	-	-	-
Due from Banks	195.012	126.199	195.013	126.214
Available-for-Sale Financial Assets	649.514	720.541	649.514	720.541
Held-to-maturity Investments	-	-	-	-
Loans	8.187.754	6.466.286	8.234.981	6.624.655
Financial Liabilities	8.930.969	7.132.788	8.930.603	7.257.742
Bank Deposits	50.346	137.446	50.358	137.471
Other Deposits	6.645.262	5.227.675	6.645.626	5.246.811
Borrowings	2.165.721	1.668.936	2.164.979	1.774.729
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	69.640	98.731	69.640	98.731

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XIII. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

b. Fair value hierarchy:

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

Aforesaid fair value hierarchy is determined as follows.

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

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

31 December 2015	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	12.214	72.266	-	84.480
Government Debt Securities	9.832	-	-	9.832
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	72.266	-	72.266
Other marketable securities	2.382	-	-	2.382
Available for Sale Financial Assets (*)	538.426	111.088	-	649.514
Share Certificates	-	6.849	-	6.849
Government Debt Securities	538.426	-	-	538.426
Other Marketable Securities	-	104.239	-	104.239
Hedging Derivative Financial Assets	-	40.845	-	40.845
Total Assets	550.640	224.199	-	774.839
Trading Derivative Financial Liabilities	-	76.621	-	76.621
Hedging Derivative Financial Liabilities	-	15.132	-	15.132
Total Liabilities	-	91.753	-	91.753

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XIII. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

31 December 2014	1 st Level	2 nd Level	3 rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	51.102	98.127	-	149.229
Government Debt Securities	49.042	-	-	49.042
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	98.127	-	98.127
Other Marketable Securities	2.060	-	-	2.060
Available for Sale Financial Assets (*)	667.470	53.071	-	720.541
Share Certificates	-	7.057	-	7.057
Government Debt Securities	667.470	-	-	667.470
Other Marketable Securities	-	46.014	-	46.014
Hedging Derivative Financial Assets	-	-	-	-
Total Assets	718.572	151.198	-	869.770
Trading Derivative Financial Liabilities	-	55.887	-	55.887
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	55.887	-	55.887

(*)As noted in the footnote VII-d, written down values of available for sale securities are reported if the such securities are not traded in the markets and if the fair market value of such securities cannot be determined for any reason. There is not any transfer between 1st and 2nd levels in the current year.

XIV. 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.

XV. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

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

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

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INFORMATION ON FINANCIAL ORGANIZATION (Continued)

XV. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

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

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

31 December 2015	Retail Banking	Corporate and Commercial Banking	Treasury	Total Operations of the Bank
Segment revenue	84.838	243.400	51.865	380.103
Unallocated costs(-)	-	-	-	325.830
Net Operating Profit	84.838	243.400	51.865	54.273
Dividend income	-	-	-	54
Income/(loss) from investments accounted based on equity method	-	-	-	10.790
Profit Before Tax	-	-	-	65.117
Tax expense(-)	-	-	-	12.948
Net Profit / Loss	-	-	-	52.169
Segment assets	1.422.695	7.389.370	1.439.612	10.251.677
Investments in associates, subsidiaries and joint ventures	-	-	-	228.722
Unallocated assets	-	-	-	194.435
Total Assets	1.422.695	7.389.370	1.439.612	10.674.834
Segment liabilities	3.869.078	2.860.014	2.653.260	9.382.352
Unallocated liabilities	-	-	-	1.292.482
Total Liabilities	3.869.078	2.860.014	2.653.260	10.674.834

31 December 2014 (*)	Retail Banking	Corporate and Commercial Banking	Treasury	Total Operations of the Bank
Segment revenue	85.607	155.808	35.501	276.916
Unallocated costs(-)	-	-	-	272.053
Net Operating Profit	85.607	155.808	35.501	4.863
Dividend income	-	-	-	583
Income/(loss) from investments accounted based on equity method	-	-	-	16.216
Profit Before Tax	-	-	-	21.662
Tax expense(-)	-	-	-	3.838
Net Profit / Loss	-	-	-	17.824
Segment assets	1.372.774	5.547.432	1.314.910	8.235.116
Investments in associates, subsidiaries and joint ventures	-	-	-	217.779
Unallocated assets	-	-	-	236.470
Total Assets	1.372.774	5.547.432	1.314.910	8.689.365
Segment liabilities	2.079.334	3.343.682	2.041.441	7.464.457
Unallocated liabilities	-	-	-	1.224.908
Total Liabilities	2.079.334	3.343.682	2.041.441	8.689.365

(*)Prior period balances have been restated due to the application of the equity method.

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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 December 2015		31 December 2014	
	TL	FC	TL	FC
Cash/Foreign currency	13.417	12.994	13.282	16.877
CBRT	134.468	933.193	228.822	513.880
Other	-	-	-	-
Total	147.885	946.187	242.104	530.757

2. Information on the account of the CBRT:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Demand Unrestricted Amount	134.468	197.171	228.822	117.891
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	736.022	-	395.989
Total	134.468	933.193	228.822	513.880

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, 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.

The reserve rates for TL liabilities vary between 5% and 11,5% for TL deposits and other liabilities according to their maturities as of 31 December 2015 (31 December 2014: 5% and 11,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2015 (31 December 2014: 6% and 13 % for all foreign currency liabilities).

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

- As of 31 December 2015, there aren't any financial assets at fair value through profit or loss subject to repo transactions.(31 December 2014:None).
- Positive differences related to derivative financial instruments held for trading:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Forward Transactions	11.203	1.264	6.177	957
Swap Transactions	26.320	14.790	44.721	22.859
Futures Transactions	-	-	-	-
Options	133	18.556	1.775	21.638
Other	-	-	-	-
Total	37.656	34.610	52.673	45.454

c. Information on banks:

- Information on banks:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Banks				
Domestic	87.094	90.464	72.116	38.229
Foreign	-	17.454	-	15.854
Headquarters and Branches Abroad	-	-	-	-
Total	87.094	107.918	72.116	54.083

- Information on foreign banks

	Unrestricted Amount		Restricted Amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
EU Countries	5.612	3.989	-	-
USA, Canada	3.453	11.149	-	-
OECD Countries (*)	8.049	630	-	-
Off-shore Banking Regions	-	-	-	-
Others	340	86	-	-
Total	17.454	15.854	-	-

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

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

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

As of 31 December 2015, there are TL70.153 available-for-sale financial assets given as collateral/blocked (31 December 2014: TL69.260) and those subject to repurchase agreements amounts to TL470.878(31 December 2014: TL313.971).

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

	31 December 2015	31 December 2014
Debt Securities	644.190	713.484
Quoted on Stock Exchange	262.191	667.470
Not Quoted	381.999	46.014
Share Certificates	6.849	7.057
Quoted on Stock Exchange	-	-
Not Quoted	6.849	7.057
Impairment Provision (-)	1.525	-
Total	649.514	720.541

e. Explanations on loans:

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

	31 December 2015		31 December 2014	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	219	-	-
Corporate Shareholders	-	219	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	4.896	-	4.570	-
Total	4.896	219	4.570	-

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

i.

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Restructured or Rescheduled		Loans and Other Receivables (Total)	Restructured or Rescheduled	
		Loans with Restructured Payment Plans	Other		Loans with Restructured Payment Plans	Other
Non-Specialised Loans	7.594.139	15.386	-	502.367	223.221	2.476
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	600.624	1.829	-	42.471	13.108	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	248.095	-	-	-	-	-
Consumer Loans	127.961	-	-	10.561	-	-
Credit Cards	8.617	-	-	1.484	-	-
Other (*)	6.608.842	13.557	-	447.851	210.113	2.476
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	7.594.139	15.386	-	502.367	223.221	2.476

(*) The Bank also has TL1.673 factoring receivables in the Other account.

ii.

Number of Modifications Made to Extend Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 times	9.029	223.221
3, 4 or 5 times	4.506	-
Over 5 times	1.851	-
Total	15.386	223.221

iii.

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	12.982	125.684
6 Months – 12 Months	2.172	7.634
1-2 Years	232	3.935
2-5 Years	-	85.968
5 Years and Over	-	-
Total	15.386	223.221

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3. Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables	2.423.727	15.299	61.846	54.117
Non-specialised Loans	2.423.727	15.299	61.846	54.117
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	5.155.026	87	214.824	171.580
Non-specialised Loans	5.155.026	87	214.824	171.580
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
TOTAL	7.578.753	15.386	276.670	225.697

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	4.196	116.701	120.897
Real estate loans	-	41.890	41.890
Automotive loans	-	744	744
Consumer loans	4.196	74.067	78.263
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	1.265	1.265
Real estate loans	-	1.265	1.265
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	3.320	-	3.320
With instalments	-	-	-
Without instalments	3.320	-	3.320
Individual Credit Cards- FC	125	-	125
With instalments	-	-	-
Without instalments	125	-	125
Personnel Loans-TL	391	3.695	4.086
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	391	3.695	4.086
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	799	-	799
With instalments	-	-	-
Without instalments	799	-	799
Personnel Credit Cards-FC	11	-	11
With instalments	-	-	-
Without instalments	11	-	11
Credit Deposit Account-TL (Real Person)	12.274	-	12.274
Credit Deposit Account-FC (Real Person)	-	-	-
Total	21.116	121.661	142.777

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	51.469	792.000	843.469
Real estate Loans	-	-	-
Automotive Loans	1.284	8.700	9.984
Consumer Loans	50.185	783.300	833.485
Other	-	-	-
Commercial Installments Loans-FC Indexed	24.900	268.320	293.220
Real estate Loans	-	-	-
Automotive Loans	35	8.255	8.290
Consumer Loans	24.865	260.065	284.930
Other	-	-	-
Commercial Installments Loans-FC	-	1.259.657	1.259.657
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	1.259.657	1.259.657
Other	-	-	-
Corporate Credit Cards-TL	5.831	-	5.831
With instalment	-	-	-
Without instalment	5.831	-	5.831
Corporate Credit Cards-FC	15	-	15
With instalment	-	-	-
Without instalment	15	-	15
Credit Deposit Account-TL (Legal Person)	42.906	-	42.906
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	125.121	2.319.977	2.445.098

6. Loans according to types of borrowers:

	31 December 2015	31 December 2014
Public	4.500	-
Private	8.092.006	6.399.376
Total	8.096.506	6.399.376

7. Distribution of domestic and foreign loans:

	31 December 2015	31 December 2014
Domestic Loans	8.096.506	6.399.376
Foreign Loans	-	-
Total	8.096.506	6.399.376

8. Loans given to associates and subsidiaries;

	31 December 2015	31 December 2014
Direct Loans given to associates and subsidiaries	-	2.166
Indirect Loans given to associates and subsidiaries	-	-
Total	-	2.166

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(Continued)**

9. Specific provisions provided against loans:

	31 December 2015	31 December 2014
Loans and Other Receivables with Limited Collectability	4.112	3.943
Loans and Other Receivables with Doubtful Collectability	11.489	20.600
Uncollectible Loans and Other Receivables	103.456	38.421
Total	119.057	62.964

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
31 December 2015			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	1.245	4.671
31 December 2014			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	31	880	5.218

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Prior Period End Balance	24.120	56.900	48.854
Additions (+)	123.908	10.423	18.866
Transfers from Other Categories of Non performing Loans (+)	-	82.507	94.418
Transfers to Other Categories of Non-performing Loans (-)	82.507	94.418	-
Collections (-)	27.803	16.207	16.382
Write-offs (-)(*)	-	-	12.374
Corporate and Commercial Loans	-	-	12.374
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	37.718	39.205	133.382
Specific Provision (-)	4.112	11.489	103.456
Net Balance on Balance Sheet	33.606	27.716	29.926

(*) Amount of TL 12.324, consists of non-performing loans removed from assets through sale to Sümer Varlık Yönetim A.Ş. on April 30, 2015.

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
31 December 2015			
Period-End Balance	121	2.340	3.651
Specific Provision (-)	24	1.168	3.388
Net Balance on balance sheet	97	1.172	263
31 December 2014			
Period-End Balance	2.478	570	1.616
Specific Provision (-)	495	284	597
Net Balance on balance sheet	1.983	286	1.019

- iv. Information on non-performing loans based on types of borrowers:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	33.606	27.716	29.926
Loans Given to Real Persons and Legal Persons (Gross)	37.718	39.205	133.382
Specific Provision Amount (-)	4.112	11.489	103.456
Loans Given to Real Persons and Legal Persons (Net)	33.606	27.716	29.926
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	20.177	36.300	10.433
Loans Given to Real Persons and Legal Persons (Gross)	24.120	56.900	48.854
Specific Provision Amount (-)	3.943	20.600	38.421
Loans Given to Real Persons and Legal Persons (Net)	20.177	36.300	10.433
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

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

12. Explanations on the write-off policy:

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

f. Information on held-to-maturity investments:

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

None(31 December 2014: None).

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

None(31 December 2014: None).

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

None(31 December 2014: None).

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

None(31 December 2014: None).

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

None(31 December 2014: None).

g. Information on investments in associates (Net):

None(31 December 2014: None).

h. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None(31 December 2014: None).

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

None(31 December 2014: None).

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

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

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	1.062.523	137.392	1.084	69.556	-	21.435	12.163	-
2 (*)	150.054	91.412	4.573	10.510	392	(10.645)	4.053	-

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

5. Movement schedules of subsidiaries:

	31 December 2015	31 December 2014
Balance at the beginning of the Period	217.779	99.193
Movements during the Period	10.943	118.586
Purchases	-	97.799
Bonus Shares Obtained	-	5.201
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase (*)	10.943	15.586
Impairment Provision	-	-
Balance at the end of the Period	228.722	217.779
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99,99%	99,99%

(*) Includes the increases that occurred in the third part referred to footnote I in accordance with TAS 27 related with the equity method accounting.

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

Subsidiaries	31 December 2015	31 December 2014
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	137.315	115.879
Finance Companies	-	-
Other Financial Subsidiaries	91.407	101.900
Total	228.722	217.779

7. Subsidiaries quoted on stock exchange:

None (31 December 2014: None).

i. Information on joint ventures:

None (31 December 2014: None).

j. Information on lease receivables (net):

None (31 December 2014: None).

k. Information on hedging derivative financial assets:

	31 December 2015		31 December 2014	
	TP	FC	TP	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	40.809	36	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	40.809	36	-	-

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I. Information on investment property:

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2013				
Cost	8.901	111	49.556	58.568
Accumulated depreciation (-)	1.701	111	32.833	34.645
Net book value	7.200	-	16.723	23.923
31 December 2014				
Net book value at beginning of the period	7.200	-	16.723	23.923
Additions	1.706	-	5.299	7.005
Disposals (-) (net)	-	-	70	70
Impairment (-)	-	-	-	-
Depreciation (-)	400	-	5.873	6.273
Revaluation Increase	11.494	-	-	11.494
Cost at Period End	22.101	-	53.929	76.030
Accumulated Depreciation at Period End (-)	2.101	-	37.850	39.951
Closing Net Book Value at Period End	20.000	-	16.079	36.079

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2014				
Cost	22.101	-	53.929	76.030
Accumulated depreciation (-)	2.101	-	37.850	39.951
Net book value	20.000	-	16.079	36.079
31 December 2015				
Net book value at beginning of the period	20.000	-	16.079	36.079
Additions	21	-	27.585	27.606
Disposals (-), net	-	-	517	517
Impairment (-)	-	-	-	-
Depreciation (-)	440	-	7.120	7.560
Revaluation Increase	2.419	-	-	2.419
Cost at Period End	24.541	-	71.873	96.414
Accumulated Depreciation at Period End (-)	2.541	-	35.846	38.387
Closing Net Book Value at Period End	22.000	-	36.027	58.027

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(Continued)**

m. Information on intangible assets:

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

	31 December 2015	31 December 2014
Gross Book Value	66.864	59.735
Accumulated Depreciation (-)	24.255	17.387
Net Book Value	42.609	42.348

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

	31 December 2015	31 December 2014
Beginning of the Period	42.348	23.673
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	7.129	23.000
Disposals	-	-
Amount Accounted under Revaluation Reserve	-	-
Impairment	-	-
Impairment Reversal	-	-
Amortisation (-)	6.868	4.325
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	42.609	42.348

n. Information on investment property:

None (31 December 2014: None).

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o. Information on deferred tax asset:

As of 31 December 2015, the Bank has netted-off the calculated deferred tax asset of TL 12.640(31 December 2014: TL24.759) and deferred tax liability of TL 11.985(31 December 2014: TL12.966) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 655(31 December 2014: TL 11.793) in the financial statements.

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

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Carried Financial Loss (*)	-	59.407	-	11.881
Provision for Legal Cases	4.652	20.191	930	4.038
Provisions for Possible Risks	27.936	12.301	5.587	2.460
Reserve for Employee Rights	12.614	20.264	2.523	4.053
Unearned Revenue	17.303	11.387	3.461	2.277
Other	694	244	139	50
Deferred Tax Assets	63.199	123.794	12.640	24.759
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	26.929	25.005	5.386	5.001
Valuation Differences of Derivative Instruments	32.996	39.312	6.599	7.862
Other	-	511	-	103
Deferred Tax Liabilities	59.925	64.828	11.985	12.966
Deferred Tax Assets/(Liabilities) (Net)	3.274	58.966	655	11.793

(*) There is no carried financial loss of the Bank as of December 31, 2015.

Movement of deferred tax asset/ liabilities is presented below:

	31 December 2015	31 December 2014
Balance as of 1 January	11.793	19.161
Current year deferred tax expense	(9.350)	(3.838)
Deferred tax charged to equity (net)	(1.788)	(3.530)
Balance at the End of the Period	655	11.793

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

The Bank has assets held for resale amounting to TL 6.685(31 December 2014: TL10.937) and has no discontinued operations.

Prior Period	31 December 2015	31 December 2014
Cost	11.673	14.348
Accumulated Depreciation (-)	736	656
Net Book Value	10.937	13.692
Current Period		
Net book value at beginning of the period	10.937	13.692
Additions	2.508	2.198
Disposals (-), net	6.504	4.719
Impairment (-)	-	-
Depreciation (-)	256	234
Cost at end of the period	7.196	11.673
Accumulated Depreciation at end of the period (-)	511	736
Closing Net Book Value	6.685	10.937

r. Information on other assets:

As of 31 December 2015, other assets amount to TL 86.459(31 December 2014: TL134.894) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 December 2015:

	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	17.464	-	43.275	934.636	76.602	42.099	48.034	-	1.162.110
Foreign Currency Deposits	340.659	-	175.192	3.526.447	562.193	67.020	96.671	-	4.768.182
Residents in Turkey	313.528	-	174.687	3.507.803	547.211	64.898	53.637	-	4.661.764
Residents Abroad	27.131	-	505	18.644	14.982	2.122	43.034	-	106.418
Public Sector Deposits	14.195	-	-	-	-	-	-	-	14.195
Commercial Deposits	78.425	-	71.465	281.151	37.777	55.905	56.059	-	580.782
Other Institutions Deposits	6.264	-	9.141	70.312	108	110	34.058	-	119.993
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	7.097	-	43.249	-	-	-	-	-	50.346
CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	100	-	43.249	-	-	-	-	-	43.349
Foreign Banks	6.997	-	-	-	-	-	-	-	6.997
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	464.104	-	342.322	4.812.546	676.680	165.134	234.822	-	6.695.608

ii. 31 December 2014:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	26.205	-	31.543	904.464	132.127	97.074	68.794	-	1.260.207
Foreign Currency Deposits	190.296	-	279.323	1.981.746	519.656	39.173	59.692	-	3.069.886
Residents in Turkey	171.181	-	264.979	1.966.044	514.125	36.433	25.576	-	2.978.338
Residents Abroad	19.115	-	14.344	15.702	5.531	2.740	34.116	-	91.548
Public Sector Deposits	17.111	-	-	-	-	-	-	-	17.111
Commercial Deposits	116.904	-	105.738	365.351	74.700	33.621	91.673	-	787.987
Other Institutions Deposits	1.705	-	883	64.223	25.582	91	-	-	92.484
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	3.704	-	133.742	-	-	-	-	-	137.446
CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	106	-	69.368	-	-	-	-	-	69.474
Foreign Banks	3.598	-	64.374	-	-	-	-	-	67.972
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	355.925	-	551.229	3.315.784	752.065	169.959	220.159	-	5.365.121

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Saving Deposits				
Saving Deposits	418.844	407.705	743.266	852.502
Foreign Currency Savings Deposit	198.352	121.979	2.807.719	1.533.681
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Off-shore Banking Regions’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Total	617.196	529.684	3.550.985	2.386.183

- ii. There are no deposits covered under foreign authorities’ insurance since the Bank is incorporated in Turkey.
3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	31 December 2015	31 December 2014
Deposits and Other Accounts in Foreign Branches		-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	17.299	12.778
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCK” Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	17.299	12.778

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b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning derivative financial liabilities held for trading:

Derivative Financial Liabilities Held for Trading	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Forward Transactions	8.427	4.441	7.870	9.147
Swap Transactions	38.220	7.792	11.294	4.466
Futures Transactions	-	-	-	-
Options	56	17.685	48	23.062
Other	-	-	-	-
Total	46.703	29.918	19.212	36.675

c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	37.466	69.130	52.037	37.556
From Foreign Banks, Institutions and Funds	-	1.620.232	1.304	1.228.080
Total	37.466	1.689.362	53.341	1.265.636

2. Information on maturity structure of borrowings:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Short-term	37.466	290.235	53.341	140.460
Medium and Long-term	-	1.399.127	-	1.125.176
Total	37.466	1.689.362	53.341	1.265.636

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

The Bank's main funding sources are deposits and borrowings. As of 31 December 2015, deposits and borrowings from Bank's risk group comprise 2% (31 December 2014: 1%) of total deposits. Besides this, Borrowings from Bank's risk group comprise 54% (31 December 2014: 56%) of subordinated and other borrowings.

d. Information on other foreign liabilities:

Other liabilities amounting to TL 85.101 (31 December 2014: TL94.726) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

e. Information on lease payables (net):

None (31 December 2014: None).

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f. Information on hedging derivative financial liabilities:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	15.132	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	15.132	-	-	-

g. Information on provisions:

1. Information on general provisions:

	31 December 2015	31 December 2014
General Provisions	77.497	64.659
Provisions for First Group Loans and Receivables	57.222	48.904
Additional Provision for Loans and Receivables with Extended Maturities	767	2.601
Provisions for Second Group Loans and Receivables	16.853	10.325
Additional Provision for Loans and Receivables with Extended Maturities	11.174	8.167
Provisions for Non-Cash Loans	3.246	2.745
Other	176	2.685

2. Information on reserve for employment termination benefits:

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

The payment amount which is one month’s salary for each working year is restricted to TL 3.541,37 (31 December 2014: TL 3.438,22). Employee termination benefits are not funded as there is no funding requirement.

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

	31 December 2015	31 December 2014
Discount rate (%)	2,74	2,45
Salary increase rate (%)	8,75	7,00
Average remaining work period (Year)	11,57	11,86

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES(Continued)

Movement of reserve for employment termination benefits during the period:

	31 December 2015	31 December 2014
Prior Period Ending Balance	7.862	7.086
Service Cost	1.460	1.229
Interest Cost	665	679
Settlement Cost	508	596
Actuarial Loss/Gain	585	816
Benefits Paid (-)	2.257	2.544
Balance at the End of the Period	8.823	7.862

In addition, as of 31 December 2015 the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL14.741 (31 December 2014: TL12.402).

3. Other provisions:

i. Information on provisions for possible risks:

	31 December 2015	31 December 2014
Provisions for potential risks (*)	27.936	12.301
Total	27.936	12.301

(*)Provisions for the Bank’s potential risks in credit portfolio. Free provision part of this amount, TL17.759, belongs to credit receivable of the Bank at an amount of TL 69.351 and repayment performance of the aforementioned customer shall be revaluated depending upon new finance sources generated in 2016 and is classified as “Credit tied to repayment plan in close monitoring” in accompanying financial statements dated December 31, 2015.

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 4.652 (31 December 2014: TL 20.191) for lawsuits, TL 1.941 (31 December 2014: TL 2.818) for non-cash loans, TL 1.192 (31 December 2014: TL 590) for customer cheques commitments, TL 62 (31 December 2014: TL 76) for credit card loyalty points and TL 183 (31 December 2014: TL 146) for other receivables.

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

As of 31 December 2015, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 3.128 (31 December 2014: TL 2.858) and is netted from the loan amount in the financial statements.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES(Continued)

h. Information on taxes payable:

1. Information on tax provision:

As of 31 December 2015, the corporate tax provision of the Bank is TL 2.892 (31 December 2014: None), and it has been offset with advance taxes amounting to TL 706.

2. Information on taxes payable:

	31 December 2015	31 December 2014
Corporate Tax Payable	2.892	-
Taxation of Marketable Securities	7.152	5.968
Property Tax	168	187
Banking Insurance Transaction Tax	6.180	4.448
Value Added Tax Payable	533	333
Other	2.525	2.248
Total	19.450	13.184

3. Information on premium payables:

	31 December 2015	31 December 2014
Social Security Premiums-Employee	827	773
Social Security Premiums-Employer	1.246	1.155
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	58	54
Unemployment Insurance-Employer	115	109
Other	-	-
Total	2.246	2.091

4. As of 31 December 2015, the Bank has netted-off the calculated deferred tax asset of TL12.640(31 December 2014: TL24.759) and deferred tax liability of TL11.985(31 December 2014: TL12.966) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL655(31 December 2014: TL11.793) in the financial statements.

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

None (31 December 2014: None).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

j. Information on subordinated loans:

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

Issuing Institution	Amount	Value Date	Maturity Date	Interest Rate(%)
Burgan Bank S.A.K.	USD 150.000.000	6 December 2013	4 December 2023	LIBOR+3,75

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

Information about subordinated loans:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	438.893	-	349.959
Other Foreign	-	-	-	-
Total	-	438.893	-	349.959

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

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

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	1.000.000

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

None.

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

None.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

None.

6. Information on capital by considering the Bank's profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

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

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

8. Information on marketable securities valuation reserve:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.521)	(857)	795	365
Foreign Currency Translation Difference	-	-	-	-
Total	(1.521)	(857)	795	365

9. Information on tangible assets revaluation reserve:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	15.122	-	13.187	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables	-	-	-	-
Total	15.122	-	13.187	-

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

According to the General Assembly meeting decision on 30 March 2015, the loss of 2014 which does not include the effects of TAS 27 amounting to TL 6.809 has been allocated from extraordinary reserves.

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	31 December 2015	31 December 2014
Foreign currency buy/sell commitments	495.701	264.651
Commitments for cheques	299.665	301.592
Loan limit commitments	168.409	192.030
Commitments for credit card limits	25.825	37.353
Blocked cheques given to customers	3.300	2.000
Promotions for the credit cards and their care services	19	2
Total	992.919	797.628

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

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

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

	31 December 2015	31 December 2014
Letter of guarantees	1.225.235	914.041
Letter of credits	195.057	176.485
Bank acceptance loans	97.280	69.213
Other guarantees	26.555	30.800
Factoring guarantees	28	213
Total	1.544.155	1.190.752

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Irrevocable letters of guarantee	528.011	311.264	436.268	193.467
Guarantees given to customs	24.858	30.931	35.769	27.466
Revocable letters of guarantee	51.280	30.677	32.745	41.033
Letters of guarantee given in advance	9.069	116.668	8.269	73.206
Other letters of guarantee	15.074	107.403	21.647	44.171
Total	628.292	596.943	534.698	379.343

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	31 December 2015	31 December 2014
Non-cash loans given against cash loans	143.161	88.246
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	143.161	88.246
Other non-cash loans	1.400.994	1.102.506
Total	1.544.155	1.190.752

ii. Information on sectoral concentration of non-cash loans:

	31 December 2015				31 December 2014			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	10.761	1,70	8.803	0,96	7.320	1,36	11.338	1,73
Farming and Livestock	10.498	1,66	8.803	0,96	6.543	1,22	11.338	1,73
Forestry	-	-	-	-	514	0,10	-	-
Fishing	263	0,04	-	-	263	0,05	-	-
Manufacturing	193.898	30,70	484.018	53,04	200.490	37,37	295.653	45,19
Mining	12.403	1,96	84.198	9,23	24.721	4,61	39.678	6,06
Production	167.702	26,55	396.047	43,40	168.557	31,42	247.421	37,82
Electric, Gas, Water	13.793	2,18	3.773	0,41	7.212	1,34	8.554	1,31
Construction	173.363	27,45	259.092	28,39	112.447	20,96	157.113	24,01
Services	236.264	37,40	158.234	17,34	205.600	38,32	186.313	28,48
Wholesale and Retail Trade	128.311	20,31	73.087	8,01	113.114	21,08	71.429	10,92
Hotel and Food Services	8.546	1,35	2.261	0,25	6.133	1,14	11.531	1,76
Transportation and Telecommunication	22.313	3,53	16.243	1,78	18.622	3,47	24.237	3,70
Financial Institutions	48.875	7,74	38.049	4,17	40.458	7,54	43.661	6,67
Real Estate and Leasing Ser.	18.943	3,00	25.802	2,83	15.927	2,97	29.303	4,48
Professional Services	2.575	0,41	-	-	5.217	0,97	47	0,01
Education Services	98	0,02	-	-	66	0,01	-	-
Health and Social Services	6.603	1,05	2.792	0,31	6.063	1,13	6.105	0,93
Other	17.386	2,75	2.336	0,27	10.624	1,99	3.854	0,59
Total	631.672	100,00	912.483	100,00	536.481	100,00	654.271	100,00

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

Non-cash Loans (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	601.707	591.130	22.115	5.770
Bank Acceptances	3.352	93.928	-	-
Letters of Credit	-	194.559	-	498
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	28	-	-	-
Other Commitments and Contingencies	-	26.139	-	416
Total	605.087	905.756	22.115	6.684

(*)In addition to non-cash loans stated above, the Bank has non-cash loans classified as non-performing loans, amounting to TL 4.513. As of 31 December 2015, the Bank has recorded a provision amounting to TL 1.94 regarding these risks.

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(Continued)**

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

b. Information on derivative financial instruments:

	31 December 2015	31 December 2014
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	12.240.871	6.809.987
Currency forward transactions	1.324.583	908.153
Currency swap transactions	5.891.542	3.682.845
Futures transactions	-	-
Options	5.024.746	2.218.989
Interest related derivative transactions (II)	4.156.866	3.386.880
Forward rate agreements	-	-
Interest rate swaps	4.156.866	3.382.288
Interest rate options	-	4.592
Interest rate futures	-	-
A. Total trading derivative transactions (I+II)	16.397.737	10.196.867
Types of hedging transactions	984.772	-
Fair value hedges	-	-
Cash flow hedges	984.772	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	984.772	-
Total derivative transactions (A+B)	17.382.509	10.196.867

c. Investment Funds:

As of 31 December 2015, the Bank is the founder of 3 investment funds (31 December 2014: 3) with a total fund value of TL 19.107(31 December 2014: TL 22.689). The shares of the investment funds established in accordance with the Capital Markets Board legislation are kept dematerialized by Central Registry Agency, Inc..

d. Information on contingent assets and contingent liabilities:

As of 31 December 2015, the total amount of legal cases against the Bank is TL 34.582 (31 December 2014: TL 51.784) and the Bank sets aside a provision of TL 4.652 (31 December 2014: TL 20.191) regarding these risks. According to the positive developments occurring in the present case, TL 20.504 allocated provision has been cancelled in the current period and paying TL 5.746 that cases were concluded. Due to the delayed reply to e-foreclosure sent by Gökpinar Tax Administration, negative declaratory action has been claimed at “Denizli Tax Authority” and “Denizli Civil Court of General Jurisdiction” for cancellation of the payment order of TL 25.459, which was notified to the Bank. The transactions have been stopped with obtaining injunction in response to 15% collateral. The law cases in local courts have resulted in favor of the Bank. The cases are at the appeal phase. As a result, the Bank did not book any provision.

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(Continued)**

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

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

MOODY'S (Dated on 1 October 2015)

Category	Rating	Outlook
(Long Term Foreign Currency)	Ba3	Stable
(Short Term Foreign Currency)	Not Prime	-
(Long Term Local Currency)	Ba3	Stable
(Short Term Local Currency)	Not Prime	-

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	332.789	16.632	300.082	21.773
Medium/Long-term Loans	141.763	192.752	87.511	98.009
Interest on Loans Under Follow-up	4.119	-	4.940	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	478.671	209.384	392.533	119.782

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

2. Information on interest income on banks:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	2.919	95	1.004	63
From Foreign Banks	-	32	-	13
Headquarters and Branches Abroad	-	-	-	-
Total	2.919	127	1.004	76

3. Information on interest income on marketable securities:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Trading Financial Assets	3.198	60	3.363	18
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	26.090	5.618	61.361	1.021
From Held-to-Maturity Investments	-	-	-	-
Total	29.288	5.678	64.724	1.039

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

	31 December 2015	31 December 2014
Interest Received From Investments in Associates and Subsidiaries	64	816

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

b. Information on interest expense:

1. Information on interest expense on borrowings:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Banks	2.991	60.730	3.372	44.447
The CBRT	-	-	-	-
Domestic Banks	2.976	1.094	3.336	1.618
Foreign Banks	15	59.636	36	42.829
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total (*)	2.991	60.730	3.372	44.447

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

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

	31 December 2015	31 December 2014
Interest Paid to Investment in Associates and Subsidiaries	1.030	1.045

3. Interest expense on issued marketable securities:

None (31 December 2014: None).

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

Current Period	Demand Deposit	Time Deposit					Accum. Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
Turkish Currency								
Bank Deposits	11	523	-	-	-	-	-	534
Savings Deposits	-	6.559	102.945	10.258	9.234	7.041	-	136.037
Public Deposits	-	84	384	-	-	-	-	468
Commercial Deposits	-	10.102	28.963	4.812	3.961	7.706	-	55.544
Other Deposits	-	231	3.776	1.405	9	1.752	-	7.173
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	11	17.499	136.068	16.475	13.204	16.499	-	199.756
Foreign Currency								
Foreign Currency Account	-	2.279	71.138	8.422	2.152	2.465	-	86.456
Bank Deposits	-	188	-	-	-	-	-	188
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	2.467	71.138	8.422	2.152	2.465	-	86.644
Sum Total	11	19.966	207.206	24.897	15.356	18.964	-	286.400

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

c. Information on dividend income:

	31 December 2015	31 December 2014
Trading Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	54	583
Other	-	-
Total	54	583

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

	31 December 2015	31 December 2014
Income	14.322.555	5.893.919
Capital Market Transactions	9.138	6.423
Derivative Financial Transactions	21.285	51.307
Foreign Exchange Gains	14.292.132	5.836.189
Loss (-)	14.294.386	5.867.449
Capital Market Transactions	5.077	3.345
Derivative Financial Transactions	27.034	50.580
Foreign Exchange Loss	14.262.275	5.813.524
Net Income/Loss	28.169	26.470

e. Information on other operating income:

As of 31 December 2015, the Bank’s other operating income is TL 13.405 (31 December 2014: TL 8.895). TL 5.011 (31 December 2014: TL 3.705) 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.

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

f. Provision expenses related to loans and other receivables of the Bank:

	31 December 2015	31 December 2014
Specific Provisions for Loans and Other Receivables	64.917	44.301
III. Group Loans and Receivables	4.695	13.733
IV. Group Loans and Receivables	7.771	16.739
V. Group Loans and Receivables	52.451	13.829
General Provision Expenses	7.897	16.142
Provision Expense for Possible Risks	13.821	6.533
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity	-	-
Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	86.635	66.976

g. Information related to other operating expenses:

	31 December 2015	31 December 2014
Personnel Expenses	129.118	108.613
Reserve For Employee Termination Benefits(*)	2.798	2.664
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	7.560	6.273
Impairment Expenses of Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	6.868	4.325
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	256	234
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	90.510	66.471
Operational Lease Expenses	28.750	21.368
Maintenance Expenses	1.071	950
Advertising Expenses	570	581
Other Expense	60.119	43.572
Loss on Sales of Assets	548	187
Other (**)	1.537	16.310
Total	239.195	205.077

(*)As of 31 December 2015, “the employee vacation fee provision” is TL 154 (31 December 2014: TL 160).

(**) In the “Other” account; as a result of the conclusion of the present case, which is reserved for per TL 13.220 was allocated in the current period have been cancelled, TL 14.758 recorded revenue.

(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 DECEMBER 2015

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

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

h. 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 65.117 (31 December 2014: TL 197 profit before taxes).

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

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

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

As of 31 December 2015, the Bank has TL 3.598 current tax expense amounting and deferred tax expense amounting to TL 9.350.

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

The Bank has TL 4.448 deferred tax income from temporary differences and TL 11.861 tax expense from carried financial loss, TL 1.937 deferred tax expense from closed temporary differences amounting to net TL 9.350 deferred tax expense.

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

As of 31 December 2015, the Bank has TL 2.511 tax income arising from temporary differences and TL 11.861 deferred tax expense from carried financial loss belongs to the prior period.

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

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

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

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

None.

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

None.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

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

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. Information on other income and expenses:

1. Interest income amounts to TL 845.777 (31 December 2014: TL 624.326) and TL 110.205 (31 December 2014: TL 41.763) of this amount is classified as "Other Interest Income" in the income statement of Bank in the current period.

	31 December 2015	31 December 2014
Other Interest Income		
Interest Income Related to Derivative Transactions	108.571	40.282
Other	1.634	1.481
Total	110.205	41.763

2. Interest expense amounts to TL 526.287 (31 December 2014: TL 402.121), TL 162.837 (31 December 2014: TL 82.826) of this amount is classified as "Other Interest Expense" in the income statement of Bank in the current period.

	31 December 2015	31 December 2014
Other Interest Expense		
Interest Expense Related to Derivative Transactions	162.070	82.299
Other	767	527
Total	162.837	82.826

3. As of 31 December 2015, the Bank's fee and commission income amounts to TL 26.517 (31 December 2014: TL 30.621) and TL 14.763 (31 December 2014: TL 19.864) the related amount is classified under "Other fee and commission income" account.

	31 December 2015	31 December 2014
Other Fee and Commissions Received		
Credit Card and POS Transaction Commission	4.706	9.352
Account Operating Fees	1.763	1.512
Insurance Commissions	1.554	1.420
Transfer Commissions	1.396	1.253
Commissions from Correspondent Banks	406	463
OrtakNokta Commissions	116	105
Commissions on Investment Fund Services	84	152
Letter of Credit Commissions	20	21
Other	4.718	5.586
Total	14.763	19.864

4. As of 31 December 2015, Bank's fee and commission expense amounts to TL 7.478 (31 December 2014: TL 11.275) and TL 7.464 (31 December 2014: TL 11.244) of the related amount is classified under "Other fee and commission expense" account.

	31 December 2015	31 December 2014
Other Fee and Commissions Given		
Credit Card Transaction Commission	5.127	9.102
Commissions Granted to Correspondent Banks	848	482
EFT Commissions	593	556
OrtakNokta Commissions	461	241
Transfer Commissions	136	140
Other	299	723
Total	7.464	11.244

(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 DECEMBER 2015

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

There is no change in Bank’s partnership structure in 2015.

b. Information on distribution of profit:

According to the General Assembly meeting decision on 30 March 2015, the loss of 2014 which does not include the effects of TAS 27 amounting to TL 6.809 has been allocated to extraordinary reserves.

c. Information on capital increase:

There is no capital increase in 2015.

d. Information on valuation differences of marketable securities:

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.521)	(857)	795	365
Foreign Currency Difference	-	-	-	-
Total	(1.521)	(857)	795	365

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

The reversal from revaluation reserve to their fair value for immovables amounting to TL1.935 net of tax (31 December 2014: TL 9.195) is accounted under “Revaluation differences of tangible assets and intangible assets”.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

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

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

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalent assets:

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

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

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

	31 December 2015	31 December 2014
Cash	393.691	263.672
Cash, Foreign Currency and Other	30.159	31.317
Demand Deposits in Banks	363.532	232.355
Cash Equivalents	109.062	45.763
Interbank Money Market	-	-
Time Deposits in Bank	109.062	45.763
Total Cash and Cash Equivalents	502.753	309.435

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

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

	31 December 2015	31 December 2014
Cash	376.160	393.691
Cash, Foreign Currency and Other	26.411	30.159
Demand Deposits in Banks	349.749	363.532
Cash Equivalents	176.001	109.062
Interbank Money Market	-	-
Time Deposits in Bank	176.001	109.062
Total Cash and Cash Equivalents	552.161	502.753

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

“Other” items presented in “Net operating income before changes in operating assets and liabilities” amount to negative TL 53.726 TL (31 December 2014: negative TL 34.238) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

“Net increase/decrease in liabilities” items presented in “Changes in operating assets and liabilities” amount to positive TL 34.834 (31 December 2014: negative TL 359.986) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2015, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL 13.347 (31 December 2014: positive TL 2.407).

(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 DECEMBER 2015

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

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

VII. EXPLANATIONS AND NOTES RELATED TO BANK’S RISK GROUP

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

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

31 December 2015:

Banks’ Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	2.166	18.079	-	-	24	26.972
Balance at the End of the Period	-	23.519	-	219	89	8.753
Interest and Commission Income Received	64	32	-	-	7	-

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

31 December 2014:

Banks’ Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	16.409	18.786	-	126	13.267	892
Balance at the End of the Period	2.166	18.079	-	-	24	26.972
Interest and Commission Income Received	818	33	-	-	1.237	-

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

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

Banks’ Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	25.708	20.798	21.433	576	13.257	8.812
End of the Period	84.098	25.708	6.184	21.433	17.841	13.257
Interest Expense on Deposits	1.030	815	-	30	967	412

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP (Continued)

Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Repurchase Transactions						
Beginning of the Period	-	3.310	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	230	-	-	-	-

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

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

Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for trading purposes						
Beginning of the Period (**)	19.779	16.724	-	-	-	-
Balance at the end of the period (**)	92.529	19.779	-	-	-	-
Total Profit/Loss	(2.898)	(945)	-	-	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

(**)The information in 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	1.169.982	54,02
Deposit	108.123	1,61
Non-cash loans	32.491	2,10
Banks and Other Institutions	253	0,13
Loans	89	-

As of 31 December 2015, the Bank has realized interest expense amounting to TL 36.979 (31 December 2014: TL 27.743) 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.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

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

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

VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP (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:

The Bank, has financial leasing agreements with Burgan Finansal Kiralama A.Ş. As of 31 December 2015, there are no financial leasing payables arising from these agreements (31 December 2014: None). The Bank does not pay interest expense for the related financial leasing agreements (31 December 2014: TL 12).

According to the Joint Expense Sharing Agreement with the Bank and its subsidiaries; the Bank has TL317 (31 December 2014: TL 188) from Burgan Finansal Kiralama A.Ş., and TL314 (31 December 2014: TL 284) from Burgan Yatırım Menkul Değerler A.Ş. as other operating income.

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Bank's risk group and the amount composes 0,33% (31 December 2014: 0,62%) of the Bank's total cash and non-cash loans.

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

As of 31 December 2015 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the 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 TL15.504 (31 December 2014: TL12.271) which include total gross salary, travel, meal, health, life insurance and other expenses.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

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

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

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

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

	Number	Employee number			
Domestic Branch	56	1.022			
			Country of Incorporation		
Foreign Representative	-	-	-		
				Total Asset	Statutory share capital
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-

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

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

(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 DECEMBER 2015

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

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

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS RELATED TO BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON AUDIT REPORT

I. EXPLANATIONS ON AUDIT REPORT

The unconsolidated financial statements as of 31 December 2015 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young Global Limited) and the auditor’s report dated March 7, 2016 has been presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

.....

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
TOGETHER WITH INDEPENDENT AUDIT REPORT
AT 31 DECEMBER 2015**

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

Independent auditor report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Burgan Bank A.Ş. (“the Bank”) and its consolidated subsidiaries (together will be referred as “the Group”) as at December 31, 2015, and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders’ equity, consolidated statement of cash flows and consolidated statement of changes in shareholders’ equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank’s Board of Directors for the financial statements

Bank management is responsible for the preparation and fair presentation of the consolidated financial statement in accordance with “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 (BRSA), circulars, interpretations published by BRSA and BRSA Accounting and Reporting Legislation which includes the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Independent Auditor’s responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with communique “Independent Audit of Banks” published by BRSA on the Official Gazette No.29314 dated April 2, 2015 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the independent auditor’s professional judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control relevant to bank’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank’s internal control. An independent audit also includes evaluating the appropriateness of accounting policies used by the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying consolidated financial statements presents fairly, in all material respects, the financial position of Burgan Bank A.Ş. and its subsidiaries as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with BRSA Accounting and Reporting Legislation.

Reports on arising from other regulatory requirements

In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities for the period January 1 – December 31, 2015 are not in compliance with the code and provisions of the Bank’s articles of association in relation to financial reporting.

In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation to English

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

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

Fatma Ebru Yücel, SMMM
Partner

Istanbul, March 7, 2016

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

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

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Telephone : 0 212 371 37 37
Fax : 0 212 371 42 42
Web site : www.burgan.com.tr
E-mail : bilgi@burgan.com.tr

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

- **Section One** GENERAL INFORMATION ABOUT THE GROUP
- **Section Two** CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
- **Section Three** EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP
- **Section Five** EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** OTHER EXPLANATIONS
- **Section Seven** EXPLANATIONS ON AUDITREPORT

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

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

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

7 March 2016

Mehmet N. ERTEN
Chairman of the
Board of Directors

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

Tuba Onay ERGELEN
Finance Group Head

Ahmet CİĞA
Head of Accounting,
Tax, and
Reporting Unit

Halil Cantekin
Head of the Audit Committee

Adrian Alejandro
GOSTUSKI
Member of the Audit
Committee

Osama T. AL GHOSSEIN
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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY
ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

GENERAL INFORMATION (Continued)

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

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

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

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

As of 31 December 2015, the Parent Bank has 56 branches operating in Turkey (31 December 2014: 60). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2015, the Group has 1.164 (31 December 2014: 1.214) employees.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated balance sheet (Statement of financial position)
- II. Consolidated off-balance sheet commitments
- III. Consolidated income statement
- IV. Statement of income and expense items accounted in equity
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows
- VII. Un consolidated profit appropriation statement

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

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

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2015)			(31/12/2014)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. CASH AND BALANCES WITH CENTRAL BANK	I-a	147.888	946.187	1.094.075	242.111	530.757	772.868
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	72.578	37.310	109.888	133.525	45.732	179.257
2.1 Trading Financial Assets		72.578	37.310	109.888	133.525	45.732	179.257
2.1.1 Government Debt Securities		27.938	2.569	30.507	58.692	278	58.970
2.1.2 Share Certificates		-	-	-	19.664	-	19.664
2.1.3 Trading Derivative Financial Assets		37.598	34.517	72.115	52.673	45.454	98.127
2.1.4 Other Marketable Securities		7.042	224	7.266	2.496	-	2.496
2.2 Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	I-c	87.166	107.967	195.133	72.256	54.192	126.448
IV. MONEY MARKETS		22.195	-	22.195	141.155	-	141.155
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		22.195	-	22.195	90.142	-	90.142
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	51.013	-	51.013
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	272.856	380.474	653.330	679.245	46.014	725.259
5.1 Share Certificates		11.567	-	11.567	11.775	-	11.775
5.2 Government Debt Securities		258.441	279.985	538.426	667.470	-	667.470
5.3 Other Marketable Securities		2.848	100.489	103.337	-	46.014	46.014
VI. LOANS	I-e	3.806.299	4.458.500	8.264.799	3.591.466	2.909.863	6.501.329
6.1 Loans		3.702.571	4.458.500	8.161.071	3.521.782	2.909.863	6.431.645
6.1.1 Loans to Bank's Risk Group		84	5	89	24	-	24
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		3.702.487	4.458.495	8.160.982	3.521.758	2.909.863	6.431.621
6.2 Loans under Follow-up		240.615	-	240.615	145.619	-	145.619
6.3 Specific Provisions (-)		136.887	-	136.887	75.935	-	75.935
VII. FACTORING RECEIVABLES	I-e	856	817	1.673	16.849	1.077	17.926
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-g	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	I-h	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	I-i	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-j	305.404	623.323	928.727	124.328	571.469	695.797
12.1 Financial Lease Receivables		407.352	712.029	1.119.381	166.221	670.521	836.742
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		101.948	88.706	190.654	41.893	99.052	140.945
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	I-k	40.809	36	40.845	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		40.809	36	40.845	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	I-l	63.580	-	63.580	39.194	-	39.194
XV. INTANGIBLE ASSETS (Net)	I-m	45.737	-	45.737	45.543	-	45.543
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		45.737	-	45.737	45.543	-	45.543
XVI. INVESTMENT PROPERTY (Net)	I-n	-	-	-	-	-	-
XVII. TAX ASSET	I-o	9.541	-	9.541	23.129	-	23.129
17.1 Current Tax Asset		245	-	245	5.941	-	5.941
17.2 Deferred Tax Asset		9.296	-	9.296	17.188	-	17.188
XVIII. ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-p	6.695	-	6.695	10.947	-	10.947
18.1 Held for Resale		6.695	-	6.695	10.947	-	10.947
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-r	88.376	48.523	136.899	90.992	117.415	208.407
TOTAL ASSETS		4.969.980	6.603.137	11.573.117	5.210.740	4.276.519	9.487.259

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

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

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

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2015)			(31/12/2014)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	1.872.349	4.739.162	6.611.511	2.164.526	3.174.887	5.339.413
1.1 Deposits of Bank's Risk Group		4.586	19.440	24.026	4.843	29.847	34.690
1.2 Other		1.867.763	4.719.722	6.587.485	2.159.683	3.145.040	5.304.723
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	46.703	29.613	76.316	18.267	36.675	54.942
III. BORROWINGS	II-c	140.264	2.381.984	2.522.248	158.579	1.762.087	1.920.666
IV. MONEY MARKETS		172.258	265.819	438.077	462.102		462.102
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		42.291	-	42.291	138.143	-	138.143
4.3 Funds Provided Under Repurchase Agreements		129.967	265.819	395.786	323.959	-	323.959
V. MARKETABLE SECURITIES ISSUED (Net)		49.255		49.255			
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		49.255	-	49.255	-	-	-
VI. FUNDS							
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		92.320	66.902	159.222	94.416	74.041	168.457
VIII. OTHER LIABILITIES	II-d	82.853	2.253	85.106	90.566	4.165	94.731
IX. FACTORING PAYABLES							
X. LEASE PAYABLES (Net)	II-e						
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-f	15.132		15.132			
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		15.132	-	15.132	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	II-g	81.733	59.435	141.168	70.224	55.002	125.226
12.1 General Loan Loss Provision		38.681	38.816	77.497	39.183	25.476	64.659
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		26.817	-	26.817	24.445	-	24.445
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		16.235	20.619	36.854	6.596	29.526	36.122
XIII. TAX LIABILITY	II-h	23.687		23.687	18.737		18.737
13.1 Current Tax Liability		23.687	-	23.687	18.737	-	18.737
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	II-i						
14.1 Held for Resale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	II-j		438.893	438.893		349.959	349.959
XVI. SHAREHOLDERS' EQUITY	II-k	1.013.359	(857)	1.012.502	952.661	365	953.026
16.1 Paid-in Capital		900.000	-	900.000	900.000	-	900.000
16.2 Capital Reserves		20.270	(857)	19.413	11.490	365	11.855
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Reserve		(1.521)	(857)	(2.378)	795	365	1.160
16.2.4 Tangible Assets Revaluation Reserve		15.122	-	15.122	13.187	-	13.187
16.2.5 Intangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.6 Investment Property Revaluation Reserve		-	-	-	-	-	-
16.2.7 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Reserves (Effective portion)		9.216	-	9.216	-	-	-
16.2.9 Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		(2.547)	-	(2.547)	(2.492)	-	(2.492)
16.3 Profit Reserves		87.205	-	87.205	69.632	-	69.632
16.3.1 Legal Reserves		19.107	-	19.107	18.397	-	18.397
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		68.098	-	68.098	51.235	-	51.235
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		5.884	-	5.884	(28.461)	-	(28.461)
16.4.1 Prior Years' Income or (Loss)		(46.285)	-	(46.285)	(46.285)	-	(46.285)
16.4.2 Current Year Income or (Loss)		52.169	-	52.169	17.824	-	17.824
16.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		3.589.913	7.983.204	11.573.117	4.030.078	5.457.181	9.487.259

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

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

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

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

II. OFF-BALANCE SHEET	Note (Section Five)	(31/12/2015)			(31/12/2014)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		6.824.401	12.871.473	19.695.874	3.569.531	8.572.726	12.142.257
I. GUARANTEES AND WARRANTIES	III-a-2-3	631.672	912.483	1.544.155	536.481	654.271	1.190.752
1.1 Letters of Guarantee		628.292	596.943	1.225.235	534.698	379.343	914.041
1.1.1 Guarantees Subject to State Tender Law		7.486	26.218	33.704	10.633	18.957	29.590
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		620.806	570.725	1.191.531	524.065	360.386	884.451
1.2 Bank Acceptances		3.352	93.928	97.280	1.570	67.643	69.213
1.2.1 Import Letter of Acceptance		3.352	93.928	97.280	1.570	67.643	69.213
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	195.057	195.057	-	176.485	176.485
1.3.1 Documentary Letters of Credit		-	195.057	195.057	-	176.485	176.485
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		28	-	28	213	-	213
1.8 Other Guarantees		-	26.555	26.555	-	30.800	30.800
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-a-1	677.279	275.640	952.919	543.124	214.504	757.628
2.1 Irrevocable Commitments		677.279	275.640	952.919	543.124	214.504	757.628
2.1.1 Asset Purchase and Sales Commitments		220.061	275.640	495.701	50.147	214.504	264.651
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Commitments for Loan Limits		128.409	-	128.409	152.030	-	152.030
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		299.665	-	299.665	301.592	-	301.592
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		25.825	-	25.825	37.353	-	37.353
2.1.10 Promotion Commitments for Credit Cards and Banking Services		19	-	19	2	-	2
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		3.300	-	3.300	2.000	-	2.000
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		5.515.450	11.683.350	17.198.800	2.489.926	7.703.951	10.193.877
3.1 Hedging Derivative Financial Instruments		248.580	736.192	984.772	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		248.580	736.192	984.772	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		5.266.870	10.947.158	16.214.028	2.489.926	7.703.951	10.193.877
3.2.1 Forward Foreign Currency Buy/Sell Transactions		374.864	949.719	1.324.583	265.022	621.522	886.544
3.2.1.1 Forward Foreign Currency Transactions-Buy		200.408	460.907	661.315	77.789	359.376	437.165
3.2.1.2 Forward Foreign Currency Transactions-Sell		174.456	488.812	663.268	187.233	262.146	449.379
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		2.902.323	6.961.022	9.863.345	1.372.395	5.673.530	7.045.925
3.2.2.1 Foreign Currency Swap-Buy		988.804	1.853.741	2.842.545	438.212	1.417.669	1.855.881
3.2.2.2 Foreign Currency Swap-Sell		1.473.519	1.390.415	2.863.934	932.859	874.897	1.807.756
3.2.2.3 Interest Rate Swap-Buy		220.000	1.858.433	2.078.433	662	1.690.482	1.691.144
3.2.2.4 Interest Rate Swap-Sell		220.000	1.858.433	2.078.433	662	1.690.482	1.691.144
3.2.3 Foreign Currency, Interest rate and Securities Options		1.988.329	3.036.417	5.024.746	814.682	1.408.899	2.223.581
3.2.3.1 Foreign Currency Options-Buy		985.139	1.524.640	2.509.779	443.249	670.452	1.113.701
3.2.3.2 Foreign Currency Options-Sell		1.003.190	1.511.777	2.514.967	371.433	733.855	1.105.288
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	2.296	2.296
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	2.296	2.296
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		1.354	-	1.354	37.827	-	37.827
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		24.767.132	14.305.360	39.072.492	20.253.843	10.549.491	30.803.334
IV. ITEMS HELD IN CUSTODY		1.600.255	117.865	1.718.120	2.294.203	228.481	2.522.684
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		621.314	18.910	640.224	667.745	8.820	676.565
4.3 Cheques Received for Collection		843.730	83.272	927.002	1.446.374	199.132	1.645.506
4.4 Commercial Notes Received for Collection		105.083	15.683	120.766	156.238	20.529	176.767
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		30.128	-	30.128	23.846	-	23.846
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		23.165.927	14.175.131	37.341.058	17.957.390	10.311.702	28.269.092
5.1 Marketable Securities		1.043	1.043	2.086	28.235	-	28.235
5.2 Guarantee Notes		16.761.580	8.098.175	24.859.755	13.902.377	7.330.701	21.233.078
5.3 Commodity		677.707	8.807	686.514	326.956	18.119	345.075
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		5.399.915	4.197.673	9.597.588	3.406.143	2.526.660	5.932.803
5.6 Other Pledged Items		325.682	1.870.476	2.196.158	293.679	436.222	729.901
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		950	12.364	13.314	2.250	9.308	11.558
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		31.591.533	27.176.833	58.768.366	23.823.374	19.122.217	42.945.591

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED INCOME STATEMENT AS AT
31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

III.	INCOME STATEMENT	Note (Section Five)	01/01/2015- 31/12/2015	01/01/2014- 31/12/2014
	INCOME AND EXPENSE ITEMS			
I.	INTEREST INCOME	IV-a	924.709	674.020
1.1	Interest on Loans		687.988	511.497
1.2	Interest Received from Reserve Requirements		3.835	561
1.3	Interest Received from Banks		3.695	1.146
1.4	Interest Received from Money Market Transactions		5.670	4.158
1.5	Interest Received from Marketable Securities Portfolio		35.358	65.763
1.5.1	Trading Financial Assets		3.650	3.381
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		31.708	62.382
1.5.4	Held-to-maturity Investments		-	-
1.6	Financial Lease Income		68.064	41.547
1.7	Other Interest Income	IV-1	120.099	49.348
II.	INTEREST EXPENSE (-)	IV-b	559.611	426.553
2.1	Interest on Deposits		285.342	236.506
2.2	Interest on Funds Borrowed		92.326	68.146
2.3	Interest Expense on Money Market Transactions		14.099	38.673
2.4	Interest on Securities Issued		4.692	-
2.5	Other Interest Expenses	IV-1	163.152	83.228
III.	NET INTEREST INCOME (I + II)		365.098	247.467
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		45.554	56.692
4.1	Fees and Commissions Received		58.178	73.407
4.1.1	Non-cash Loans		11.722	10.724
4.1.2	Other		46.456	62.683
4.2	Fees and Commissions Paid (-)		12.624	16.715
4.2.1	Non-cash Loans (-)		555	512
4.2.2	Other (-)	IV-1	12.069	16.203
V.	DIVIDEND INCOME	IV-c	542	703
VI.	TRADING INCOME / (LOSS) (Net)	IV-d	32.688	36.301
6.1	Trading Gains/(Losses) on Securities		4.938	9.006
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		(9.028)	2.448
6.3	Foreign Exchange Gains/(Losses)		36.778	24.847
VII.	OTHER OPERATING INCOME	IV-e	19.347	13.474
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		463.229	354.637
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-f	92.382	71.069
X.	OTHER OPERATING EXPENSES (-)	IV-g	301.919	258.246
XI.	NET OPERATING INCOME/(LOSS) (VIII+IX+X)		68.928	25.322
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIII.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XIV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	IV-h	68.928	25.322
XV.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-i	16.759	7.498
16.1	Current Tax Provision		10.693	3.198
16.2	Deferred Tax Provision		6.066	4.300
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV+ XVI)	IV-j	52.169	17.824
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-Current Assets Held for Resale		-	-
18.2	Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expense from Non-Current Assets Held for Resale		-	-
19.2	Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other Expenses from Discontinued Operations		-	-
XX.	INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII+XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX+XXI)		-	-
XXIII.	NET INCOME/(LOSS) (XVII+XXII)	IV-k	52.169	17.824
	Earnings / (Loss) per share (1.000 nominal in TL full)		0,580	0,298

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

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

BURGAN BANK A.Ş.

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN
EQUITY FOR THE 31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	31/12/2015	31/12/2014
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(4.423)	6.968
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	2.419	11.494
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	11.520	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS(*)	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	(383)	(980)
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(1.826)	(3.497)
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	7.307	13.985
XI. CURRENT PERIOD INCOME/LOSS	52.169	17.824
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	1.419	(499)
11.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4 Other	50.750	18.323
XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	59.476	31.809

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

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

BURGAN BANK A.Ş.

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
PRIOR PERIOD 31/12/2014	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Equity Except for Minority Interest	Minority Interest	Total Shareholders' Equity
I. Prior Period End Balance (31/12/2013)	II-k	570.000	-	-	-	18.099	-	89.173	(1.708)	(53.697)	(30.228)	(4.414)	3.992	-	-	-	591.217	-	591.217
II. Adjustments according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Beginning Balance(I+II)		570.000	-	-	-	18.099	-	89.173	(1.708)	(53.697)	(30.228)	(4.414)	3.992	-	-	-	591.217	-	591.217
Changes in the Period																			
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	5.574	-	-	-	-	5.574	-	5.574
VI. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	9.195	-	-	-	9.195	-	9.195
VIII. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase		330.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330.000	-	330.000
14.1 Cash		330.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330.000	-	330.000
14.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	(784)	-	-	-	-	-	-	-	(784)	-	(784)
XIX. Current Year Income or Loss		-	-	-	-	-	-	-	-	17.824	-	-	-	-	-	-	17.824	-	17.824
XX. Profit Distribution		-	-	-	-	298	-	(37.938)	-	53.697	(16.057)	-	-	-	-	-	-	-	-
20.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	298	-	(37.938)	-	53.697	(16.057)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+...+XIX+XX)		900.000	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	953.026	-	953.026

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

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

BURGAN BANK A.Ş.

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																				
CURRENT PERIOD 31/12/2015		Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Equity Except for Minority Interest	Minority Interest	Total Shareholders' Equity
I.	Prior Period End Balance (31/12/2014)	II-k	900.000	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	953.026	-	953.026
	Changes in the Period																			
II.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(3.538)	-	-	-	-	(3.538)	-	(3.538)
IV.	Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	9.216	-	9.216	-	9.216
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	9.216	-	9.216	-	9.216
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	1.935	-	-	-	1.935	-	1.935
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	(306)	-	-	-	-	-	-	-	(306)	-	(306)
XVII.	Current Year Income or Loss		-	-	-	-	-	-	-	-	52.169	-	-	-	-	-	-	52.169	-	52.169
XVIII.	Profit Distribution		-	-	-	710	-	16.863	251	(17.824)	-	-	-	-	-	-	-	-	-	-
18.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves		-	-	-	710	-	16.863	251	(17.824)	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (I+II+III.+XVIII)		900.000	-	-	-	19.107	-	68.098	(2.547)	52.169	(46.285)	(2.378)	15.122	-	9.216	-	1.012.502	-	1.012.502

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

**CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

VI. STATEMENT OF CASH FLOWS	Note	(31/12/2015)	(31/12/2014)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		49.007	58.813
1.1.1 Interest received		848.530	681.234
1.1.2 Interest paid		(550.817)	(412.668)
1.1.3 Dividend received		542	703
1.1.4 Fees and commissions received		51.660	63.351
1.1.5 Other income		-	-
1.1.6 Collections from previously written-off loans and other receivables		64.811	57.819
1.1.7 Payments to personnel and service suppliers		(161.848)	(140.613)
1.1.8 Taxes paid		(245)	(5.941)
1.1.9 Other	VI-b	(203.626)	(185.072)
1.2 Changes in operating assets and liabilities		(207.338)	(206.996)
1.2.1 Net (increase)/decrease in trading securities		42.516	17.371
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net increase/(decrease) in due from banks		(328.318)	(133.115)
1.2.4 Net (increase)/decrease in loans		(1.688.702)	(1.932.875)
1.2.5 Net (increase)/decrease in other assets		(135.005)	(30.701)
1.2.6 Net (increase)/decrease in bank deposits		(90.475)	(16.725)
1.2.7 Net increase/(decrease) in other deposits		1.358.422	1.939.005
1.2.8 Net increase/(decrease) in funds borrowed		686.028	194.056
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities	VI-b	(51.804)	(244.012)
I. Net cash provided from banking operations		(158.331)	(148.183)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		37.216	117.531
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		(37.243)	(34.525)
2.4 Disposals of property and equipment		7.021	(5.020)
2.5 Cash paid for purchase of investments available-for-sale		(510.931)	(363.311)
2.6 Cash obtained from sale of investments available-for-sale		578.369	520.387
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		49.100	330.000
3.1 Cash obtained from funds borrowed and securities issued		49.100	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	330.000
IV. Effect of change in foreign exchange rate on cash and cash equivalents		13.347	2.407
V. Net (increase)/decrease in cash and cash equivalents (I+II+III+IV)		(58.668)	301.755
VI. Cash and cash equivalents at beginning of the period		633.150	331.395
VII. Cash and cash equivalents at end of the period		574.482	633.150

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

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**CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION FOR THE PERIOD ENDED
31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

VII. PROFIT APPROPRIATION STATEMENT	(31/12/2015)(*)	(31/12/2014)(**)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	65.117	10.647
1.2 TAXES AND DUTIES PAYABLE (-)	12.948	3.838
1.2.1 Corporate Tax (Income tax)	3.598	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	9.350	3.838
A. NET INCOME FOR THE YEAR (1.1-1.2)	52.169	6.809
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]		6.809
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	6.809
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*TL 10.790 that seen in net profit, TAS 27 basis within the framework of the principles of the Parent Bank's equity method applied the subsidiaries that can not be subject to distribution of net profit / loss refers to the amount. Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(**) Contains "Profit Appropriation Statement" approved by the Parent Bank's General Assembly held on 30 March 2015. Does not include the effects of TAS 27 standard.

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

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SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

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

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

The consolidated financial statements have been prepared in TL, under the historical cost convention as modified, except for the financial assets and liabilities, which are carried at fair value.

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

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

The amendments of TAS and TFRS which have entered into force as of 1 January 2015 have no material impact on the the Group's accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been published as of reporting date but havenot been effective yet, have no impact on the accounting policies, financial condition and performance of the Group. Group assesses the impact of TFRS 9 Financial Instruments standard. The accounting policies and valuation principles applied in the preparation of consolidated financial statements are determined and applied in accordance with TAS and TFRS and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2014. Those accounting policies and valuation principles are explained in Notes II to XXVIII below.

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ACCOUNTING POLICIES (Continued)

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

None.

Additional paragraph for convenience translation into English:

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

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

The Group’s core business activities include retail banking, commercial banking, SME banking, corporate banking, private banking, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. The general strategy of the Group of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Group is deposits. Other than deposits, the Group’s most important funding sources are equity, marketable securities issued, money market borrowings and mostly borrowings from foreign financial institutions. The Group can also sustain a lengthened liability structure by using long-term borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

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

As of 31 December 2015, foreign currency denominated balances are translated into TL using the exchange rates of TL 2,9181 and TL 3,1838 and TL for USD and EURO respectively.

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ACCOUNTING POLICIES (Continued)

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

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

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

Control means, directly or indirectly, holding the majority of the capital of an enterprise or although not having this majority, by holding privileged shares; or based on agreements made with other shareholders, holding the majority of the voting power or somehow having the power of dismissal or appointment of the majority of the members of the board of directors regarding the Parent Bank.

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

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

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

The Group has no joint ventures as of 31 December 2015 and 31 December 2014.

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

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

The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models. Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

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

As of 31 December 2015, The Parent Bank applies cash flow hedge accounting through cross and interest currency swaps to protect against changing in interest rate of FC deposit that is the average maturity of up to 3 months.

The Parent Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with income statement.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized. In case it is one part of hedging strategy, the renewal of hedging instrument or transferring to another hedging instrument is not eliminated the hedging situation in accordance with TAS 39.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

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ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

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

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

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. All gains and losses arising from these evaluations are recognised in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

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

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, services or goods to a debtor. Loans and receivables originated by the Group are carried initially at cost and subsequently recognized at the amortized cost value calculated using the effective interest method. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

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ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

The Group provides general and specific provisions based on the assessments and estimates of the management, by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No. 26333 dated 1 November 2006. In this context, the revised credit risk, general structure of the current loan portfolio, financial conditions of the customers, non-financial information and economic conjuncture on the basis of the prudence principle are taken into consideration by the Group in determining the estimates.

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

d. Available-for-sale financial assets:

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

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the effective interest method, or the fair value if one exists is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and it is charged against the income for the year.

The principles for the accounting of provisions for loans are explained in detail in Note VII of this Section.

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ACCOUNTING POLICIES (Continued)

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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

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

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

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

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

The Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

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

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ACCOUNTING POLICIES (Continued)

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

In line with “Turkish Financial Reporting Standard for Business Combinations” (“TFRS 3”), the goodwill is not subject to depreciation, but is tested annually for impairment and carried at cost less accumulated impairment losses, if any, in line with “Turkish Accounting Standard for Impairment on Assets” (“TAS 36”). For the purpose of impairment testing, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer’s cash generating units that are expected to benefit from the synergies of the business combination. Since the Group has recognised a goodwill impairment of TL63.973 regarding the goodwill from acquisition of Burgan Yatırım Menkul Değerler A.Ş. based on the assessment done as of 31 December 2012, the net carrying value of goodwill in the consolidated financial statements is null as of 31 December 2015.

b. Other intangible assets

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued):

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognized. Liabilities arising from the leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group realizes financial leasing transactions in the capacity of "lessor" by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group. The asset subject to financial leasing is disclosed as net financial leasing receivable in the balance sheet. The interest income is determined in a way to form a fixed revenue return ratio using net investment method related to leased asset of the lessor, and the portion of interest income which does not take part in the related term is followed under unearned interest income account.

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

The Group provides specific provisions for lease receivables based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining Provisions for Financial Lease Receivables, Factoring Receivables and Receivables of Financing Companies" published in the Official Gazette No. 26588 dated 20 July 2007 and changes in the related communiqué.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

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

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ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet.

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

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

XVIII. EXPLANATIONS ON TAXATION :

a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% for 2015 (2014: 20%). The corporate tax rate is calculated on the total income after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

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ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON TAXATION (Continued):

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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

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

b. Deferred tax:

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

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements for the Parent Bank and for each consolidated subsidiary separately.

XIX. EXPLANATIONS ON BORROWINGS:

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

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

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

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ACCOUNTING POLICIES (Continued)

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2015 and 31 December 2014, the Group has no government grants.

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

The date of 30 March 2015, in the Ordinary General Assembly, it was decided to the profit (except the effects of TAS 27) of the 2014, TL 6.809, is classified in extraordinary reserves.

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

	31 December 2015	31 December 2014
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	52.169	17.824
Weighted Average Number of Issued Ordinary Shares (Thousand)	90.000.000	59.802.740
Earnings Per Ordinary Shares (Disclosed in full TL)	0,580	0,298

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares “bonus shares” to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect to bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

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ACCOUNTING POLICIES (Continued)

XXV. EXPLANATIONS ON RELATED PARTIES:

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

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

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

XXVIII. RECLASSIFICATIONS:

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP

I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO:

a. As of 31 December 2015, the consolidated capital adequacy ratio of the Group is 14,49 % (31 December 2014: 16,12 %) which satisfies the requirement of being above the minimum ratio of stated in the related legislation.

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

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

c. Capital adequacy ratio is calculated in accordance with the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, “Regulation on Credit Risk Mitigation Techniques” published in the Official Gazette no.28337, dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no.28756, dated 5 September 2013. Details of “Risk weighted assets” and calculation of “Equities”, which constitute the basis for the calculation of capital adequacy ratio of the Bank, are shown in the tables below.

Information related to consolidated capital adequacy ratio:

31 December 2015	Risk Weights The Parent Bank							Risk Weights Consolidated						
	%0	%20	%50	%75	%100	%150	%200	%0	%20	%50	%75	%100	%150	%200
Surplus credit risk weighted	1.846.841	488.508	2.253.465	142.302	7.151.146	34.425	36.765	1.847.365	488.508	2.277.828	152.774	7.910.503	38.180	36.765
Risk classifications:														
Claims on sovereigns and Central Banks	1.275.904	-	-	-	477.496	-	-	1.285.169	-	-	-	477.496	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	6	-	-	-	-	-	-	6	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	281.931	284.197	70.995	-	114.688	-	-	273.931	284.197	95.358	-	114.736	-	-
Claims on corporates	97.320	200.630	53.114	-	5.432.573	2.291	-	96.577	200.630	53.114	-	6.349.532	5.518	-
Claims included in the regulatory retail portfolios	5.342	1.835	100	142.302	780	-	-	5.342	1.835	100	152.774	779	-	-
Claims secured by residential property	156.549	1.210	2.111.409	-	658.915	-	-	156.549	1.210	2.111.409	-	658.915	-	-
Past due loans	17	-	17.847	-	70.914	2.470	-	17	-	17.847	-	82.866	2.998	-
Higher risk categories decided by the Board	3.333	636	-	-	-	29.664	36.765	3.333	636	-	-	-	29.664	36.765
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivables	26.445	-	-	-	395.774	-	-	26.447	-	-	-	226.173	-	-

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued):

d. Summary information about consolidated capital adequacy ratio:

	The Parent Bank		Consolidated	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Amount subject to credit risk(ASCR)	688.598	523.488	751.400	571.910
Amount subject to market risk (ASMR)	11.817	10.622	13.643	17.282
Amount subject to operational risk (ASOR)	35.364	29.978	42.655	35.877
Shareholders’ equity	1.468.393	1.251.127	1.462.534	1.259.575
Shareholders’ equity/((ASCR+ASMR+ASOR)*12,5*100)	15,97	17,74	14,49	16,12
Core Capital/((ASCR+ASMR+ASOR) *12,5*100)	10,39	12,57	9,40	11,45
Seed Capital/((ASCR+ASMR+ASOR)*12,5*100)	10,66	13,10	9,67	11,99

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued):

e. Information about consolidated shareholders' equity items:

CORE CAPITAL	31 December 2015	31 December 2014
Paid-in capital following all debts in terms of claim in case of the Bank's litigation	900.000	900.000
Share premium	-	-
Share cancellation profits	-	-
Reserves	87.389	69.632
Gains recognized in equity as per TAS	24.338	14.347
Profit	52.169	17.824
Current Year Income	52.169	17.824
Prior Years Income	-	-
Provisions for possible risks	-	-
Bonus Shares from Investment in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	-	-
Seed Capital Before Deductions	1.063.896	1.001.803
DEDUCTIONS FROM SEED CAPITAL		
Portion of the sum of net loss for the period and accumulated losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	51.394	48.777
Leasehold improvements (-)	18.082	5.238
Goodwill or other intangible assets and deferred tax liability related to these items (-)	18.022	8.926
Net deferred tax asset/liability (-)	-	1.732
Shares obtained contrary to the 4th clause of the 56th article of the Law (-)	-	-
Direct and indirect investments in the seed capital made by the Bank (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Portion of offering mortgage service rights exceeding 10% of the seed capital (-)	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the seed capital (-)	-	-
Amount exceeding 15% of the seed capital pursuant to Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Exceeding amount resulting from offering mortgage service rights (-)	-	-
Exceeding amount resulting from deferred tax assets based on temporary differences (-)	-	-
Other items defined by BRSA (-)	-	-
Amount to be discounted from the seed capital in the case that adequate additional principal capital or supplementary capital is not available (-)	-	-
Total Deductions From Seed Capital	87.498	64.673
Total Seed Capital	976.398	937.130
ADDITIONAL CORE CAPITAL		
Capital amount and related premiums corresponding to preference shares that are not included to seed capital	-	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2014)	-	-
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2014)	-	-
Additional Core Capital before Deductions		
DEDUCTIONS FROM ADDITIONAL CORE CAPITAL		
Direct and indirect investments in the additional core capital made by the Bank (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Other items defined by BRSA (-)	-	-
Amount to be discounted from the additional principal capital in the case that adequate supplementary capital is not available (-)	-	-
Total Deductions From Additional Core Capital		
Total Additional Core Capital		
DEDUCTIONS FROM CORE CAPITAL		
Portion of goodwill and other intangible assets and the deferred tax liabilities related to these which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	27.034	35.704
Portion of net deferred tax assets/liabilities which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	6.926
Total Core Capital	949.364	894.500
SUPPLEMENTARY CAPITAL		
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2014)	-	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied before 1.1.2014)	436.237	346.728
Sources pledged to the bank by shareholders to be used in capital increases of the bank	-	-
General Provisions	77.497	64.659
Third party shares in Supplementary Capital		
Supplementary Capital Before Deductions	513.734	411.387
DEDUCTIONS FROM SUPPLEMENTARY CAPITAL		
Direct and indirect investments in the supplementary capital made by the Bank (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Other items defined by BRSA (-)	-	-
Total Deductions From Supplementary Capital		
Total Supplementary Capital	513.734	411.387
CAPITAL		
DEDUCTIONS FROM CAPITAL		
Loans granted contrary to the 50th and 51th article of the Law (-)	-	-
Net book value of amounts exceeding the limit mentioned in paragraph one of article 57 of the Code and property and real property acquired by the banks because of their receivables which could not be disposed of even though five years have passed since the date of their acquisition pursuant to the same article (-)	341	298
Loans given to banks and financial institutions, including those established abroad, and to eligible shareholders of the bank, and investments made in the borrowing instruments exported by them (-)	223	46.014
Amount to be discounted from equity in accordance with paragraph two of article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-	-
Other items defined by BRSA (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investment made directly or indirectly in additional principal capital or supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investment made in seed capital elements, deferred tax assets based on temporary differences and offering mortgage service rights of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated to be discounted from the seed capital pursuant to subparagraphs (1) and (2) of paragraph 2 of the Provisional Article 2 of the Regulation on the Equity of Banks which is not discounted from the seed capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation (-)	-	-
EQUITY	1.462.534	1.259.575
Amounts Below the Exceeding Limits in the Discount Principles	-	-
Amounts resulting from the net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated	-	-
Amounts resulting from the net long positions of investment made in seed capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated	-	-
Amount resulting from offering mortgage service rights	-	-
Amount resulting from deferred tax assets based on temporary differences	23.943	23.007

(*)The subordinated loan used in the Equity account in accordance with the permission of the Banking Regulation and Supervision Agency dated December 2, 2013 possesses the nature stated in article 8 of the Regulation on the Equity of Banks which took effect on January 1, 2014. TL 1.478 thousand of this amount recognized by deduction from the subordinated loans consists of cash loans provided to the risk group in which the bank is included.

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued):

Details on Subordinated Liabilities	
Issuer	Burgan Bank S.A.K.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-
Governing law(s) of the instrument	BRSA
Regulatory treatment	Supplementary Capital
Transitional Basel III rules	No
Eligible at stand-alone / consolidated	Stand Alone- Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan
Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date)	436.237
Par value of instrument (USD)	150.000
Accounting classification	Liability-Subordinated Loans-amortised cost
Original date of issuance	06/12/2013
Perpetual or dated	Dated
Original maturity date	10 Years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	After 5th year
Subsequent call dates, if applicable	After 5th year
Coupons / dividends	3 Months
Fixed or floating dividend/coupon	Floating dividend
Coupon rate and any related index	LIBOR+3,75
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	None
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	None
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments to be included in supplementary capital calculation but after the deposit holders and all other creditors of the Debtor.
In compliance with article number 7 and 8 of “Own fund regulation”	None
Details of incompliances with article number 7 and 8 of “Own fund regulation”	None

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

During the rating process of internal capital adequacy, the concentrating risk and the interest rate risk from banking calculations, country risk, residual risk, liquidity risk and reputation risk are taken into consideration in addition to the credit risk, market risk, operational risk and counterparty risk which are used in the calculation of legal capital adequacy ratio. There is also a risk appetite policy approved by the Board of Directors within the scope of the ISEDES. In the Internal Capital Adequacy Assessment Process, the Bank’s capital adequacy under the stress conditions is analyzed in a variety of scenarios. At the end of Internal Capital Adequacy Assessment Process, reports are reported regularly to the BRSA.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

II. EXPLANATIONS ON CREDIT RISK:

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

In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the rating procedures. Main criteria are geographical and sectoral concentrations. The sectoral concentrations for loans are monitored closely in accordance with the Group’s loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored on a regular basis.

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

With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as “loans and other receivables under close monitoring” are revised at least twice a year due to Procedures and Principles regarding the regulation on determination of loans and other receivables. The credit limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the credit worthiness has not been reviewed are suspended (except for cash provisions).

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

Risk Group	Amount	Average
Claims on sovereigns and Central Banks	1.746.442	1.441.877
Claims on regional governments or local authorities	-	-
Claims on administrative bodies and other non-commercial undertakings	29	31
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	782.727	463.985
Claims on corporates	7.470.504	6.824.994
Claims included in the regulatory retail portfolios	261.527	744.140
Claims secured by residential property	2.978.167	2.482.207
Past due loans	103.728	83.142
Higher risk categories decided by the Board	70.398	75.397
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other Receivables	400.448	398.347
Total	13.813.970	12.514.120

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

In forward transactions no type of coercive action outside of the other party’s consent is taken.

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

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

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

When evaluated within the context of the financial operations of other financial institutions acting as active participants in the international banking market, the Group have significant credit risk concentration.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

In the current period, the share of the Group’s receivables due to cash loans extended to its top 100 and top 200 customers are 61% and 71% within the total cash loan portfolio (31 December 2014: 52%, 62%).

In the current period, the share of the Group’s receivables due to non-cash loans extended to its top 100 and top 200 customers are 38% and 52% within the total non-cash loans portfolio (31 December 2014: 35%, 49%).

In the current period, the share of the Group’s receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 57% and 68% within cash loans in balance sheet and non-cash loans in off-balance sheet (31 December 2014: 49%, 60%).

As of 31 December 2015, the Bank’s general provision for loans amounting to TL 77.497 (31 December 2014: TL 64.659).

a. Information on types of loans and specific provisions:

31 December 2015	Corporate	Consumer	Credit Cards	Lease Receivables	Factoring Receivables	Total
Standard Loans	7.523.793	127.961	8.617	895.080	6	8.555.457
Loans under close monitoring	488.655	10.561	1.484	33.647	1.667	536.014
Non-performing loans	201.151	3.343	2.044	30.310	3.767	240.615
Specific provision (-)	112.259	3.339	1.571	17.830	1.888	136.887
Total	8.101.340	138.526	10.574	941.207	3.552	9.195.199

31 December 2014	Corporate	Consumer	Credit Cards	Lease Receivables	Factoring Receivables	Total
Standard Loans	6.047.470	102.942	17.271	687.677	13.893	6.869.253
Loans under close monitoring	256.861	5.908	1.193	8.120	4.033	276.115
Non-performing loans	124.798	1.425	1.035	15.745	2.616	145.619
Specific provision (-)	59.085	1.316	615	12.971	1.948	75.935
Total	6.370.044	108.959	18.884	698.571	18.594	7.215.052

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

31 December 2015	Corporate	Consumer	Credit Cards	Lease Receivables	Factoring Receivables	Total
Past due up to 30 days	468.387	10.274	1.497	136.685	1.667	618.510
Past due 30-60 days	23.318	3.259	120	43.159	-	69.856
Past due 60-90 days	14.822	2.129	34	40.526	-	57.511
Total	506.527	15.662	1.651	220.370	1.667	745.877

31 December 2014	Corporate	Consumer	Credit Cards	Lease Receivables	Factoring Receivables	Total
Past due up to 30 days	264.061	5.290	1.194	62.230	4.341	337.116
Past due 30-60 days	9.381	1.654	-	8.067	-	19.102
Past due 60-90 days	12.650	1.025	-	10.954	-	24.629
Total	286.092	7.969	1.194	81.251	4.341	380.847

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II. EXPLANATIONS ON CREDIT RISK (Continued):

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

31 December 2014	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Moody’s Rating				
Baa3(*)	30.507	638.915	-	669.422
Total	30.507	638.915	-	669.422

(*) This table contains only Turkish Republic government bonds, bank bonds and treasury bills which is rated by Moody’s.

31 December 2015	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Moody’s Rating				
Baa3(*)	58.970	667.470	-	726.440
Ba2(**)	-	46.014	-	46.014
Total	58.970	713.484	-	772.454

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

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

d. Information on rating concentration:

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

	31 December 2015	31 December 2014
Above average (%)	10,57	9,93
Average (%)	67,23	66,59
Below average (%)	20,94	22,44
Not rated (%)	1,26	1,04

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

31 December 2015	Corporate Loans	Consumer Loans	Credit Cards	Lease Receivables	Factoring Receivables	Total
Loans under close monitoring	325.021	3.986	494	5.513	1.691	336.705
Non-performing loans	88.943	6	384	12.170	1.793	103.296
Total	413.964	3.992	878	17.683	3.484	440.001

31 December 2014	Corporate Loans	Consumer Loans	Credit Cards	Lease Receivables	Factoring Receivables	Total
Loans under close monitoring	187.801	945	322	-	1.524	190.592
Non-performing loans	45.823	145	192	1.220	525	47.905
Total	233.624	1.090	514	1.220	2.049	238.497

Type of Collaterals	31 December 2015	31 December 2014
Real-estate mortgage	309.795	131.607
Pledge	110.825	71.446
Cash and cash equivalents	19.381	35.444
Total	440.001	238.497

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

f. Profile of significant exposures in major regions:

31 December 2015	Exposure Categories (*)																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Domestic	1.762.665	-	6	-	-	251.758	6.676.780	190.053	2.928.924	103.512	70.372	-	-	-	-	252.620	12.236.690
EU Countries	-	-	-	-	-	434.453	11.736	154	-	-	26	-	-	-	-	-	446.369
OECD Countries (**)	-	-	-	-	-	9.027	-	-	-	-	-	-	-	-	-	-	9.027
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	95.828	54.819	12	-	216	-	-	-	-	-	-	150.875
Other Countries	-	-	-	-	-	1.206	6.434	875	1.392	-	-	-	-	-	-	-	9.907
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.762.665	-	6	-	-	792.272	6.749.769	191.094	2.930.316	103.728	70.398	-	-	-	-	252.620	12.852.868

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

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

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

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II. EXPLANATIONS ON CREDIT RISK (Continued):

31 December 2014	Exposure Categories (*)															Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16
Domestic	1.574.456	-	6	-	-	482.776	5.128.717	685.576	1.869.490	69.684	73.747	-	-	-	-	245.616	10.130.068
EU Countries	-	-	-	-	-	99.115	33.803	128	891	-	929	-	-	-	-	-	134.866
OECD Countries (**)	-	-	-	-	-	9.283	-	13	-	-	-	-	-	-	-	-	9.296
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	36.502	27.394	-	-	-	-	-	-	-	-	-	63.896
Other Countries	-	-	-	-	-	1.547	2.472	129	-	-	-	-	-	-	-	-	4.148
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.574.456	-	6	-	-	629.223	5.192.386	685.846	1.870.381	69.684	74.676	-	-	-	-	245.616	10.342.274

1. Conditional and unconditional exposures to central governments or central banks
 2. Conditional and unconditional exposures to regional governments or local authorities
 3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
 4. Conditional and unconditional exposures to multilateral development banks
 5. Conditional and unconditional exposures to international organisations
 6. Conditional and unconditional exposures to banks and brokerage houses
 7. Conditional and unconditional exposures to corporates
 8. Conditional and unconditional retail exposures
 9. Conditional and unconditional exposures secured by real estate property
 10. Past due receivables
 11. Receivables defined in high risk category by BRSA
 12. Exposures in the form of bonds secured by mortgages
 13. Securitization Positions
 14. Short term exposures to banks, brokerage houses and corporates
 15. Exposures in the form of collective investment undertakings
 16. Other receivables
- (*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.
(**) Includes OECD countries other than EU countries, USA and Canada.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

g. Risk profile by Sectors or Counterparties:

	Exposure Categories (*)																TL	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16				
Agriculture	-	-	-	-	-	-	43.877	3.630	13.700	805	-	-	-	-	-	-	40.044	21.968	62.012	
Farming and Stockbreeding	-	-	-	-	-	-	34.431	3.344	8.491	463	-	-	-	-	-	-	30.499	16.230	46.729	
Forestry	-	-	-	-	-	-	357	168	513	313	-	-	-	-	-	-	1.351	-	1.351	
Fishery	-	-	-	-	-	-	9.089	118	4.696	29	-	-	-	-	-	-	8.194	5.738	13.932	
Manufacturing	-	-	5	-	-	-	2.172.576	38.820	508.352	37.225	398	-	-	-	-	-	966.137	1.791.239	2.757.376	
Mining and Quarrying	-	-	5	-	-	-	117.335	1.915	62.400	3.931	13	-	-	-	-	-	51.184	134.415	185.599	
Production	-	-	-	-	-	-	1.887.688	36.842	393.585	33.294	385	-	-	-	-	-	899.377	1.452.417	2.351.794	
Electricity, Gas and Water	-	-	-	-	-	-	167.553	63	52.367	-	-	-	-	-	-	-	15.576	204.407	219.983	
Construction	-	-	-	-	-	-	1.395.900	14.540	1.068.790	22.182	57	-	-	-	-	-	970.840	1.530.629	2.501.469	
Services	-	-	1	-	-	-	791.976	2.993.074	69.495	1.208.233	42.964	3.097	-	-	-	-	59.123	1.555.597	3.612.366	5.167.963
Wholesale and Retail Trade	-	-	-	-	-	-	1.697.632	51.300	327.498	36.512	145	-	-	-	-	-	59.123	785.414	1.386.796	2.172.210
Hotel, Food and Beverage services	-	-	-	-	-	-	221.770	2.850	696.088	152	37	-	-	-	-	-	46.816	874.081	920.897	
Transportation and Telecom	-	-	-	-	-	-	242.731	7.077	82.955	1.809	94	-	-	-	-	-	160.946	173.720	334.666	
Financial Institutions	-	-	-	-	-	791.976	317.827	1.147	47.728	-	10	-	-	-	-	-	411.611	747.077	1.158.688	
Real Estate and Rental Services	-	-	-	-	-	-	436.282	3.259	7.056	1.073	2.807	-	-	-	-	-	58.367	392.110	450.477	
Self-employment Services	-	-	-	-	-	-	1.936	1.580	13.679	226	4	-	-	-	-	-	15.702	1.723	17.425	
Educational Services	-	-	1	-	-	-	16.488	325	5.742	862	-	-	-	-	-	-	15.448	7.970	23.418	
Health and Social Services	-	-	-	-	-	-	58.408	1.957	27.487	2.330	-	-	-	-	-	-	61.293	28.889	90.182	
Other	1.762.665	-	-	-	-	-	296	144.342	64.609	131.241	552	66.846	-	-	-	-	193.497	996.722	1.367.326	2.364.048
Total	1.762.665	-	6	-	-	-	792.272	6.749.769	191.094	2.930.316	103.728	70.398	-	-	-	-	252.620	4.529.340	8.323.528	12.852.868

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

Risk classifications	Term To Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Claims on sovereigns and Central Banks	181.637	44.724	331	12.056	455.880
Claims on regional governments or local authorities	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	6	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	597.860	3.410	5.327	14.243	141.971
Claims on corporates	1.058.353	383.189	677.390	1.062.049	3.568.907
Claims included in the regulatory retail portfolios	84.453	24.870	20.044	27.609	34.119
Claims secured by residential property	242.868	107.978	174.457	296.547	2.108.466
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	47	-	-	-	70.357
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	2.165.224	564.171	877.549	1.412.504	6.379.700

i. Information about the risk exposure categories:

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

j. Exposures by risk weights:

Risk Weights	0%	20%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1. Exposures before Credit Risk Mitigation	1.306.578	721.283	2.415.738	165.679	8.063.713	40.137	38.794	-	564
2. Exposures after Credit Risks Mitigation(*)	1.847.365	488.508	2.277.828	152.774	7.910.503	38.180	36.765	-	564

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

Major Sectors / Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
Agriculture	5.377	17.414	495	4.572
Farming and Stockbreeding	4.555	17.203	489	4.092
Forestry	765	204	6	452
Fishery	57	7	-	28
Manufacturing	82.373	225.601	5.702	45.148
Mining and Quarrying	14.978	3.037	35	11.047
Production	66.986	222.342	5.663	33.692
Electricity, Gas and Water	409	222	4	409
Construction	40.779	98.113	1.578	18.597
Services	105.265	380.876	8.659	62.301
Wholesale and Retail Trade	88.873	77.230	2.513	52.361
Accommodation and Dining	334	262.750	5.307	182
Transportation and Telecom	5.632	19.631	377	3.823
Financial Institutions	36	1.822	23	36
Real Estate and Rental Services	3.074	2.433	76	2.001
Professional Services	422	1.404	36	196
Educational Services	985	1.288	15	123
Health and Social Services	5.909	14.318	312	3.579
Other	6.821	23.873	388	6.269
Total	240.615	745.877	16.822	136.887

l. Information about Value Adjustment and Change in Provisions:

	Opening Balance	Provision for Period	Write off from Asset	Other Adjustments(*)	Closing Balance
1. Specific Provisions (**)	91.644	137.335	(52.850)	(7.285)	168.844
2. General Provisions	64.659	13.550	(5.653)	4.941	77.497

(*) TL 9.348 shown in Other Adjustments column for “Specific Provisions” consists of released loan loss provision upon sale of Non Performing Loans to Sümer Varlık Yönetimi A.Ş. on 30 April 2015. Other Adjustments column consists of exchange rate differences of provisions in foreign currencies.

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. EXPLANATIONS ON CONSOLIDATED MARKET RISK:

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

The following table indicates the details of the market risk calculation in accordance with the Market Risk Calculation principles pursuant to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 28337 on 28 June 2012.

a. Information on Market Risk:

	31 December 2015
(I) Capital to be Employed for General Market Risk - Standard Method	5.544
(II) Capital to be Employed for Specific Risk -Standard Method	531
Capital to be Employed for Specific Risk in Securitisation Positions – Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	1.057
(IV) Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Clearance Risk - Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options - Standard Method	20
(VII) Capital to be Employed for the Other Party's Credit Risk - Standard Method	6.491
Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement (VIII) Model	-
(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	13.643
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	170.538

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

	31 December 2015			31 December 2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
(I) Interest Rate Risk	3.074	3.543	4.701	2.915	5.486	2.516
(II) Common Stock Risk	3.047	4.438	1.374	2.530	1.480	2.489
(III) Currency Risk	5.378	8.075	1.057	3.569	7.938	2.483
(IV) Commodity Risk	-	-	-	-	-	-
(V) Exchange Risk	-	-	-	-	-	-
(VI) Option Risk	55	110	20	48	85	49
(VII) Counterparty Credit Risk	7.954	7.657	6.491	8.028	18.004	4.882
Total Amount Subject to Risk ((I+...+VII)*12,5)	243.850	297.788	170.538	213.625	412.413	155.238

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III. EXPLANATIONS ON CONSOLIDATED MARKET RISK (Continued):

c. Information on Counterparty Credit Risk:

Calculations based on opposite party credit risk are made in accordance with "Mark to Market Valuation Method" published on 28 June 2012 mentioned in Attachment 2 of "Regulation on Measurement of Bank's Capital Adequacy". Resources arising from current master netting agreements of the Bank are not taken into consideration during the calculation of Capital Adequacy Standard Ratio. Potential risk amount is added to renovation costs of contracts having positive value in accordance with this method.

Opposite party credit risks are monitored under one limit for the customers while there are separate limits on the basis of products for Banks. Derivative instrument limits are evaluated in different criteria and related authorization levels depending upon the customers being individuals or legal entities.

Compliance with opposite party credit risk limits are controlled daily.

There are no credit risk derivatives and credit risk protection.

Quantitative Information on Counterparty Risk:

	31 December 2015
Agreements based on Interest Rate	19.067
Agreement based on Foreign Exchange Currency	70.024
Agreement Based on Commodity	-
Agreement Based on Shares	-
Other	74.803
Gross Positive Fair Values	163.894
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	-
Net Position of Derivatives	163.894

IV. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK:

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2015 is calculated once a year by using the gross income of the Bank in 2012, 2013 and 2014.

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

	31.12.2012	31.12.2013	31.12.2014	Total/Positive Year	Ratio (%)	Total
Gross Income	38.517	37.087	52.361	3	15	42.655
Amount subject to Operational Risk (Total*12,5)						533.184

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:

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

A series of limits for the tenure of spot and forward foreign exchange positions is set in the risk parameters section of the budget approved by the Board of Directors annually. There is a conservative foreign currency position management policy in the Group due to the free floating currency regime.

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

	EUR		USD	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
31 December 2015 / 31 December 2014				
Bid rate	TL 3,1838	TL 2,8272	TL 2,9181	TL 2,3269
1. Day bid rate	TL 3,1838	TL 2,8272	TL 2,9181	TL 2,3269
2. Day bid rate	TL 3,1776	TL 2,8207	TL 2,9076	TL 2,3189
3. Day bid rate	TL 3,1921	TL 2,8339	TL 2,9084	TL 2,3235
4. Day bid rate	TL 3,2006	TL 2,8255	TL 2,9157	TL 2,3182
5. Day bid rate	TL 3,1904	TL 2,8368	TL 2,9123	TL 2,3177

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

	EUR		USD	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Arithmetic average-30 days	TL 3,1802	TL 2,8245	TL 2,9186	TL 2,2941

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Information on currency risk of the Group:

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

	EUR	USD	Other FC	Total
31 December 2015				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	5.443	940.221	523	946.187
Due From Banks	3.669	93.914	10.384	107.967
Financial Assets at Fair Value Through Profit or Loss (*)	16.991	15.141	648	32.780
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	380.474	-	380.474
Loans (*)	2.467.100	2.748.457	28.205	5.243.762
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	36	-	36
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	327.451	344.248	147	671.846
Total Assets	2.820.654	4.522.491	39.907	7.383.052
Liabilities				
Bank Deposits	28.773	20.931	4	49.708
Foreign Currency Deposits	906.282	3.752.691	30.481	4.689.454
Funds From Interbank Money Market	-	265.819	-	265.819
Funds Borrowed From Other Financial Institutions	562.835	2.253.625	4.417	2.820.877
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	31.588	35.304	10	66.902
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities (*)	11.795	13.395	670	25.860
Total Liabilities	1.541.273	6.341.765	35.582	7.918.620
Net On-balance Sheet Position	1.279.381	(1.819.274)	4.325	(535.568)
Net Off-balance Sheet Position	(1.272.953)	1.853.617	(2.978)	577.686
Financial Derivative Assets	688.571	3.412.745	79.103	4.180.419
Financial Derivative Liabilities	1.961.524	1.559.128	82.081	3.602.733
Non-Cash Loans (**)	320.947	570.585	20.951	912.483
31 December 2014				
Total Assets (*)	1.830.740	3.045.527	18.729	4.894.996
Total Liabilities (*)	1.318.735	4.070.014	75.945	5.464.694
Net On-balance Sheet Position	512.005	(1.024.487)	(57.216)	(569.698)
Net Off-balance Sheet Position	(501.227)	1.021.897	57.589	578.259
Financial Derivative Assets	532.574	1.884.043	138.962	2.555.579
Financial Derivative Liabilities	1.033.801	862.146	81.373	1.977.320
Non-Cash Loans (**)	210.949	429.298	14.024	654.271

(*)The above table shows the Bank's foreign currency net position based on main currencies. Foreign currency indexed assets, classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of Net Foreign Currency Position. Due to this, foreign currency indexed loans issued amounting to TL784.445(31 December 2014: TL642.493) classified as Turkish Lira assets in the 31 December 2015 financial statements are added to the table above and there is no foreign currency indexed loans received in the current period (31 December 2014: TL 59.268). Besides these, in assets "Income Accruals of Derivative Financial Instruments" amounting to TL4.530 (31 December 2014: TL 23.816), in liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL6.189 (31 December 2014: TL 13.613), "General Provisions" amounting to TL38.816(31 December 2014: TL 25.476), free provisions amounting to TL 20.436 (31 December 2014: TL 12.301) and "Marketable Securities Valuation Reserve" amounting to TL (857) (31 December 2014: TL 365) 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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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Currency risk sensitivity analysis:

As of 31 December, 2015 and 2014, if foreign currencies had appreciated/depreciated by 10% against TL with all other variables held constant, the changes to occur in the net profit before tax as a result of foreign exchange losses/gains on the translation of the foreign exchange position is presented below:

	31 December 2015				31 December 2014			
	Income statement		Equity (*)		Income statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	3.434	(3.434)	3.349	(3.349)	(259)	259	(223)	223
Euro	643	(643)	643	(643)	1.098	(1.098)	1.098	(1.098)
Other FC	135	(135)	135	(135)	37	(37)	37	(37)
Total, net	4.212	(4.212)	4.127	(4.127)	876	(876)	913	(913)

(*) Equity effect also includes income statement effect.

VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:

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

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

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

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:

31 December 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.013.000	-	-	-	-	81.075	1.094.075
Due From Banks	177.502	-	-	-	-	17.631	195.133
Financial Assets at Fair Value Through Profit/Loss (*)	59.470	7.951	29.457	45.202	4.788	3.865	150.733
Interbank Money Market Placements	22.195	-	-	-	-	-	22.195
Available-for-Sale Financial Assets	113.212	114.493	13.385	52.450	348.223	11.567	653.330
Loans	2.859.165	2.424.689	1.681.745	1.178.093	19.052	103.728	8.266.472
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	58.911	38.827	179.887	583.511	67.585	262.458	1.191.179
Total Assets	4.303.455	2.585.960	1.904.474	1.859.256	439.648	480.324	11.573.117
Liabilities							
Bank Deposits	43.249	-	-	-	-	7.097	50.346
Other Deposits	3.596.935	2.213.315	239.871	57.956	-	453.088	6.561.165
Funds From Interbank Money Market	438.077	-	-	-	-	-	438.077
Miscellaneous Payables	-	-	-	-	-	159.222	159.222
Marketable Securities Issued	-	49.255	-	-	-	-	49.255
Funds Borrowed From Other Financial Institutions	235.265	2.121.453	597.746	6.677	-	-	2.961.141
Other Liabilities (*)(**)	65.512	7.318	16.881	1.731	-	1.262.469	1.353.911
Total Liabilities	4.379.038	4.391.341	854.498	66.364	-	1.881.876	11.573.117
Balance Sheet Long Position	-	-	1.049.976	1.792.892	439.648	-	3.282.516
Balance Sheet Short Position	(75.583)	(1.805.381)	-	-	-	(1.401.552)	(3.282.516)
Off-balance Sheet Long Position	-	-	-	30.119	-	-	30.119
Off-balance Sheet Short Position	(10.380)	(14.314)	(3.549)	(1.972)	-	-	(30.215)
Total Position	(85.963)	(1.819.695)	1.046.427	1.821.039	439.648	(1.401.552)	(96)

(*)Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 40.845 and other liabilities includes hedging derivative financial liabilities amounting to TL 15.132 classified to a related re-pricing periods.

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

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

31 December 2014	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	228.509	-	-	-	-	544.359	772.868
Due From Banks	110.247	-	-	-	-	16.201	126.448
Financial Assets at Fair Value Through Profit/Loss	34.119	24.046	47.658	31.026	20.248	22.160	179.257
Interbank Money Market Placements	141.155	-	-	-	-	-	141.155
Available-for-Sale Financial Assets	116.877	234.860	315.735	-	46.013	11.774	725.259
Loans	2.507.425	2.027.680	1.084.282	825.511	4.673	69.684	6.519.255
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	22.279	29.531	137.388	428.318	78.281	327.220	1.023.017
Total Assets	3.160.611	2.316.117	1.585.063	1.284.855	149.215	991.398	9.487.259
Liabilities							
Bank Deposits	133.742	-	-	-	-	3.704	137.446
Other Deposits	2.819.468	1.657.517	294.725	79.013	-	351.244	5.201.967
Funds From Interbank Money Market	462.102	-	-	-	-	-	462.102
Miscellaneous Payables	-	-	-	-	-	168.457	168.457
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	350.452	1.405.551	514.622	-	-	-	2.270.625
Other Liabilities (*)	20.190	9.780	24.833	139	-	1.191.720	1.246.662
Total Liabilities	3.785.954	3.072.848	834.180	79.152	-	1.715.125	9.487.259
Balance Sheet Long Position	-	-	750.883	1.205.703	149.215	-	2.105.801
Balance Sheet Short Position	(625.343)	(756.731)	-	-	-	(723.727)	(2.105.801)
Off-balance Sheet Long Position	32.449	-	17.141	8.286	-	-	57.876
Off-balance Sheet Short Position	-	(13.519)	-	-	-	-	(13.519)
Total Position	(592.894)	(770.250)	768.024	1.213.989	149.215	(723.727)	44.357

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

Interest Rate Risk Sensitivity Analysis:

Change in interest rates 31 December 2015	Effect on income statement	Effect on equity
(+) 1%	(906)	(36.127)
(-) 1%	921	36.991

Change in interest rates 31 December 2014	Effect on income statement	Effect on equity
(+) 1%	(1.883)	(6.175)
(-) 1%	2.011	6.543

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

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

b. Average interest rates for monetary financial instruments:

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

31 December 2015	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	0,49	-	3,81
Due From Banks	-	0,36	-	10,90
Financial Assets at Fair Value Through Profit/Loss	-	5,75	-	8,54
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,86	-	9,39
Loans	4,96	5,84	-	15,56
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,28	3,49	-	0,18
Other Deposits (*)	1,47	2,48	-	11,87
Funds From Interbank Money Market	-	1,46	-	6,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	12,95
Funds Borrowed From Other Financial Institutions	2,56	3,00	-	10,37

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

31 December 2014	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	1,56
Due From Banks	0,13	0,07	-	10,51
Financial Assets at Fair Value Through Profit/Loss	-	5,76	-	7,94
Interbank Money Market Placements	-	-	-	11,32
Available-for-Sale Financial Assets	-	-	-	10,14
Loans	5,13	5,64	4,00	13,50
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,10	0,49	-	10,40
Other Deposits (*)	2,29	2,53	-	9,71
Funds From Interbank Money Market	-	-	-	9,20
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,78	0,74	2,43	7,74

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

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

c. Interest rate risk resulting from banking accounts:

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

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

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

2. The table below presents the economic value differences 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	(36.888)	(2,5)%
2. TRY	-400 bp	32.657	2,2%
3. EURO	+200 bp	(5.998)	(0,4) %
4. EURO	-200 bp	1.265	0,1%
5. USD	+200 bp	(43.364)	(3,0) %
6. USD	-200 bp	49.556	3,4%
Total (For Negative Shocks)		83.478	5,7%
Total (For Positive Shocks)		(86.250)	(5,9) %

d. Share position risk resulting from banking accounts:

None.

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VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK:

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

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

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

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

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

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VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

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 Parent Bank. Required actions are taken by ALCO if there are similar situations mentioned in stress scenarios.

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

Liquidity Coverage Ratio:

31 December 2015		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			967.908	670.640
CASH OUT FLOWS					
2	Retail and Small Business Customers Deposits	3.872.380	2.728.000	236.820	169.515
3	Stable deposits	3.008.367	2.065.707	150.419	103.286
4	Less stable deposits	864.013	662.293	86.401	66.229
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.460.398	1.806.836	1.297.313	911.825
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	2.111.968	1.637.198	949.188	742.187
8	Other Unsecured Funding	348.430	169.638	348.125	169.638
9	Secured funding			16.749	16.749
10	Other Cash Outflows	2.551	161.876	32.563	191.888
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.551	161.876	32.563	191.888
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	1.866.579	968.108	197.671	105.653
16	TOTAL CASH OUTFLOWS			1.781.116	1.395.630
CASH IN FLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	767.473	175.066	443.493	132.697
19	Other contractual cash inflows	11.143	381.468	11.142	381.468
20	TOTAL CASH INFLOWS	778.616	556.534	454.635	514.165
				Capped Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			967.908	670.640
22	TOTAL NET CASH OUTFLOWS			1.326.481	881.465
23	Liquidity Coverage Ratio (%)			72,97	76,08

(*)The arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratio's are used. The number of days which are used in calculation of the average is 65.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

31 December 2014		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			933.695	340.413
CASH OUT FLOWS					
2	Retail and Small Business Customers Deposits	2.863.367	1.506.147	280.165	149.466
3	Stable deposits	123.427	22.974	6.171	1.149
4	Less stable deposits	2.739.940	1.483.173	273.994	148.317
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.101.387	1.282.844	1.145.899	685.158
6	Operational deposits	88.001	54.327	22.000	13.582
7	Non-Operational Deposits	1.625.139	1.050.674	735.652	493.733
8	Other Unsecured Funding	388.247	177.843	388.247	177.843
9	Secured funding			-	-
10	Other Cash Outflows	27.196	25.649	27.196	25.649
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.547	-	1.547	-
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	25.649	25.649	25.649	25.649
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	1.390.284	607.792	155.119	74.126
16	TOTAL CASH OUTFLOWS			1.608.379	934.399
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	654.010	129.104	398.939	94.791
19	Other contractual cash inflows	24.104	430.777	24.103	430.777
20	TOTAL CASH INFLOWS	678.114	559.881	423.042	525.568
				Capped Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			933.695	340.413
22	TOTAL NET CASH OUTFLOWS			1.185.337	408.831
23	Liquidity Coverage Ratio (%)			78,77	83,26

(*)The arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratio's are used. The number of days which are used in calculation of the average is 66.

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VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (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 Parent Bank consist of accounts in Central Bank of Turkey at a ratio of 76% and securities issued by Undersecretariat of Treasury at a ratio of 21%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 17%, 56% and 14% 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 March 21, 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 regarding aforementioned cash outflow in 2015 are as follows:

Date Range	Liabilities depending upon Possibility of Change in Fair Values of derivative transactions and Other Liabilities	
	FC	FC + TL
01 January 2015 – 01 September 2015	76.946	76.946
02 September 2015 – 31 December 2015	30.012	30.012

Liquidity coverage rates are calculated weekly for consolidated basis and monthly for non-consolidated basis as of December 31, 2015 in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated March 21, 2014 and numbered 28948. Liquidity coverage rates must be at least 40% for foreign currency assets and liabilities and at least 60% in total assets and liabilities for the year 2015. Dates and values of lowest and highest foreign currency and total non-consolidated 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
Monthly Arithmetic Average (%)	117,09	86,09	47,20	65,27
Monthly	4 December 2015	31 December 2015	31 December 2015	4 December 2015

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

31 December 2015	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified (***)	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	26.429	1.067.646	-	-	-	-	-	1.094.075
Due From Banks	17.631	177.502	-	-	-	-	-	195.133
Financial Assets at Fair Value Through Profit or Loss (*)	2.158	60.628	18.087	23.661	41.087	3.405	1.707	150.733
Interbank Money Market Placements	-	22.195	-	-	-	-	-	22.195
Available-for-Sale Financial Assets	-	51.236	44.503	13.385	184.416	348.223	11.567	653.330
Loans	-	945.716	1.539.430	1.904.437	3.014.509	758.652	103.728	8.266.472
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	40.656	120.310	39.309	189.178	603.566	67.585	130.575	1.191.179
Total Assets	86.874	2.445.233	1.641.329	2.130.661	3.843.578	1.177.865	247.577	11.573.117
Liabilities								
Bank Deposits	7.097	43.249	-	-	-	-	-	50.346
Other Deposits	453.088	3.596.935	2.213.315	239.871	57.956	-	-	6.561.165
Funds Borrowed From Other Financial Institutions	-	68.077	219.146	899.625	1.319.461	454.832	-	2.961.141
Funds From Interbank Money Market	-	438.077	-	-	-	-	-	438.077
Marketable Securities Issued	-	-	-	-	49.255	-	-	49.255
Miscellaneous Payables	-	41.247	3.366	-	-	-	114.609	159.222
Other Liabilities (*) (***)	-	167.756	6.190	31.768	7.391	-	1.140.806	1.353.911
Total Liabilities	460.185	4.355.341	2.442.017	1.171.264	1.434.063	454.832	1.255.415	11.573.117
Net Liquidity Gap	(373.311)	(1.910.108)	(800.688)	959.397	2.409.515	723.033	(1.007.838)	-
Net Off-balance sheet position	-	(8.216)	(24.211)	(13.178)	(43.907)	69	-	(89.443)
Financial Derivative Assets	-	2.420.093	1.154.880	713.830	340.179	117	-	4.629.099
Financial Derivative Liabilities	-	(2.428.309)	(1.179.091)	(727.008)	(384.086)	(48)	-	(4.718.542)
Non-cash Loans	-	896.694	137.512	360.042	149.091	816	-	1.544.155
31 December 2014								
Total Assets	48.447	2.064.474	1.854.829	1.805.036	2.582.090	884.377	248.006	9.487.259
Total Liabilities	354.948	3.650.981	1.802.265	1.075.020	1.072.863	349.959	1.181.223	9.487.259
Net Liquidity Gap	(306.501)	(1.586.507)	52.564	730.016	1.509.227	534.418	(933.217)	-
Net Off-balance sheet position	-	13.772	5.059	3.598	(8.990)	-	-	13.439
Financial Derivative Assets	-	1.171.328	1.078.500	481.282	102.386	-	-	2.833.496
Financial Derivative Liabilities	-	(1.157.556)	(1.073.441)	(477.684)	(111.376)	-	-	(2.820.057)
Non-cash Loans	-	712.644	105.528	272.644	99.551	385	-	1.190.752

(*) The 1-5 years maturity period of Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 40.845 and the 1-5 years maturity period of Other Liabilities includes hedging derivative financial liabilities amounting to TL 15.132.

(**) Assets that are necessary for banking activities, such as fixed and intangible assets, subsidiaries, associates, stationary stocks and account receivables from leasing are classified in this column.

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

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VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

Financial liabilities according to their remaining maturities:

31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	50.347	-	-	-	-	50.347
Other deposits	4.057.608	2.229.654	253.346	60.515	-	6.601.123
Borrowings	69.275	232.545	947.010	1.458.582	507.209	3.214.621
Funds from money market	438.431	-	-	-	-	438.431
Total	4.615.661	2.462.199	1.200.356	1.519.097	507.209	10.304.522

31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	137.483	-	-	-	-	137.483
Other deposits	3.177.211	1.671.673	306.587	90.099	-	5.245.570
Borrowings	55.160	138.855	800.055	1.144.686	404.246	2.543.002
Funds from money market	462.250	-	-	-	-	462.250
Total	3.832.104	1.810.528	1.106.642	1.234.785	404.246	8.388.305

Contractual maturity analysis of the Group’s derivative instruments:

31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Trading Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	2.419.120	1.146.702	698.609	50.899	-	4.315.330
- Outflow	2.427.274	1.160.417	700.262	51.395	-	4.339.348
Interest rate derivatives:						
- Inflow	915	7.751	15.221	12.060	117	36.064
- Outflow	821	7.142	13.481	10.755	48	32.247
Hedging Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	-	402	-	277.220	-	277.622
- Outflow	-	11.284	12.415	319.077	-	342.776
Interest rate derivatives:						
- Inflow	58	25	-	-	-	83
- Outflow	214	248	850	2.859	-	4.171
Total cash inflow	2.420.093	1.154.880	713.830	340.179	117	4.629.099
Total cash outflow	2.428.309	1.179.091	727.008	384.086	48	4.718.542

31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Trading Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	1.170.488	1.077.162	475.607	95.569	-	2.818.826
- Outflow	1.156.709	1.072.702	473.443	105.155	-	2.808.009
Interest rate derivatives:						
- Inflow	840	1.338	5.675	6.817	-	14.670
- Outflow	847	739	4.241	6.221	-	12.048
Hedging Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total cash inflow	1.171.328	1.078.500	481.282	102.386	-	2.833.496
Total cash outflow	1.157.556	1.073.441	477.684	111.376	-	2.820.057

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VIII. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 31 December 2015, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is % 6,77 (31 December 2014: % 6,31). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in the balance sheet assets.

Disclosure of Leverage ratio template :

	31 December 2015 (*)	31 December 2014 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	11.551.398	9.021.355
(Assets deducted from Core capital)	55.558	49.866
Total risk amount of balance sheet assets	11.495.840	8.971.489
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	91.827	82.052
Potential credit risk amount of derivative financial assets and credit derivatives	-	-
Total risk amount of derivative financial assets and credit derivatives	91.827	82.052
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	2.521.389	2.154.872
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	2.521.389	2.154.872
Capital and total risk		
Core Capital	954.874	707.478
Total risk amount	14.109.057	11.208.414
Leverage ratio		
Leverage ratio	% 6,77	% 6,31

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

IX. EXPLANATIONS ON SECURITIZATION EXPOSURES:

None.

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X. EXPLANATIONS ON LOAN RISK MITIGATION TECHNIQUES:

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

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

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

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

Risk Group	Amount	Financial Guarantees	Other Material Guarantees	Guarantees and Loan Derivatives
Claims on sovereigns and Central Banks	1.746.442	129.861	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	29	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	782.727	266.318	-	-
Claims on corporates	7.470.504	131.539	-	13.382
Claims included in the regulatory retail portfolios	261.527	12.383	-	5.869
Claims secured by residential property	2.978.167	159.374	-	3.919
Past due loans	103.728	17	-	-
Higher risk categories decided by the Board	70.398	3.969	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other Receivables	400.448	-	-	-
Total	13.813.970	703.461	-	23.170

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XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT:

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

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

Risk Management Policies

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

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

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

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XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT (Continued):

Risk Management

Group’s management aims to ensure that:

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

Risk Limits

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

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

Risk Strategy Objectives

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

Credit Risk Strategy

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

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XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT (Continued):

Market Risk Strategy

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

Operational Risk Strategy

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

Risk Management Unit Organization

RMG attached directly to the BOD through Risk Committee. The risk management group consists of credit risk, decision support systems and modelling market risk, operational risk and treasury divisions.

Risk Measurement and Reporting

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

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

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XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT (Continued):

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

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

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

XII. INFORMATION ON THE HEDGING TRANSACTIONS:

As of 31 December 2015, The Parent Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity upto 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with income statement.

The swaps, of which carrying amount is TL 40.845 derivative financial assets and TL 15.132 derivative financial liabilities (31 December 2014: None), as of balance sheet date, are subjected to hedge accounting as hedging instruments. As a result of mentioned hedging account, the fair value in the amount of TL 9.216 (31 December 2014: None) after tax is recognized under the equity. Ineffective part is not available (31 December 2014: None).

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TAS 39, the accounting application is ended. In case of deterioration of efficiency, the effective amounts, which are recognized under the equity due to the risk hedge accounting, are eliminated from equities in the periods or periods, when cash flow effects profit and losses (periods, when interest income or expenses are recognized) as re-classification adjustment and then it is re-classified in the profit and loss. There is no amount, which is transferred to income statement due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2014: None).

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

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

a. Financial Assets and Liabilities at their fair values:

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

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

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

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

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

	Book Value		Fair Value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Financial Assets	10.065.857	8.207.914	10.167.342	8.359.334
Due from Money Market	22.195	141.155	22.195	141.155
Due from Banks	195.133	126.448	195.135	126.214
Available-for-Sale Financial Assets	653.330	725.259	653.330	725.259
Held-to-maturity Investments	-	-	-	-
Loans	9.195.199	7.215.052	9.296.682	7.366.706
Financial Liabilities	9.781.129	7.778.495	9.798.313	7.902.014
Bank Deposits	50.346	137.446	50.358	137.471
Other Deposits	6.561.165	5.201.967	6.565.462	5.222.068
Borrowings	2.961.141	2.270.625	2.973.734	2.374.018
Marketable Securities Issued	49.255	-	49.537	-
Miscellaneous Payables	159.222	168.457	159.222	168.457

b. Fair value hierarchy:

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

Aforesaid fair value hierarchy is determined as follows.

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

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XIII. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

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

31 December 2015	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	37.773	72.115	-	109.888
Government Debt Securities	30.507	-	-	30.507
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	72.115	-	72.115
Other Marketable Securities	7.266	-	-	7.266
Available for Sale Financial Assets (*)	538.426	114.904	-	653.330
Share Certificates	-	11.567	-	11.567
Government Debt Securities	538.426	-	-	538.426
Other Marketable Securities	-	103.337	-	103.337
Hedging Derivative Financial Assets	-	40.845	-	40.845
Total Assets	576.199	227.864	-	804.063
Trading Derivative Financial Liabilities	-	76.316	-	76.316
Hedging Derivative Financial Liabilities	-	15.132	-	15.132
Total Liabilities	-	91.448	-	91.448

31 December 2014	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	81.130	98.127	-	179.257
Government Debt Securities	58.970	-	-	58.970
Share Certificates	19.664	-	-	19.664
Trading Derivative Financial Assets	-	98.127	-	98.127
Other Marketable Securities	2.496	-	-	2.496
Available for Sale Financial Assets (*)	667.470	57.789	-	725.259
Share Certificates	-	11.775	-	11.775
Government Debt Securities	667.470	-	-	667.470
Other Marketable Securities	-	46.014	-	46.014
Hedging Derivative Financial Assets	-	-	-	-
Total Assets	748.600	155.916	-	904.516
Trading Derivative Financial Liabilities	-	54.942	-	54.942
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	54.942	-	54.942

(*) As noted in the footnote VII-d of The Third Part, written down values of available for sale securities are reported if the such securities are not traded in the markets and if the fair market value of such securities cannot be determined for any reason. There is no transition between the 1st and 2nd level.

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

XV. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

XV. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

	Retail Banking	Corporate and Commercial Banking	Treasury	Other(*)	Total Operations of the Group
31 December 2015					
Segment revenue	84.838	242.769	51.865	83.215	462.687
Unallocated costs(-)	-	-	-	68.471	394.301
Net Operating Profit	84.838	242.769	51.865	151.578	68.386
Dividend income	-	-	-	-	542
Income/(loss) from investments accounted based on equity method	-	-	-	-	-
Profit Before Tax	-	-	-	-	68.928
Tax expense(-)	-	-	-	-	16.759
Net Profit / Loss	-	-	-	-	52.169
Segment assets	1.422.695	7.389.370	1.439.612	1.127.005	11.378.682
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	194.435
Total Assets	1.422.695	7.389.370	1.439.612	1.127.005	11.573.117
Segment liabilities	3.869.078	2.774.442	2.653.260	1.127.005	10.423.785
Unallocated liabilities	-	-	-	-	1.149.332
Total Liabilities	3.869.078	2.774.442	2.653.260	1.127.005	11.573.117

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

	Retail Banking	Corporate and Commercial Banking	Treasury	Other(*)	Total Operations of the Group
31 December 2014					
Segment revenue	85.607	155.336	35.501	77.490	353.934
Unallocated costs(-)	-	-	-	57.262	329.315
Net Operating Profit	85.607	155.336	35.501	134.752	24.619
Dividend income	-	-	-	-	703
Income/(loss) from investments accounted based on equity method	-	-	-	-	-
Profit Before Tax	-	-	-	-	25.322
Tax expense(-)	-	-	-	-	7.498
Net Profit / Loss	-	-	-	-	17.824
Segment assets	1.372.774	5.545.266	1.314.910	1.017.839	9.250.789
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	236.470
Total Assets	1.372.774	5.545.266	1.314.910	1.017.839	9.487.259
Segment liabilities	2.079.334	3.314.558	2.041.441	1.015.673	8.451.006
Unallocated liabilities	-	-	-	-	1.036.253
Total Liabilities	2.079.334	3.314.558	2.041.441	1.015.673	9.487.259

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

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Cash/Foreign currency	13.420	12.994	13.289	16.877
CBRT	134.468	933.193	228.822	513.880
Other	-	-	-	-
Total	147.888	946.187	242.111	530.757

2. Information on the account of the CBRT:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Demand Unrestricted Amount	134.468	197.171	228.822	117.891
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	736.022	-	395.989
Total	134.468	933.193	228.822	513.880

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, 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.

The reserve rates for TL liabilities vary between 5% and 11,5% for TL deposits and other liabilities according to their maturities as of 31 December 2015 (31 December 2014: 5% and 11,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2015 (31 December 2014: 6% and 13 % for all foreign currency liabilities).

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

- As of 31 December 2015, none financial assets at fair value through profit or loss subject to repo transactions: None (31 December 2014: None).
- Positive differences related to trading derivative financial assets:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Forward Transactions	11.203	1.264	6.177	957
Swap Transactions	26.262	14.697	44.721	22.859
Futures Transactions	-	-	-	-
Options	133	18.556	1.775	21.638
Other	-	-	-	-
Total	37.598	34.517	52.673	45.454

c. Information on banks:

- Information on banks:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Banks				
Domestic	87.166	90.513	72.256	38.338
Foreign	-	17.454	-	15.854
Headquarters and Branches Abroad	-	-	-	-
Total	87.166	107.967	72.256	54.192

- Information on foreign banks

	Restricted Amount		Unrestricted Amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
EU Countries	5.612	3.989	-	-
USA, Canada	3.453	11.149	-	-
OECD Countries (*)	8.049	630	-	-
Off-shore Banking Regions	-	-	-	-
Others	340	86	-	-
Total	17.454	15.854	-	-

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

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

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

As of 31 December 2015, there are TL 70.153 available-for-sale financial assets given as collateral/blocked (31 December 2014: TL 69.260) and those subject to repurchase agreements amounts to TL 470.878 (31 December 2014: TL 313.971).

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

	31 December 2015	31 December 2014
Debt Securities	644.190	713.484
Quoted on Stock Exchange	262.191	667.470
Not Quoted	381.999	46.014
Share Certificates	10.665	11.775
Quoted on Stock Exchange	-	-
Not Quoted	10.665	11.775
Impairment Provision (-)	1.525	-
Total	653.330	725.259

e. Explanations on loans:

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

	31 December 2015		31 December 2014	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	219	-	-
Corporate Shareholders	-	219	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	4.896	-	4.570	-
Total	4.896	219	4.570	-

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

i.

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Restructured or Rescheduled		Loans and Other Receivables (Total)	Restructured or Rescheduled	
		Loans with Restructured Payment Plans	Other		Loans with Restructured Payment Plans	Other
Non-Specialised Loans	7.660.377	15.386	-	502.367	223.221	2.476
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	600.624	1.829	-	42.471	13.108	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	248.095	-	-	-	-	-
Consumer Loans	127.961	-	-	10.561	-	-
Credit Cards	8.617	-	-	1.484	-	-
Other (*)	6.675.080	13.557	-	447.851	210.113	2.476
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	7.660.377	15.386	-	502.367	223.221	2.476

(*) The Group also has TL 1.673 factoring loans in the Other account.

ii.

Number of Modifications Made to Extend Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 times	9.029	223.221
3,4 or 5 times	4.506	-
Over 5 times	1.851	-
Total	15.386	223.221

iii.

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	12.982	125.684
6 Months – 12 Months	2.172	7.634
1-2 Years	232	3.935
2-5 Years	-	85.968
5 Years and Over	-	-
Total	15.386	223.221

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3. Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables	2.489.965	15.299	61.846	54.117
Non-specialised Loans	2.489.965	15.299	61.846	54.117
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	5.155.026	87	214.824	171.580
Non-specialised Loans	5.155.026	87	214.824	171.580
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
	7.644.991	15.386	276.670	225.697

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	4.196	116.701	120.897
Real estate loans	-	41.890	41.890
Automotive loans	-	744	744
Consumer loans	4.196	74.067	78.263
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	1.265	1.265
Real estate loans	-	1.265	1.265
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	3.320	-	3.320
With installments	-	-	-
Without installments	3.320	-	3.320
Individual Credit Cards- FC	125	-	125
With installments	-	-	-
Without installments	125	-	125
Personnel Loans-TL	391	3.695	4.086
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	391	3.695	4.086
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	799	-	799
With installments	-	-	-
Without installments	799	-	799
Personnel Credit Cards-FC	11	-	11
With installments	-	-	-
Without installments	11	-	11
Credit Deposit Account-TL (Real Person)	12.274	-	12.274
Credit Deposit Account-FC (Real Person)	-	-	-
Total	21.116	121.661	142.777

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	51.469	792.000	843.469
Real estate loans	-	-	-
Automotive loans	1.284	8.700	9.984
Consumer loans	50.185	783.300	833.485
Other	-	-	-
Commercial Installments Loans-FC Indexed	24.900	268.320	293.220
Real estate loans	-	-	-
Automotive loans	35	8.255	8.290
Consumer loans	24.865	260.065	284.930
Other	-	-	-
Commercial Installments Loans-FC	-	1.259.657	1.259.657
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	1.259.657	1.259.657
Other	-	-	-
Corporate Credit Cards-TL	5.831	-	5.831
With installment	-	-	-
Without installment	5.831	-	5.831
Corporate Credit Cards-FC	15	-	15
With installment	-	-	-
Without installment	15	-	15
Credit Deposit Account-TL (Legal Person)	42.906	-	42.906
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	125.121	2.319.977	2.445.098

6. Loans according to types of borrowers:

	31 December 2015	31 December 2014
Public	4.500	-
Private	8.158.244	6.449.571
Total	8.162.744	6.449.571

7. Distribution of domestic and foreign loans:

	31 December 2015	31 December 2014
Domestic Loans	8.162.744	6.449.571
Foreign Loans	-	-
Total	8.162.744	6.449.571

8. Loans given to investments in associates and subsidiaries:

None. (31 December 2014 : None)

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9. Specific provisions provided against loans:

	31 December 2015	31 December 2014
Loans and Other Receivables with Limited Collectability	4.512	4.410
Loans and Other Receivables with Doubtful Collectability	17.374	20.950
Uncollectible Loans and Other Receivables	115.001	50.575
Total	136.887	75.935

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
31 December 2015			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	1.245	4.671
31 December 2014			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	31	880	5.218

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Prior Period End Balance	26.454	57.601	61.564
Additions (+)	126.023	26.334	19.825
Transfers from Other Categories of Non-performing Loans (+)	-	83.136	95.613
Transfers to Other Categories of Non-performing Loans (-)	83.460	95.289	-
Collections (-)	29.180	16.373	19.259
Write-offs (-)(*)	-	-	12.374
Corporate and Commercial Loans	-	-	12.374
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	39.837	55.409	145.369
Specific Provision (-)	4.512	17.374	115.001
Net Balance on Balance Sheet	35.325	38.035	30.368

(*) TL 12,324 consists of non-performing loans removed from assets through sale to Sümer Varlık Yönetim A.Ş. on April 30, 2015.

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
31 December 2015			
Period-End Balance	2.240	18.544	15.638
Specific Provision (-)	376	4.717	8.157
Net Balance on balance sheet	1.864	13.827	7.481
31 December 2014			
Period-End Balance	4.812	1.271	14.326
Specific Provision (-)	962	634	12.751
Net Balance on balance sheet	3.850	637	1.575

iv. Information on non-performing loans based on types of borrowers:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	35.325	38.035	30.368
Loans Given to Real Persons and Legal Persons (Gross)	37.718	39.205	133.382
Specific Provision Amount (-)	4.112	11.489	103.456
Loans Given to Real Persons and Legal Persons (Net)	33.606	27.716	29.926
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2.119	16.204	11.987
Specific Provision Amount (-)	400	5.885	11.545
Other Loans and Receivables (Net)	1.719	10.319	442
Prior Period (Net)	22.044	36.651	10.989
Loans Given to Real Persons and Legal Persons (Gross)	24.120	56.900	48.854
Specific Provision Amount (-)	3.943	20.600	38.421
Loans Given to Real Persons and Legal Persons (Net)	20.177	36.300	10.433
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2.334	701	12.710
Specific Provision Amount (-)	467	350	12.154
Other Loans and Receivables (Net)	1.867	351	556

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

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

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12. Explanations on the write-off policy:

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

f. Information on held-to-maturity investments:

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

None (31 December 2014: None).

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

None (31 December 2014: None).

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

None (31 December 2014: None).

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

None (31 December 2014: None).

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

None (31 December 2014: None).

g. Information on investments in associates (Net):

None(31 December 2014: None).

h. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None.

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

None.

3. Information on consolidated subsidiaries:

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

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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	1.062.523	137.392	1.084	69.556	-	21.435	12.163	-
2 (*)	150.054	91.412	4.573	10.510	392	(10.645)	4.053	-

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

5. Movement schedules of subsidiaries:

	31 December 2015	31 December 2014
Balance at the beginning of the Period	217.779	99.193
Movements during the Period	10.943	118.586
Purchases	-	97.799
Bonus Shares Obtained	-	5.201
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase(*)	10.943	15.586
Impairment Provision	-	-
Balance at the end of the Period	228.722	217.779
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99,99%	99,99%

(*) Includes the increases that occurred in the third part referred to footnote I 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 December 2015	31 December 2014
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	137.315	115.879
Finance Companies	-	-
Other Financial Subsidiaries	91.407	101.900
Total	228.722	217.779

7. Subsidiaries quoted on stock exchange:

None. (31 December 2014 : None)

i. Information on joint ventures:

None. (31 December 2014 : None)

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j. Information on lease receivables (net):

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

	31 December 2015		31 December 2014	
	Gross	Net	Gross	Net
Less than 1 year	346.715	277.631	235.542	189.197
Between 1-4 years	628.910	530.139	447.229	373.364
More than 4 years	143.756	120.957	153.971	133.236
Total	1.119.381	928.727	836.742	695.797

k. Information on hedging derivative financial assets:

	31 December 2015		31 December 2014	
	TP	FC	TP	FC
Hedging Fair Value Risk	-	-	-	-
Hedging Cash Flow Risk	40.809	36	-	-
Hedging of Net Investment In Foreign Operations	-	-	-	-
Total	40.809	36	-	-

l. Information on investment property:

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2013				
Cost	8.901	154	55.783	64.838
Accumulated depreciation (-)	1.701	123	36.028	37.852
Net book value	7.200	31	19.755	26.986
31 December 2014				
Net book value at beginning of the period	7.200	31	19.755	26.986
Additions	1.706	73	6.091	7.870
Disposals (-), (net)	-	-	70	70
Impairment (-)	-	-	-	-
Depreciation (-)	400	22	6.665	7.087
Revaluation Increase	11.495	-	-	11.495
Cost at Period End	22.101	227	60.875	83.203
Accumulated Depreciation at Period End (-)	2.100	145	41.764	44.009
Closing Net Book Value at Period End	20.001	82	19.111	39.194

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	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2014				
Cost	22.101	227	60.875	83.203
Accumulated depreciation (-)	2.100	145	41.764	44.009
Net book value	20.001	82	19.111	39.194
31 December 2015				
Net book value at beginning of the period	20.001	82	19.111	39.194
Additions	20	50	32.029	32.099
Disposals (-), (net)	-	-	517	517
Impairment (-)	-	-	-	-
Depreciation (-)	440	32	9.143	9.615
Revaluation Increase	2.419	-	-	2.419
Cost at Period End	24.541	277	80.153	104.971
Accumulated Depreciation at Period End (-)	2.541	177	38.673	41.391
Closing Net Book Value at Period End	22.000	100	41.480	63.580

m. Information on intangible assets:

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

	31 December 2015	31 December 2014
Gross Book Value	73.935	65.891
Accumulated Depreciation (-)	28.198	20.348
Net Book Value	45.737	45.543

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

	31 December 2015	31 December 2014
Beginning of the Period	45.543	26.379
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	8.246	24.457
Disposals	-	-
Amount Accounted under Revaluation Reserve	-	-
Impairment(-)	-	-
Impairment Reversal	-	-
Amortisation (-)	8.052	5.293
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	45.737	45.543

n. Information on investment property:

None (31 December 2014: None).

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o. Information on deferred tax asset:

As of 31 December 2015, the Group has netted-off the calculated deferred tax asset of TL 21.767 (31 December 2014: TL 31.878) and deferred tax liability of TL 12.471 (31 December 2014: TL 14.690) on the basis of company in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 9.296 (31 December 2014: TL 17.188) in the financial statements.

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

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Carried Financial Loss (*)	21.007	77.787	4.201	15.557
Provision for Legal Cases	4.652	20.191	930	4.038
Provisions for Possible Risks	28.824	12.301	5.765	2.460
Reserve for Employee Rights	15.867	24.445	3.174	4.889
Other Provisions	19.932	12.844	3.987	2.569
Unearned Revenue	17.303	11.387	3.461	2.277
Other	1.246	439	249	88
Deferred Tax Assets	108.831	159.394	21.767	31.878
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	29.237	27.787	5.847	5.557
Valuation Differences of Derivative Instruments	32.996	39.312	6.599	7.862
Other	123	6.357	25	1.271
Deferred Tax Liabilities	62.356	73.456	12.471	14.690
Deferred Tax Assets / (Liabilities) (Net)	46.475	85.938	9.296	17.188

(*) The Group’s financial losses carried forward amounting to TL 5.834 is usable in the corporate tax calculations until 2017, TL 8.718 until 2018 and TL 6.455 TL until 2020.

Movement of deferred tax asset/ liabilities is presented below:

	31 December 2015	31 December 2014
Balance as of 1 January	17.188	24.985
Current year deferred tax income/(expense) (net)	(6.066)	(4.300)
Deferred tax charged to equity (net)	(1.826)	(3.497)
Balance at the End of the Period	9.296	17.188

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

The Group has assets held for resale amounting to TL 6.695 (31 December 2014: TL 10.947) and has no discontinued operations.

Prior Period:	31 December 2015	31 December 2014
Cost	11.683	14.659
Accumulated Depreciation (-)	736	656
Net Book Value	10.947	14.003
Current Period:		
Net book value at beginning of the period	10.947	14.003
Additions	2.508	2.198
Disposals (-)	6.504	5.020
Impairment	-	-
Depreciation (-)	256	234
Cost	7.206	11.683
Accumulated Depreciation (-)	511	736
Closing Net Book Value	6.695	10.947

r. Information on other assets:

As of 31 December 2015, other assets amount to TL 136.899 (31 December 2014: TL 208.407) and does not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 December 2015:

	Demand	With 7 days	Up to 1	1-3	3-66 months -	1 year	1 year	Accum.	Total
		notifications	month	months	months	and over	and over	Deposit	
Saving Deposits	17.464	-	43.275	934.636	76.602	42.099	48.034	-	1.162.110
Foreign Currency Deposits	337.812	-	99.312	3.526.447	562.193	67.020	96.671	-	4.689.455
Residents in Turkey	310.681	-	98.807	3.507.803	547.211	64.898	53.637	-	4.583.037
Residents Abroad	27.131	-	505	18.644	14.982	2.122	43.034	-	106.418
Public Sector Deposits	14.195	-	-	-	-	-	-	-	14.195
Commercial Deposits	77.352	-	69.424	278.895	37.777	55.905	56.059	-	575.412
Other Institutions Deposits	6.265	-	9.141	70.311	108	110	34.058	-	119.993
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	7.097	-	43.249	-	-	-	-	-	50.346
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	100	-	43.249	-	-	-	-	-	43.349
Foreign Banks	6.997	-	-	-	-	-	-	-	6.997
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	460.185	-	264.401	4.810.289	676.680	165.134	234.822	-	6.611.511

ii. 31 December 2014:

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

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2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Saving Deposits				
Saving Deposits	418.844	407.705	743.266	852.502
Foreign Currency Savings Deposit	198.352	121.979	2.807.719	1.533.681
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Off-shore Banking Regions’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Total	617.196	529.684	3.550.985	2.386.183

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

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

	31 December 2015	31 December 2014
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	17.299	12.778
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCK” Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	17.299	12.778

b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning trading derivative financial liabilities:

Trading Derivative Financial Liabilities	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Forward Transactions	8.427	4.441	6.925	9.147
Swap Agreements	38.220	7.487	11.294	4.466
Futures Transactions	-	-	-	-
Options	56	17.685	48	23.062
Other	-	-	-	-
Total	46.703	29.613	18.267	36.675

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	140.264	79.499	157.275	197.555
From Foreign Banks, Institutions and Funds	-	2.302.485	1.304	1.564.532
Total	140.264	2.381.984	158.579	1.762.087

2. Information on maturity structure of borrowings:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Short-term	37.466	290.235	78.840	140.460
Medium and Long-term	102.798	2.091.749	79.739	1.621.627
Total	140.264	2.381.984	158.579	1.762.087

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

The Group’s main funding sources are deposits and borrowings. As of 31 December 2015, deposits and borrowings from Group’s risk group comprise 0,4% (31 December 2014: 0,6%) of total deposits. Besides this, borrowings from Bank’s risk group comprise 57% (31 December 2014: 57%) of subordinated and other borrowings.

d. Information on marketable securities issued:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Bills	49.255	-	-	-
Bonds	-	-	-	-
Asset guaranteed securities	-	-	-	-
Total	49.255	-	-	-

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 85.106 (31 December 2014: TL 94.731) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

f. Information on financial lease agreements:

The contingent rent installments of financial lease contracts are determined by the price of commodity, market interest rates and the maturity of funding. The financial leasing contracts do not have any conditions which place significant commitments on the Group.

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g. Information on hedging derivative financial liabilities:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Hedging Fair Value Risk	-	-	-	-
Hedging Cash Flow Risk	15.132	-	-	-
Hedging Net Investment In Foreign Operations	-	-	-	-
Total	15.132	-	-	-

h. Information on provisions:

1. Information on general provisions:

	31 December 2015	31 December 2014
General Provisions	77.497	64.659
Provisions for First Group Loans and Receivables	57.222	48.904
Additional Provision for Loans and Receivables with Extended Maturities	767	2.601
Provisions for Second Group Loans and Receivables	16.853	10.325
Additional Provision for Loans and Receivables with Extended Maturities	11.174	8.167
Provisions for Non-Cash Loans	3.246	2.745
Other	176	2.685

2. Information on reserve for employment termination benefits:

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

The payment amount which is one month’s salary for each working year is restricted to TL 3.541,37 (31 December 2014: TL 3.438,22). Employee termination benefits are not funded as there is no funding requirement.

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

	31 December 2015	31 December 2014
Discount rate (%)	2,74	2,45
Salary increase rate (%)	8,75	7,00
Average remaining work period (Year)	11,57	11,86

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Movement of reserve for employment termination benefits during the period:

	31 December 2015	31 December 2014
As of January 1	9.071	8.024
Service cost	1.718	1.634
Interest cost	665	679
Settlement cost	508	596
Actuarial loss/gain	585	980
Benefits paid	2.613	2.842
Total	9.934	9.071

In addition, as of 31 December 2015 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 16.883 (31 December 2014: TL 15.374).

3. Other provisions:

i. Information on provisions for possible risks:

	31 December 2015	31 December 2014
Provisions for possible risks (*)	28.824	12.301
Total	28.824	12.301

(*) Provisions for the Group’s potential risks in credit portfolio. Free provision part of this amount, TL 17.759, belongs to credit receivable of the Bank at an amount of TL 69.351 and repayment performance of the aforementioned customer shall be revaluated depending upon new finance sources generated in 2016 and is classified as “Credit tied to repayment plan in close monitoring” in accompanying financial statements dated December 31, 2015.

ii. Information on other provisions:

The Group set aside under other provisions amounting to TL 4.652 (31 December 2014: TL 20.191) for lawsuits, TL 1.941 (31 December 2014: TL 2.818) for non-cash loans, TL 1.192 (31 December 2014: TL 590) for customer cheques commitments, TL 62 (31 December 2014: TL 76) for credit card loyalty points and TL 183 (31 December 2014: TL 146) for other receivables.

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

As of 31 December 2015, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 3.128 (31 December 2014: TL 2.858) and is netted from the loan amount in the financial statements.

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i. Information on taxes payable:

1. Information on tax provision:

As of 31 December 2015, the corporate tax provision of the Bank is TL 3.567 (31 December 2014: 1.435), and it has been offset with advance taxes amounting to TL 7.126.

2. Information on taxes payable:

	31 December 2015	31 December 2014
Corporate Tax Payable	3.567	1.435
Taxation of Marketable Securities	7.154	5.970
Property Tax	168	187
Banking Insurance Transaction Tax	6.208	4.543
Value Added Tax Payable	629	352
Other	3.378	3.747
Total	21.104	16.234

3. Information on premium payables:

	31 December 2015	31 December 2014
Social Security Premiums-Employee	1.099	1.132
Social Security Premiums-Employer	1.303	1.201
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	61	57
Unemployment Insurance-Employer	120	113
Other	-	-
Total	2.583	2.503

4. Information on deferred tax liability:

As of 31 December 2015, the Group has netted-off the calculated deferred tax asset of TL 21.707 (31 December 2014: TL 31.878) and deferred tax liability of TL 12.471 (31 December 2014: TL 14.690) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 9.296 (31 December 2014: 17.188) in the financial statements. The Group does not have a net deferred tax expense in 31 December 2015 (31 December 2014: None).

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

None(31 December 2014: None).

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k. Information on subordinated loans:

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

Issuing Institution	Amount	Opening Date	Maturity Date	Interest Rate (%)
Burgan Bank S.A.K.	USD 150.000.000	6 December 2013	4 December 2023	LIBOR+3,75

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	438.893	-	349.959
Other Foreign	-	-	-	-
Total	-	438.893	-	349.959

l. Information on shareholders’ equity:

1. Presentation of paid-in capital:

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

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	1.000.000

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

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.

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6. Information on capital by considering the Group’s profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

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

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

8. Information on marketable securities valuation reserve:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.521)	(857)	795	365
Foreign Currency Translation Difference	-	-	-	-
Total	(1.521)	(857)	795	365

9. Information on tangible assets revaluation reserve:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	15.122	-	13.187	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables	-	-	-	-
Total	15.122	-	13.187	-

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

The profit of the year 2014 that is TL 17.824 was not distributed. This amount is transferred as TL 710 legal reserves, TL 251 other reserves and TL 16.863 extraordinary reserves.

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	31 December 2015	31 December 2014
Foreign currency buy/sell commitments	495.701	264.651
Commitments for cheques	299.665	301.592
Loan limit commitments	128.409	152.030
Commitments for credit card limits	25.825	37.353
Promotions for the credit cards and their care services	3.300	2.000
Blocked cheques given to customers	19	2
Total	952.919	757.628

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

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

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

	31 December 2015	31 December 2014
Letter of guarantees	1.225.235	914.041
Letter of credits	195.057	176.485
Bank acceptance loans	97.280	69.213
Other guarantees	26.555	30.800
Factoring guarantees	28	213
Total	1.544.155	1.190.752

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Irrevocable letters of guarantee	528.011	311.264	436.268	193.467
Guarantees given to customs	24.858	30.931	35.769	27.466
Revocable letters of guarantee	51.280	30.677	32.745	41.033
Letters of guarantee given in advance	9.069	116.668	8.269	73.206
Other letters of guarantee	15.074	107.403	21.647	44.171
Total	628.292	596.943	534.698	379.343

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

	31 December 2015	31 December 2014
Non-cash loans given against cash loans	143.161	88.246
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	143.161	88.246
Other non-cash loans	1.400.994	1.102.506
Total	1.544.155	1.190.752

ii. Information on concentration on non cash loans:

	31 December 2015				31 December 2014			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	10.761	1,70	8.803	0,96	7.320	1,36	11.338	1,73
Farming and Livestock	10.498	1,66	8.803	0,96	6.543	1,22	11.338	1,73
Forestry	-	-	-	-	514	0,10	-	-
Fishing	263	0,04	-	-	263	0,05	-	-
Manufacturing	193.898	30,70	484.018	53,04	200.490	37,37	295.653	45,19
Mining	12.403	1,96	84.198	9,23	24.721	4,61	39.678	6,06
Production	167.702	26,55	396.047	43,40	168.557	31,42	247.421	37,82
Electric, Gas, Water	13.793	2,18	3.773	0,41	7.212	1,34	8.554	1,31
Construction	173.363	27,45	259.092	28,39	112.447	20,96	157.113	24,01
Services	236.264	37,40	158.234	17,34	205.600	38,32	186.313	28,48
Wholesale and Retail Trade	128.311	20,31	73.087	8,01	113.114	21,08	71.429	10,92
Hotel and Food Services	8.546	1,35	2.261	0,25	6.133	1,14	11.531	1,76
Transportation and Telecommunication	22.313	3,53	16.243	1,78	18.622	3,47	24.237	3,70
Financial Institutions	48.875	7,74	38.049	4,17	40.458	7,54	43.661	6,67
Real Estate and Leasing Ser.	18.943	3,00	25.802	2,83	15.927	2,97	29.303	4,48
Professional Services	2.575	0,41	-	-	5.217	0,97	47	0,01
Education Services	98	0,02	-	-	66	0,01	-	-
Health and Social Services	6.603	1,05	2.792	0,31	6.063	1,13	6.105	0,93
Other	17.386	2,75	2.336	0,27	10.624	1,99	3.854	0,59
Total	631.672	100,00	912.483	100,00	536.481	100,00	654.271	100,00

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

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans (*)				
Letters of Guarantee	601.707	591.130	22.115	5.770
Bank Acceptances	3.352	93.928	-	-
Letters of Credit	-	194.559	-	498
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	28	-	-	-
Other Commitments and Contingencies	-	26.139	-	416
Total	605.087	905.756	22.115	6.684

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 4.513. As of 31 December 2015, the Group has recorded a TL 1.941 provision regarding these risks.

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b. Investment Funds:

	31 December 2015	31 December 2014
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	12.055.808	6.769.170
Currency forward transactions	1.324.583	886.544
Currency swap transactions	5.706.479	3.663.637
Futures transactions	-	-
Options	5.024.746	2.218.989
Interest related derivative transactions (II)	4.156.866	3.386.880
Forward rate agreements	-	-
Interest rate swaps	4.156.866	3.382.288
Interest rate options	-	4.592
Interest rate futures	-	-
Other Trading Derivative Instruments (III)	1.354	37.827
A. Total trading derivative transactions (I+II+III)	16.214.028	10.193.877
Types of hedging transactions	984.772	-
Fair value hedges	-	-
Cash flow hedges	984.772	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	984.772	-
Total derivative transactions (A+B)	17.198.800	10.193.877

c. Investment Funds:

As of 31 December 2015, the Group is the founder of 6 investment funds (31 December 2014: 6) with a total fund value of TL 24.248 (31 December 2014: TL 31.546). The shares of the investment funds established in accordance with the Capital Markets Board legislation are kept dematerialized by Central Registry Agency Inc..

d. Information on contingent assets and contingent liabilities:

As of 31 December 2015, the total amount of legal cases against the Group is TL 34.582 (31 December 2014: TL 51.784) and the Parent Bank sets aside a provision of TL 4.652 (31 December 2014: TL 20.191) regarding these risks. According to the positive developments occurring in the present case, TL 20.504 allocated provision has been cancelled in the current period and paying TL 5.746 that cases were concluded. Due to the delayed reply to e-foreclosure sent by Gökpınar Tax Administration, negative declaratory action has been claimed at “Denizli Tax Authority” and “Denizli Civil Court of General Jurisdiction” for cancellation of the payment order of TL 25.459, which was notified to the Parent Bank. The transactions have been stopped with obtaining injunction in response to 15% collateral. The law cases in local courts have resulted in favor of the Parent Bank. The cases are at the appeal phase. As a result, the Bank did not book any provision.

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

MOODY’S (Dated on 1 October 2015)

Category	Rating	Outlook
(Long Term Foreign Currency)	Ba3	Stable
(Short Term Foreign Currency)	Not Prime	-
(Long Term Local Currency)	Ba3	Stable
(Short Term Local Currency)	Not Prime	-

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans :

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Interest Income on Loans(*)				
Short-term Loans	332.722	16.632	299.264	21.773
Medium/Long-term Loans	141.763	192.752	87.511	98.009
Interest on Loans Under Follow-up	4.119	-	4.940	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	478.604	209.384	391.715	119.782

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

2. Information on interest income on banks:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	3.568	95	1.070	63
From Foreign Banks	-	32	-	13
Headquarters and Branches Abroad	-	-	-	-
Total	3.568	127	1.070	76

3. Information on marketable securities:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Trading Financial Assets	3.590	60	3.363	18
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	26.090	5.618	61.361	1.021
From Held-to-Maturity Investments	-	-	-	-
Total	29.680	5.678	64.724	1.039

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

None (31 December 2014: None).

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b. Information on interest expense:

1. Information on interest expense on borrowings:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Banks	13.040	79.286	10.705	57.441
The CBRT	-	-	-	-
Domestic Banks	13.025	1.094	10.669	1.618
Foreign Banks	15	78.192	36	55.823
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total(*)	13.040	79.286	10.705	57.441

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

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

None (31 December 2014: None).

3. Information on interest expense on issued securities

	31 December 2015	31 December 2014
Interest expense on issued securities	4.692	-

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

Account Name	Demand Deposit	Time Deposit					Accum. Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
TL								
Bank Deposits	11	523	-	-	-	-	-	534
Savings Deposits	-	6.559	102.945	10.258	9.234	7.041	-	136.037
Public Deposits	-	84	384	-	-	-	-	468
Commercial Deposits	-	9.209	28.963	4.812	3.961	7.706	-	54.651
Other Deposits	-	231	3.776	1.405	9	1.752	-	7.173
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	11	16.606	136.068	16.475	13.204	16.499	-	198.863
FC								
Foreign Currency Account	-	2.114	71.138	8.422	2.152	2.465	-	86.291
Bank Deposits	-	188	-	-	-	-	-	188
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	2.302	71.138	8.422	2.152	2.465	-	86.479
Sum Total	11	18.908	207.206	24.897	15.356	18.964	-	285.342

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

c. Information on dividend income:

	31 December 2015	31 December 2014
Trading Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	542	703
Other	-	-
Total	542	703

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

	31 December 2015	31 December 2014
Income	14.350.055	5.931.255
Capital Market Transactions	32.126	38.509
Derivative Financial Transactions	18.387	53.006
Foreign Exchange Gains	14.299.542	5.839.740
Loss (-)	14.317.367	5.894.954
Capital Market Transactions	27.188	29.503
Derivative Financial Transactions	27.415	50.558
Foreign Exchange Loss	14.262.764	5.814.893
Net Income/(Loss)	32.688	36.301

e. Information on other operating income:

As of 31 December 2015, the Group’s other operating income is TL 19.347 (31 December 2014: TL 13.474). TL 5.011 (31 December 2014: TL 3.705) of the amount of the other operating income is composed of profit from sales of the fixed assets that were classified as Asset Held for Resale of the Parent Bank.

f. Provision expenses related to loans and other receivables:

	31 December 2015	31 December 2014
Specific Provisions for Loans and Other Receivables	69.776	48.394
III. Group Loans and Receivables	4.628	13.832
IV. Group Loans and Receivables	13.306	16.359
V. Group Loans and Receivables	51.842	18.203
General Provision Expenses	7.897	16.142
Provision Expense for Possible Risks	14.709	6.533
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-Maturity Investments	-	-
Other	-	-
Total	92.382	71.069

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

g. Information related to other operating expenses:

	31 December2015	31 December2014
Personnel Expenses	161.848	140.113
Reserve For Employee Termination Benefits (*)	2.870	3.260
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	9.615	7.087
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	8.052	5.293
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	256	234
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	112.806	81.735
Operational Lease Expenses	32.574	23.813
Maintenance Expenses	2.692	2.466
Advertising Expenses	600	598
Other Expense	76.940	54.858
Loss on Sales of Assets	580	187
Other (**)	5.892	20.337
Total	301.919	258.246

(*) As of 31 December2015, the employee vacation fee provision is TL 40 (31 December2014: TL351).

(**) In the “Other” account; as a result of the conclusion of the present case, which is reserved for per TL 13.220 was allocated in the current period have been cancelled, TL 14.758 recorded revenue.

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

The Group has no discontinued operations. The Group’s income before tax from continuing operations is TL 68.928 (31 December 2014: TL 25.322 income before tax).

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

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

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

As of 31 December 2015, the Group has current tax expense amounting to TL 10.693 and deferred tax expense amounting to TL 6.066.

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

The Group has TL 4.448 deferred tax income from temporary differences, TL 4.945 deferred tax income from carried financial loss, TL 15.459 deferred tax expense and income due to temporary differences closed to net TL 6.066 deferred tax expense.

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

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

As of 31 December 2015, the Group has TL 11.011 deferred tax expense arising from temporary differences and TL 4.945 deferred tax income as a result of carried financial loss.

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

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

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

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

None.

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

None.

l. Information on other income and expenses:

1. As of 31 December 2015, the Group’s interest income amounts to TL 924.709 (31 December 2014: TL 674.020) and TL 120.099 (31 December 2014: TL 49.348) of the related amount is classified as “Other Interest Income” account in income statement.

	31 December 2015	31 December 2014
Other Interest Income		
Interest income related to derivative transactions	108.571	40.282
Other	11.528	9.066
Total	120.099	49.348

2. As of 31 December 2015, the Group’s interest expense amount to TL 559.611 (31 December 2014: TL 426.553) and TL 163.152 (31 December 2014: TL 83.228) of the related amount is classified “Other Interest Expense” account in income statement.

	31 December 2015	31 December 2014
Other Interest Expense		
Interest expense related to derivative transactions	162.070	82.299
Other	1.082	929
Total	163.152	83.228

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

3. As of 31 December 2015, the Group’s fee and commission income amounts to TL 58.178 (31 December 2014: TL 73.407) and TL 46.456 (31 December 2014: TL 62.683) of the related amount is classified under “Other fee and commission income” account.

	31 December 2015	31 December 2014
Other Fee and Commissions Received		
Commissions From Brokerage Activity-Leveraged Trading	11.664	13.934
Commissions From Brokerage Activity in Istanbul Stock Exchange	8.829	8.373
Commissions From Brokerage Activity in Turkish Derivative Exchange	6.169	8.061
Credit Card and POS Transaction Commission	4.706	9.352
Insurance Commissions	2.161	2.052
Investment Consultancy Fees	1.862	475
Transfer Commissions	1.763	1.512
Commissions on Investment Fund Services	1.396	1.253
Commissions from Correspondent Banks	503	1.010
Ortak Nokta Commissions	406	463
Letter of Credit Commissions	116	105
Commissions from Credit Commissions	20	21
Other	6.860	16.072
Total	46.456	62.683

4. As of 31 December 2015, Group’s fee and commission expense amounts to TL 12.624 (31 December 2014: TL 16.715) and TL 12.069 (31 December 2014: TL 16.203) of the related amount is classified under “Other” account.

	31 December 2015	31 December 2014
Other Fee and Commissions Given		
Credit Card Transaction Commission	5.127	9.102
Stock Exchange Contribution Expenses	2.247	1.572
Commissions Granted to Correspondent Banks	848	482
EFT Commissions	593	556
Ortak Nokta Clearing Commissions	461	241
Transfer Commissions	136	140
Other	2.657	4.110
Total	12.069	16.203

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(Continued)**

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

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

There is no change in Bank’s partnership structure in 2015.

b. Information on distribution of profit:

According to the decision was taken in the Ordinary General Meeting of the Parent Bank on March 30, 2015; the profit of the year 2014 that is TL 6.809 was not distributed and was classified in extraordinary reserves.

c. Information on capital increase:

There is no capital increase of the Group in 2015.

d. Information on valuation differences of marketable securities:

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.521)	(857)	795	365
Foreign Currency Difference	-	-	-	-
Total	(1.521)	(857)	795	365

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

The reversal from revaluation reserve to their fair value for immovables amounting to TL 1.935 net of tax (31 December 2014: TL 9.195) is accounted under “Revaluation differences of tangible assets and intangible assets”.

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

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

a. Information on cash and cash equivalent assets:

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

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

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

	31 December 2015	31 December 2014
Cash	393.945	263.688
Cash, Foreign Currency and Other	30.166	31.333
Demand Deposits in Banks	363.779	232.355
Cash Equivalents	239.205	67.707
Interbank Money Market	130.141	21.691
Time Deposits in Bank	109.064	46.016
Total Cash and Cash Equivalents	633.150	331.395

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

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

	31 December 2015	31 December 2014
Cash	376.251	393.945
Cash, Foreign Currency and Other	26.414	30.166
Demand Deposits in Banks	349.837	363.779
Cash Equivalents	198.231	239.205
Interbank Money Market	22.195	130.141
Time Deposits in Bank	176.036	109.064
Total Cash and Cash Equivalents	574.482	633.150

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

“Other” items presented in “Net operating income before changes in operating assets and liabilities” amount to negative TL 203.626 (31 December 2014: negative TL 185.072) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

“Net increase/decrease in liabilities” items presented in “Changes in operating assets and liabilities” amount to negative TL 51.804 (31 December 2014: negative TL 244.012) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2015, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL13.347 (31 December 2014: positive TL 2.407).

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

VII. EXPLANATIONS AND NOTES RELATED TO GROUP’S RISK GROUP

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

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

1. 31 December 2015:

Groups’ Risk Group (*) Loans and Other Receivables	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period	-	18.079	-	-	24	26.972
Balance at the End of the Period	-	23.519	-	219	89	8.753
Interest and Commission Income Received	-	-	-	-	7	-

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

31 December 2014:

Groups’ Risk Group (*) Loans and Other Receivables	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period	-	18.786	-	126	13.267	892
Balance at the End of the Period	-	18.079	-	-	24	26.972
Interest and Commission Income Received	-	-	-	-	1.234	-

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

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

Groups’ Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	-	-	21.433	576	13.257	8.812
End of the Period	-	-	6.185	21.433	17.841	13.257
Interest Expense on Deposits	-	-	-	30	967	412

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

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

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

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(Continued)**

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

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

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

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

1. The relations with entities that are included in the Group’s risk group and controlled by the Group:

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

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

	Total Risk Group	Share in Financial Statements (%)
Borrowings	1.680.890	56,76
Non-cash loans	32.491	2,10
Deposit	24.026	0,36
Banks and Other Financial Institutions	253	0,13
Loans	89	-

As of 31 December 2015, the Goup has realized interest expense amounting to TL 51.244 (31 December2014: TL 35.723) on loans borrowed from the direct shareholders.

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

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

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Group's risk group and the amount composes 0,33% (31 December 2014: 0,58%) of the Group's total cash and non-cash loans.

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

As of 31 December 2015 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Parent Bank is included.

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 22.044 (31 December 2014: TL15.037) which include total gross salary, travel, meal, health, life insurance and other expenses.

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

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

	Number	Employee number			
Domestic Branch	56	1.022			
			Country of Incorporation		
Foreign Representative	-	-	-		
				Total Asset	Statutory share capital
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-

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

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS

None.

SECTION SEVEN

EXPLANATIONS ON AUDIT REPORT

I. EXPLANATIONS ON AUDIT REPORT

The consolidated financial statements for the period ended 31 December 2015 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young) and the auditor’s report dated March 7, 2016 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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