

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
TOGETHER WITH INDEPENDENT LIMITED REVIEW REPORT
AT 30 JUNE 2017**

INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Burgan Bank A.Ş. ("the Bank") at 30 June 2017 and the unconsolidated income statement, unconsolidated statement of comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the six-month period then ended and summary of significant accounting policies and other explanatory information ("interim unconsolidated financial information"). The Bank Management is responsible for the preparation and fair presentation of such interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette numbered 26333 on 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA, and requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by aforementioned legislations. Our responsibility is to express a conclusion on this interim unconsolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Auditing Standards. Consequently, a review of unconsolidated interim financial information does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unconsolidated financial information is not presented fairly, in all material respects, the unconsolidated financial position of the Bank as of 30 June 2017 and the result of its operations and cash flows for the six-month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for convenience translation to English:

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

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



4 August 2017
İstanbul, Türkiye

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

**THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 30 JUNE 2017**

Address : Maslak Mahallesi, Eski Büyükdere Caddesi, No:13 34485 Sarıyer/İstanbul
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 unconsolidated six months financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

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

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

4 August 2017

Mehmet N. ERTEN
Chairman of the
Board of Directors

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

Mehmet YALÇIN
Financial Affairs
Vice General
Manager

Ahmet CİĞA
Head of Accounting,
Tax, and
Reporting Unit

Halil CANTEKİN
Head of the
Audit Committee

Adrian Alejandro
GOSTUSKI
Member of the Audit Committee

Osama T. AL GHOUSSEIN
Member of the
Audit Committee

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

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

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

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

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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

(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 1 million TL. There are no changes to the Bank's shareholder structure.

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

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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

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

GENERAL INFORMATION (Continued)

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Mehmet Nazmi Erten	Chairman of Board of Directors	Undergraduate
Board of Directors Members:	Faisal M.A. Al Radwan	Vice President	Undergraduate
	Eduardo Eguren Linsen	Member	Undergraduate
	Majed E.A.A. Al Ajeel	Member	Graduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	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: (*)	Esra Aydın	Management Services	Undergraduate
	Mutlu Akpara	Treasury, Capital Market and Financial Institutions	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
	Mehmet Yalçın	Financial Affairs	Undergraduate
Audit Committee:	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Osama T. Al Ghoussein	Member	Undergraduate

(*) At the Board of Directors' meeting held on May 22, 2017, it was decided to remove the title of "Vice General Manager" of Tuba Onay Ergelen, who was serving as the Head of Strategic Planning and Corporate Communications, and it was decided to continue with the title of Group President.

Robbert J. R. Voogt, who served as Senior Vice President, Operations, IT and Private Banking at the Bank, left his position on June 12, 2017.

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 30 JUNE 2017

(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 K.P.S.C	893.324	99,26 %	99,26 %	-

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

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

As of 30 June 2017, the Bank has 47 branches operating in Turkey (31 December 2016: 49). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 June 2017, the Bank has 969 (31 December 2016: 994) 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

(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 30 JUNE 2017 AND 31 DECEMBER 2016

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

I. BALANCE SHEET		Note (Section Five)	(30/06/2017)			(31/12/2016)		
			TL	FC	Total	TL	FC	Total
ASSETS								
I.	CASH AND BALANCES WITH CENTRAL BANK	I-a	604.33	1.032.263	1.636.594	161.250	1.157.611	1.318.861
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	99.358	73.486	172.844	73.053	51.786	124.839
2.1	Trading Financial Assets		99.358	73.486	172.844	73.053	51.786	124.839
2.1.1	Government Debt Securities		4.182	1.461	5.643	11.975	840	12.815
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		95.176	70.303	165.479	61.078	50.111	111.189
2.1.4	Other Marketable Securities		-	1.722	1.722	-	835	835
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	198.176	40.691	238.867	22	239.636	239.658
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	213.771	128.877	342.648	346.982	168.612	515.594
5.1	Share Certificates		6.849	-	6.849	6.849	-	6.849
5.2	Government Debt Securities		206.490	128.877	335.367	338.714	92.465	431.179
5.3	Other Marketable Securities		432	-	432	1.419	76.147	77.566
VI.	LOANS	I-e	5.321.255	6.492.136	11.813.391	4.620.245	6.064.455	10.684.700
6.1	Loans		5.217.168	6.492.136	11.709.304	4.508.446	6.064.455	10.572.901
6.1.1	Loans to Bank's Risk Group		20.411	7	20.418	106	7	113
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		5.196.757	6.492.129	11.688.886	4.508.340	6.064.448	10.572.788
6.2	Loans under Follow-up		250.190	-	250.190	231.217	-	231.217
6.3	Specific Provisions (-)		146.103	-	146.103	119.418	-	119.418
VII.	FACTORING RECEIVABLES	I-e	6	6	6	123	704	827
VIII.	HELD-TO-MATURITY SECURITIES (Net)	I-f	160.545	160.545	160.545	161.607	161.607	161.607
8.1	Government Debt Securities		160.545	160.545	160.545	161.607	161.607	161.607
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	238.580	-	238.580	237.171	-	237.171
10.1	Unconsolidated Financial Subsidiaries		238.580	-	238.580	237.171	-	237.171
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	173.121	4.146	177.267	176.246	4.771	181.017
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		173.121	4.146	177.267	176.246	4.771	181.017
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)		56.084	-	56.084	58.999	-	58.999
XV.	INTANGIBLE ASSETS (Net)		42.734	-	42.734	46.352	-	46.352
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		42.734	-	42.734	46.352	-	46.352
XVI.	INVESTMENT PROPERTY (Net)	I-l	-	-	-	-	-	-
XVII.	TAX ASSET		-	-	-	1.463	-	1,463
17.1	Current Tax Asset		-	-	-	1,463	-	1,463
17.2	Deferred Tax Asset	I-m	-	-	-	-	-	-
XVIII.	ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-n	48.596	-	48.596	45.165	-	45.165
18.1	Held for Resale		48.596	-	48.596	45.165	-	45.165
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	I-o	101.530	42.223	143.753	55.806	49.557	105.363
	TOTAL ASSETS		7.097.542	7.974.367	15.071.909	5.822.877	7.898.739	13.721.616

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 30 JUNE 2017 AND 31 DECEMBER 2016

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

I. BALANCE SHEET		Note (Section Five)	(30/06/2017)			(31/12/2016)		
			TL	FC	Total	TL	FC	Total
LIABILITIES								
I. DEPOSITS	II-a	2.293.342	6.941.474	9.234.816	2.853.924	5.455.909	8.309.833	
1.1 Deposits of Bank's Risk Group		34.296	189.748	224.044	14.322	78.503	92.825	
1.2 Other		2.259.046	6.751.726	9.010.772	2.839.602	5.377.406	8.217.008	
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	71.276	83.131	154.407	130.824	36.078	166.902	
III. BORROWINGS	II-c	23.602	2.700.643	2.724.245	24.711	2.182.008	2.206.719	
IV. MONEY MARKETS			217.324	217.324	212.082	185.428	397.510	
4.1 Funds from Interbank Money Market								
4.2 Funds from Istanbul Stock Exchange Money Market					4.502		4.502	
4.3 Funds Provided Under Repurchase Agreements			217.324	217.324	207.580	185.428	393.008	
V. MARKETABLE SECURITIES ISSUED (Net)	II-d							
5.1 Bills								
5.2 Asset Backed Securities								
5.3 Bonds								
VI. FUNDS								
6.1 Borrower Funds								
6.2 Other								
VII. MISCELLANEOUS PAYABLES		37.487	115.390	152.877	43.643	159.287	202.930	
VIII. OTHER LIABILITIES	II-e	127.821	3.164	130.985	61.368	5.905	67.273	
IX. FACTORING PAYABLES								
X. LEASE PAYABLES (Net)	II-f							
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-g	34.123	8.515	42.638	27.528	1.958	29.486	
11.1 Fair Value Hedge								
11.2 Cash Flow Hedge		34.123	8.515	42.638	27.528	1.958	29.486	
11.3 Foreign Net Investment Hedge								
XII. PROVISIONS	II-h	89.987	78.372	168.359	79.963	73.726	153.689	
12.1 General Loan Loss Provision		38.885	56.504	95.389	36.460	53.785	90.245	
12.2 Restructuring Provisions								
12.3 Reserve for Employee Rights		23.405		23.405	26.123		26.123	
12.4 Insurance Technical Provisions (Net)								
12.5 Other Provisions		27.697	21.868	49.565	17.380	19.941	37.321	
XIII. TAX LIABILITY	II-i	49.763		49.763	37.238		37.238	
13.1 Current Tax Liability		29.531		29.531	23.442		23.442	
13.2 Deferred Tax Liability		20.232		20.232	13.796		13.796	
XIV. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	II-j							
14.1 Held for Resale								
14.2 Discontinued Operations								
XV. SUBORDINATED LOANS	II-k		1.056.710	1.056.710		1.057.478	1.057.478	
XVI. SHAREHOLDERS' EQUITY	II-l	1.140.401	(616)	1.139.785	1.097.572	(5.014)	1.092.558	
16.1 Paid-in Capital		900.000		900.000	900.000		900.000	
16.2 Capital Reserves		30.558	(616)	29.942	32.810	(5.014)	27.796	
16.2.1 Share Premium								
16.2.2 Share Cancellation Profits								
16.2.3 Marketable Securities Valuation Reserve		(246)	(568)	(814)	(872)	(6.999)	(7.871)	
16.2.4 Tangible Assets Revaluation Reserve		16.127		16.127	16.127		16.127	
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)		17.052	(48)	17.004	19.930	1.985	21.915	
16.2.9 Value Differences of Assets Held for Resale and Discontinued Operations								
16.2.10 Other Capital Reserves		(2.375)		(2.375)	(2.375)		(2.375)	
16.3 Profit Reserves		164.762		164.762	93.089		93.089	
16.3.1 Legal Reserves		21.342		21.342	20.178		20.178	
16.3.2 Status Reserves								
16.3.3 Extraordinary Reserves		143.420		143.420	72.911		72.911	
16.3.4 Other Profit Reserves								
16.4 Income or (Loss)		45.081		45.081	71.673		71.673	
16.4.1 Prior Years' Income/ (Loss)								
16.4.2 Current Year Income/ (Loss)		45.081		45.081	71.673		71.673	
TOTAL LIABILITIES		3.867.802	11.204.107	15.071.909	4.568.853	9.152.763	13.721.616	

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

30 JUNE 2017 AND 31 DECEMBER 2016

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

II. OFF-BALANCE SHEET	Note(Section Five)	(30/06/2017)			(31/12/2016)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		7.478.100	25.974.810	33.452.910	6.451.280	17.996.288	24.447.568
I. GUARANTEES AND WARRANTIES	III-a-2-3	840.303	1.373.113	2.213.416	734.697	1.247.539	1.982.236
1.1 Letters of Guarantee		835.695	928.552	1.764.247	730.919	853.508	1.584.427
1.1.1 Guarantees Subject to State Tender Law		7.452	3.841	11.293	7.398	4.575	11.973
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		828.243	924.711	1.752.954	723.521	848.933	1.572.454
1.2 Bank Acceptances		4.580	92.620	97.200	3.750	126.967	130.717
1.2.1 Import Letter of Acceptance		4.580	92.620	97.200	3.750	126.967	130.717
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	343.688	343.688	-	256.635	256.635
1.3.1 Documentary Letters of Credit		-	343.688	343.688	-	256.635	256.635
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	28	-	28
1.8 Other Guarantees		-	8.252	8.253	-	10.429	10.429
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-a-1	1.035.985	646.467	1.682.452	665.226	392.275	1.057.501
2.1 Irrevocable Commitments		1.035.985	646.467	1.682.452	665.226	392.275	1.057.501
2.1.1 Asset Purchase and Sales Commitments		524.004	646.467	1.170.471	184.868	392.275	577.143
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		14.997	-	14.997	14.997	-	14.997
2.1.4 Commitments for Loan Limits		152.337	-	152.337	145.005	-	145.005
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		328.782	-	328.782	302.867	-	302.867
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		15.857	-	15.857	17.475	-	17.475
2.1.10 Promotion Commitments for Credit Cards and Banking Services		8	-	8	14	-	14
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		-	-	-	-	-	-
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		5.601.812	23.955.236	29.557.042	5.051.357	16.356.474	21.407.831
3.1 Hedging Derivative Financial Instruments		805.265	2.354.628	3.159.893	587.700	1.693.496	2.281.196
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		805.265	2.354.628	3.159.893	587.700	1.693.496	2.281.196
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		4.796.547	21.600.602	26.397.149	4.463.657	14.662.978	19.126.635
3.2.1 Forward Foreign Currency Buy/Sell Transactions		479.154	867.177	1.346.331	329.245	686.909	1.016.154
3.2.1.1 Forward Foreign Currency Transactions-Buy		416.611	275.740	692.351	205.259	297.660	502.919
3.2.1.2 Forward Foreign Currency Transactions-Sell		62.543	591.437	653.980	123.986	389.249	513.235
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		2.462.852	16.107.135	18.569.987	2.787.163	9.546.973	12.334.136
3.2.2.1 Foreign Currency Swap-Buy		338.532	4.958.277	5.296.809	1.379.714	1.201.567	2.581.281
3.2.2.2 Foreign Currency Swap-Sell		2.124.320	3.224.050	5.348.370	967.449	1.662.682	2.630.131
3.2.2.3 Interest Rate Swap-Buy		-	3.962.404	3.962.404	220.000	3.341.362	3.561.362
3.2.2.4 Interest Rate Swap-Sell		-	3.962.404	3.962.404	220.000	3.341.362	3.561.362
3.2.3 Foreign Currency, Interest rate and Securities Options		1.854.541	4.626.290	6.480.831	1.347.249	4.429.096	5.776.345
3.2.3.1 Foreign Currency Options-Buy		922.230	2.319.736	3.241.966	734.860	2.151.650	2.886.510
3.2.3.2 Foreign Currency Options-Sell		932.311	2.306.554	3.238.865	612.389	2.277.446	2.889.835
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		32.127.664	22.829.627	54.957.291	29.670.012	19.941.092	49.611.104
IV. ITEMS HELD IN CUSTODY		1.260.949	135.723	1.396.672	1.331.012	136.089	1.467.101
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		286.457	42.305	328.762	277.886	31.344	309.230
4.3 Cheques Received for Collection		922.045	71.286	993.331	985.735	85.790	1.071.525
4.4 Commercial Notes Received for Collection		52.447	22.132	74.579	67.391	18.955	86.346
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		30.866.431	22.691.768	53.558.199	28.339.000	19.802.011	48.141.011
5.1 Marketable Securities		1.031	-	1.031	2.650	-	2.650
5.2 Guarantee Notes		20.063.568	10.700.990	30.764.558	18.791.720	9.532.145	28.323.865
5.3 Commodity		1.012.696	8.012	1.020.708	963.418	9.139	972.557
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		9.194.265	9.198.942	18.393.207	8.098.494	7.156.032	15.254.526
5.6 Other Pledged Items		594.871	2.783.824	3.378.695	482.718	3.104.695	3.587.413
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		284	2.136	2.420	-	2.992	2.992
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		39.605.764	48.804.437	88.410.201	36.121.292	37.937.380	74.058.672

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
30 JUNE 2017 AND 30 JUNE 2016

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

III.	INCOME STATEMENT	Note (Section Five)	(01/01/2017 - 30/06/2017)	(01/01/2016 - 30/06/2016)	(01/04/2017- 30/06/2017)	(01/04/2016- 30/06/2016)
	INCOME AND EXPENSE ITEMS					
I.	INTEREST INCOME	IV-a	686.208	547.348	352.129	280.222
1.1	Interest on Loans		516.207	402.208	267.862	209.891
1.2	Interest Received from Reserve Requirements		8.146	4.769	4.393	2.324
1.3	Interest Received from Banks		18.325	1.172	13.736	934
1.4	Interest Received from Money Market Transactions		2.069	4.482	423	2.440
1.5	Interest Received from Marketable Securities Portfolio		23.701	19.739	9.986	9.655
1.5.1	Trading Financial Assets		1.671	2.097	357	1.397
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-	-	-
1.5.3	Available-for-sale Financial Assets		18.420	17.642	7.886	8.258
1.5.4	Held-to-maturity Investments		3.610	-	1.743	-
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income	IV-k	117.760	114.978	55.729	54.978
II.	INTEREST EXPENSE (-)	IV-b	475.213	372.761	247.498	193.657
2.1	Interest on Deposits (-)		248.159	187.037	128.275	94.947
2.2	Interest on Funds Borrowed (-)		64.082	39.785	31.747	23.414
2.3	Interest Expense on Money Market Transactions (-)		9.322	7.454	2.297	3.730
2.4	Interest on Securities Issued (-)		-	2.914	-	2.163
2.5	Other Interest Expenses (-)	IV-k	153.650	135.571	85.179	69.403
III.	NET INTEREST INCOME (I - II)		210.995	174.587	104.631	86.565
	NET FEES AND COMMISSIONS					
IV.	INCOME/EXPENSE		17.133	9.397	8.199	5.275
4.1	Fees and Commissions Received		20.435	12.567	9.927	6.872
4.1.1	Non-cash Loans		8.914	6.866	4.473	3.546
4.1.2	Other	IV-k	11.521	5.701	5.454	3.326
4.2	Fees and Commissions Paid (-)		3.302	3.170	1.728	1.597
4.2.1	Non-cash Loans (-)		19	10	10	5
4.2.2	Other (-)	IV-k	3.283	3.160	1.718	1.592
V.	DIVIDEND INCOME		328	328	328	-
VI.	TRADING INCOME / (LOSS) (Net)	IV-c	7.509	8.747	832	4.311
6.1	Trading Gains/(Losses) on Securities		2.455	7.018	705	2.232
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		1.700	(2.427)	1.893	(749)
6.3	Foreign Exchange Gains/(Losses)		3.354	4.156	(1.766)	2.828
VII.	OTHER OPERATING INCOME	IV-d	6.050	5.048	3.144	2.635
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		242.015	198.107	117.134	98.786
	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-e	39.844	35.978	13.031	14.113
X.	OTHER OPERATING EXPENSES (-)	IV-f	148.824	134.489	74.146	68.478
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		53.347	27.640	29.957	16.195
	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		3.776	315	164	2.007
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	IV-g	57.123	27.955	30.121	18.202
	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-h	12.042	7.836	5.904	4.314
16.1	Current Tax Provision (-)		6.735	2.360	6.735	(3.391)
16.2	Deferred Tax Provision (-)		5.307	5.476	(831)	7.705
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV- XVI)	IV-i	45.081	20.119	24.217	13.888
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1	Income from Non-Current Assets Held for Resale		-	-	-	-
	Sale Income from Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.2	Ventures		-	-	-	-
18.3	Other Income from Discontinued Operations		-	-	-	-
	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
XIX.	INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
19.1	Expense from Non-Current Assets Held for Resale		-	-	-	-
	Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.2	Ventures		-	-	-	-
19.3	Other Expenses from Discontinued Operations		-	-	-	-
XX.	INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
	TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
XXI.	NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
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-j	45.081	20.119	24.217	13.888
	Earnings / (Loss) per share (1.000 nominal in TL full)		0,501	0,224	0,269	0,154

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 30 JUNE 2017 AND 30 JUNE 2016**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		30/06/2017	30/06/2016
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	9.003	12.903
II.	REVALUATION DIFFERENCES OF TANGIBLE ASSETS	-	-
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)	(6.139)	(17.755)
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	(145)	(129)
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	(573)	970
X.	NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	2.146	(4.011)
XI.	CURRENT PERIOD INCOME/LOSS	45.081	20.119
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	1.012	3.630
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	44.069	16.489
XII.	TOTAL (INCOME)/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	47.227	16.108

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 30 JUNE 2016

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
PRIOR PERIOD 30/06/2016	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(31/12/2015)	II-1	900.000	-	-	-	19.107	-	68.098	(2.547)	52.169	(46.285)	(2.378)	15.122	-	9.216	-	1.012.502
II. Corrections according to TAS 8																	
2.1 Effect of Corrections of Errors																	
2.2 Effect of Amendments in Accounting Policies																	
III. New Balance (I + II)		900.000				19.107		68.098	(2.547)	52.169	(46.285)	(2.378)	15.122		9.216		1.012.502
Changes in the Period																	
IV. Increase/Decrease due to the Merger																	
V. Marketable Securities Valuation Differences												10.322					10.322
VI. Hedging Reserves (Effective Portion)																	
6.1 Cash Flow Hedge																	
6.2 Foreign Investment for Purpose of Hedge																	
VII. Revaluation Differences of Tangible Assets																	
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												(129)					(129)
XIV. Capital Increase																	
14.1 Cash																	
14.2 Internal Resources																	
XV. Share Premium																	
XVI. Share Cancellation Profits																	
XVII. Adjustment to Share Capital																	
XVIII. Other																	
XIX. Current Year Income or Loss										20.119							20.119
XX. Profit Distribution						1.071		4.813		(52.169)	46.285						
20.1 Dividend Paid						1.071		4.813		(52.169)	46.285						
20.2 Transfers to Reserves																	
20.3 Other																	
Period End Balance (III+...+XX)		900.000				20.178		72.911	(2.547)	20.119		7.815	15.122		(4.988)		1.028.610

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 30 JUNE 2017

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
CURRENT PERIOD 30/06/2017	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(31/12/2016)	II-I	900.000				20.178		72.911	(2.375)	71.673		(7.871)	16.127		21.915		1.092.558
Changes in the Period																	
II. Increase/Decrease due to the Merger																	
III. Marketable Securities Valuation Differences												6.629					6.629
IV. Hedging Reserves (Effective Portion)															(4.911)		(4.911)
4.1 Cash Flow Hedge															(4.911)		(4.911)
4.2 Foreign Investment for Purpose of Hedge																	
V. Revaluation Differences of Tangible Assets																	
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																	
Effects of Changes in Equity of Investments in Associates												428					428
XII. Capital Increase																	
12.1 Cash																	
12.2 Internal Resources																	
XIII. Share Premium																	
XIV. Share Cancellation Profits																	
XV. Adjustment to Share Capital																	
XVI. Other																	
XVII. Current Year Income or Loss										45.081							45.081
XVIII. Profit Distribution						1.164		70.509		(71.673)							
18.1 Dividend Paid																	
18.2 Transfers to Reserves						1.164		70.509		(71.673)							
18.3 Other																	
Period End Balance (I+ ...+XVIII)		900.000				21.342		143.420	(2.375)	45.081		(814)	16.127		17.004		1.139.785

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30 JUNE 2017 AND 30 JUNE 2016

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

VI. CASH FLOW STATEMENT	Note	Current Period 30/06/2017	Prior Period 30/06/2016
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		126.721	27.122
1.1.1 Interest Received		667.564	566.846
1.1.2 Interest Paid		(471.799)	(364.873)
1.1.3 Dividend Received		328	328
1.1.4 Fees and Commissions Received		18.002	12.660
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		40.416	43.185
1.1.7 Payments to Personnel and Service Suppliers		(72.424)	(68.012)
1.1.8 Taxes Paid		(5.473)	(3.394)
1.1.9 Other		(49.893)	(159.618)
1.2 Changes in Operating Assets and Liabilities		28.291	(430.981)
1.2.1 Net (Increase)/Decrease in Trading Securities		6.999	(21.156)
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net (Increase)/Decrease in Due from Banks		(21.847)	(124.624)
1.2.4 Net (Increase)/Decrease in Loans		(1.174.063)	(957.179)
1.2.5 Net (Increase)/Decrease in Other Assets		(53.135)	(63.625)
1.2.6 Net Increase/(Decrease) in Bank Deposits		370.753	(27.206)
1.2.7 Net Increase/(Decrease) in Other Deposits		552.196	556.239
1.2.8 Net Increase/(Decrease) in Funds Borrowed		515.378	222.539
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		(167.990)	(15.969)
I. Net Cash Provided from Banking Operations		155.012	(403.859)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		170.778	120.280
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		(648)	(28.607)
2.4 Disposals of Property and Equipment		9.061	3.760
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(50.087)	(158.015)
2.6 Cash Obtained from Sale of Investments Available-for-Sale		212.452	303.142
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		-	506.360
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	581.360
3.2 Cash Used for Repayment Of Funds Borrowed and Securities Issued		-	(75.000)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(32.533)	33.599
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		293.257	256.380
VI. Cash and Cash Equivalents at Beginning of the Period		634.416	552.162
VII. Cash and Cash Equivalents at end of the Period		927.673	808.542

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 30 JUNE 2017

(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, liabilities and buildings 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 31 December 2016 except for the amendment which is explained under “Remarks regarding amendments in demonstration of financial statements and accounting policies”.

(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 30 JUNE 2017

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

ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued):

The aforementioned accounting policies and valuation principles are explained between footnotes numbered II and XXVIII below. The new and amended TAS/IFRS provisions effective as of 1 January 2017 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 changes, (extracted TAS 9 financial instruments standard) shall not have a significant impact on the accounting policies, financial position and performance of the Bank. The Bank evaluates the effect of financial instruments according to the IFRS 9 standard.

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 31 December 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated 28 October 2011 and numbered 28098, has entered into force through making amendments to be applied for accounting periods after 1 January 2016 with “Communique on amending the Communique on TAS 27 Separate Financial Statements” (Communique) published in Official Gazette dated 9 April 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 TAS 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 unconsolidated financial tables with the 4th quarter of 2015 in conjunction with the approval letter of Banking Regulation and Supervision Authority (BRSA) dated 20 July 2015 and realized the implementation retrospectively in the framework of TAS 8 Accounting Policies, Amendments and Errors in Accounting Estimates standard.

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

Additional paragraph for convenience translation into English:

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

(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 30 JUNE 2017

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

ACCOUNTING POLICIES (Continued)

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

The overall strategy of the Bank of using financial instruments is to sustain an optimal balance between the yield of 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 30 June 2017, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,5168 and TL 4,0126 for USD and EURO respectively.

If the functional currency of the Group is different from its reporting currency, all assets and liabilities in the reporting currency are translated using the foreign exchange rate at the balance sheet date, and the income and expenses in the income statement are translated using the average foreign exchange rate, which is the cumulative effect , In which case the income and expenses are translated at the exchange rates prevailing at the date of the transaction) and the resulting foreign currency translation differences are presented as a separate item under equity. The currency of group firms are not the currency of a high inflationary economy.

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

Unconsolidated financial associates are recognized according to equity method in the framework of TAS 28 Communique on Investments in Subsidiaries and Associates with respect to TAS27 Separate Financial Statements Communique in unconsolidated financial statements. Associates, which were recognized with cost value in the unconsolidated financial statement previously, are recognized according to equity method as of 31 December 2015 along with the year-end of 2015.

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

The Bank has no joint ventures as of 30 June 2017 and 31 December 2016.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

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

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

As of 30 June 2017, 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.

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

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

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 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 this section.

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

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

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 an income to “Provision for Loan Losses and Other Receivables” shown as net with the provisions recorded in the year. Uncollectible receivables are written-off after all the legal procedures have been finalized.

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

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.

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

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ACCOUNTING POLICIES (Continued)

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

The Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

As of 30 June 2017, the Bank has no goodwill (31 December 2016: 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 renewal of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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 “Other 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 2017 (2016: 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:

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

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at “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 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 30 June 2017, the Bank has no government grants (31 December 2016: None).

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

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ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

	30 June 2017	30 June 2016
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	45.081	20.119
Weighted Average Number of Issued Ordinary Shares (Thousand)	90.000.000	90.000.000
Earnings Per Ordinary Shares (Disclosed in Thousand TL)	0,501	0,224

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 X in Section Four.

XXVIII. RECLASSIFICATIONS:

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON EQUITY:

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

As of 30 June 2017 Bank’s total capital has been calculated as TL 2.212.683 (31 December 2016: TL 2.153.671), Capital adequacy ratio is 17,17% (31 December 2016: 17,66%).

a. Information about total capital:

	Current Period 30 June 2017	Amounts related to treatment before 1/1/2014(*)	Prior Period 31 Dec 2016	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000		900.000	
Share issue premiums	-		-	
Reserves	164.946		93.273	
Gains recognized in equity as per IAS	34.045		39.053	
Profit	45.081		71.673	
Current Period Profit	45.081		71.673	
Prior Period Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-		-	
Common Equity Tier 1 Capital Before Deductions	1.144.072		1.103.999	
Deductions from Common Equity Tier 1 Capital				
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-		-	
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	4.287		11.441	
Improvement costs for operating leasing	14.528		15.454	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	34.162	42.702	27.682	46.136
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	17.052		21.915	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-		-	
Gains arising from securitization transactions	-		-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-		-	
Defined-benefit pension fund net assets	-		-	
Direct and indirect investments of the Bank in its own Common Equity	-		-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-		-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-		-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-		-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-		-	
Excess amount arising from mortgage servicing rights	-		-	
Excess amount arising from deferred tax assets based on temporary differences	-		-	
Other items to be defined by the BRSA	-		-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-		-	
Total Deductions From Common Equity Tier 1 Capital	70.029		76.492	
Total Common Equity Tier 1 Capital	1.074.043		1.027.507	

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

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

I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 30 June 2017	Amounts related to treatment before 1/1/2014(*)	Prior Period 31 Dec 2016	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-	-	-
Debt instruments and premiums approved by BRSA	-	-	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-	-	-
Additional Tier I Capital before Deductions	-	-	-	-
Deductions from Additional Tier I Capital	-	-	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
Transition from the Core Capital to Continue to deduct Components	-	-	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	8.540	-	18.454	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-	-	-
Total Deductions From Additional Tier I Capital	-	-	-	-
Total Additional Tier I Capital	-	-	-	-
Total Tier I Capital (Tier I Capital+Common Equity+Additional Tier I Capital)	1.065.503		1.009.053	
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	1.055.040	-	1.055.760	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	95.389	-	90.245	-
Tier II Capital Before Deductions	1.150.429		1.146.005	
Deductions From Tier II Capital				
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	1.722	-	835	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
Total Deductions from Tier II Capital	1.722		835	
Total Tier II Capital	1.148.707		1.145.170	
Total Capital (The sum of Tier I Capital and Tier II Capital)	2.214.210		2.154.223	
Deductions from Total Capital	1.527		552	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	1.527	-	552	-
Other items to be defined by the BRSA (-)	-	-	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components				
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-

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

I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 30 June 2017	Amounts related to treatment before 1/1/2014(*)	Prior Period 31 Dec 2016	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL				
Total Capital	2.212.683		2.153.671	
Total risk weighted amounts	12.883.877		12.193.142	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	8,34		8,43	
Tier I Capital Adequacy Ratio (%)	8,27		8,28	
Capital Adequacy Ratio (%)	17,17		17,66	
BUFFERS				
Total buffer requirement (a+b+c)	1.250		0,625	
a.Capital conservation buffer requirement (%)	1.250		0,625	
b.Bank specific counter-cyclical buffer requirement (%)	-		-	
c. Systematic significant buffer (%)	-		-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to Risk Weighted Assets	3,84		3,93	
Amounts below the Excess Limits as per the Deduction Principles				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Remaining mortgage servicing rights	-		-	
Amount arising from deferred tax assets based on temporary differences	16.983		15.650	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	95.389		90.245	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	95.389		90.245	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-		-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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

I. EXPLANATIONS ON EQUITY (Continued):

b. Information on instruments related to equity estimation

Details on Subordinated Liabilities		
Issuer	Burgan Bank K.P.S.C	Burgan Bank K.P.S.C
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-
Governing law(s) of the instrument	BRSA	BRSA
Regulatory treatment	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	No	No
Eligible at stand-alone / consolidated	Stand Alone- Consolidated	Stand Alone- Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan	Subordinated Loan
Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date)	527.520	527.520
Par value of instrument (USD)	150.000	150.000
Accounting classification	Liability-Subordinated Loans-amortised cost	Liability-Subordinated Loans-amortised cost
Original date of issuance	6 December 2013	30 March 2016
Perpetual or dated	Dated	Dated
Original maturity date	10 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year
Subsequent call dates, if applicable	After 5th year	After 5th year
Coupons / dividends	3 Months	3 Months
Fixed or floating dividend/coupon	Floating dividend	Floating dividend
Coupon rate and any related index	LIBOR+3,75	LIBOR+3,75
Existence of a dividend stopper	-	-
Fully discretionary, partially discretionary or mandatory	-	-
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	None
If convertible, conversion trigger (s)	-	-
If convertible, fully or partially	-	-
If convertible, conversion rate	-	-
If convertible, mandatory or optional conversion	-	-
If convertible, specify instrument type convertible into	-	-
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature	None	None
If write-down, write-down trigger(s)	-	-
If write-down, full or partial	-	-
If write-down, permanent or temporary	-	-
If temporary write-down, description of write-up mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments to be included in supplementary capital calculation but after the deposit holders and all other creditors of the Debtor.	Before debt instruments to be included in supplementary capital calculation but after the deposit holders and all other creditors of the Debtor.
In compliance with article number 7 and 8 of “Own fund regulation”	None	None
Details of incompliances with article number 7 and 8 of “Own fund regulation”	None	None

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

II. EXPLANATIONS ON RISK MANAGEMENT:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of the date 30 June 2017:

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

Overview of RWA

		Risk Weighted Amounts		Minimum Capital Liability
		Current Period	Prior Period	Current Period
		30 June 2017	31 December 2016	30 June 2017
1	Credit risk (excluding counterparty credit risk) (CCR)	11.644.037	11.245.475	931.523
2	Standardised approach (SA)	11.644.037	11.245.475	931.523
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	368.497	296.569	29.480
5	Standardised approach for counterparty credit risk (SA-CCR)	368.497	296.569	29.480
6	Internal Model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - %1250 weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory Formula Approach (SSFA)	-	-	-
16	Market risk	186.087	99.079	14.887
17	Standardised approach (SA)	186.087	99.079	14.887
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	685.256	552.019	54.820
20	Basic indicator approach	685.256	552.019	54.820
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor Adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	12.883.877	12.193.142	1.030.710

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Credit Quality of Assets

		The gross amount (TAS valued) which are prepared through legal consolidated financial charts		Provisions/ amortization and impairment	Net value
		Defaulted	Non-Defaulted		
1	Loans	250.190	11.709.310	231.501	11.727.999
2	Debt Securities	-	503.709	17	503.692
3	Off-balance sheet exposures	20.023	2.705.374	6.064	2.719.333
4	Total	270.213	14.918.393	237.582	14.951.024

Changes in stock of defaulted loans and debt securities

1	Defaulted loans and debt securities at the end of the previous reporting period	250.023
2	Loans and debt securities that have defaulted since the last reporting period	43.429
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	(23.239)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	270.213

4. Credit risk mitigation techniques

	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	7.311.493	4.416.506	3.365.223	-	-	-
2	Debt securities	503.692	-	-	-	-	-
3	Total	7.815.185	4.416.506	3.365.223	-	-	-
4	Of which defaulted	120.256	-	-	-	-	-

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

5. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects

	Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	2.093.939	-	2.949.329	-	456.621	15,5%
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Receivables from administrative units and non-commercial enterprises	-	66	-	13	13	101,5%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	288.543	166.040	288.929	108.737	190.885	48,0%
7	Exposures to corporates	7.960.728	2.225.857	7.276.563	1.198.638	8.119.950	95,8%
8	Retail exposures	102.290	34.320	101.058	10.735	81.442	72,9%
9	Exposures secured by residential property	502.834	31.986	471.935	12.243	169.213	34,9%
10	Exposures secured by commercial real estate	3.135.771	37.370	3.000.146	16.501	2.030.527	67,3%
11	Past-due loans	104.102	-	104.102	-	99.440	95,5%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	476.690	229.125	476.690	57.823	495.946	92,8%
17	Equity Investment	-	-	-	-	-	-
18	Total	14.664.897	2.724.764	14.668.752	1.404.690	11.644.037	72,4%

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

6. Standardised approach – exposures by asset classes and risk weights

	Asset classes/ Risk weight *	%0	%10	%20	Guaranteed by 35% Real Estate Fund	%50	%75	%100	%150	%200	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	2.492.708	-	-	-	-	-	456.621	-	-	2.949.329
2	Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-	13	-	-	13
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	219.414	-	62.499	-	115.753	-	-	397.666
7	Exposures to corporates	76.909	-	188.714	-	257.828	-	7.948.664	3.086	-	8.475.201
8	Retail exposures	2.625	-	685	-	230	108.253	-	-	-	111.793
9	Exposures secured by residential property	692	-	47	483.439	-	-	-	-	-	484.178
10	Exposures secured by commercial real estate	12.771	-	2.084	-	1.943.365	-	1.058.427	-	-	3.016.647
11	Past-due loans	1	-	-	-	18.345	-	76.734	9.022	-	104.102
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-
17	Other receivables	38.567	-	-	-	-	-	495.946	-	-	534.513
18	Total	2.624.273	-	410.944	483.439	2.282.267	108.253	10.152.158	12.108	-	16.073.442

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

7. Assessment of Counterparty Credit Risk according to the models of measurement

		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standart Approach-CCR	-	-	-	-	-	-
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	687.936	389.190
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
6	Total	-	-	-	-	687.936	389.190

8. Credit valuation adjustment (CVA) capital charge

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at risk component (including 3*multiplier)	-	-
2	(ii) Stressed Value at Risk (including 3*multiplier)	-	-
3	All portfolios subject to Standardised CVA capital obligation	687.936	87.947
4	Total amount of CVA capital adequacy	687.936	87.947

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

9. Standardised approach – CCR exposures by regulatory portfolio and risk weights

Risk weights	%0	%10	%20	%50	%75	%100	%150	Other	Total credit risk
Risk Classes									
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	236	-	-	236
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	217.281	-	78.398	241.662	-	499	-	-	537.840
Corporate receivables	-	-	-	12.968	-	136.605	-	-	149.573
Retail receivables	-	-	-	-	287	-	-	-	287
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	217.281	-	78.398	254.630	287	137.340	-	-	687.936

10. Composition of collateral for CCR exposure

	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - Local Currency	-	-	-	-	-	-
Cash - Foreign Currency	-	-	-	-	217.281	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	217.281	-

11. Credit derivatives: None.

12. Risks to Central Counterparty: None.

13. Securitization disclosures: None.

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

14. Market risk under standardised approach

		Risk Weighted Asset
	Outright products	
1	Interest rate risk (general and specific)	111.271
2	Equity risk (general and specific)	-
3	Foreign exchange risk	73.682
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	1.134
7	Scenario approach	-
8	Securitisation	-
9	Total	186.087

III. EXPLANATIONS ON CURRENCY RISK:

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

A series of limits for the tenure of spot and forward foreign exchange positions 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	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016

30 June 2017/ 31 December 2016

Bid rate	TL 4,0126	TL 3,7099	TL 3,5168	TL 3,5192
1. Day bid rate	TL 4,0126	TL 3,7099	TL 3,5168	TL 3,5192
2. Day bid rate	TL 4,0030	TL 3,6939	TL 3,5071	TL 3,5318
3. Day bid rate	TL 4,0015	TL 3,6901	TL 3,5211	TL 3,5329
4. Day bid rate	TL 3,9100	TL 3,6711	TL 3,5000	TL 3,5135
5. Day bid rate	TL 3,9283	TL 3,6639	TL 3,5180	TL 3,5041

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	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Arithmetic average-30 days	TL 3,9435	TL 3,6848	TL 3,5162	TL 3,4950

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

III. EXPLANATIONS ON CURRENCY RISK (Continued):

Information on currency risk of the Bank:

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

	EUR	USD	Other FC	Total
30 June 2017				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	57.142	973.733	1.388	1.032.263
Due From Banks	27.980	7.587	5.124	40.691
Financial Assets at Fair Value Through Profit or Loss (*)	24.574	20.157	12.408	57.139
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	39.773	89.104	-	128.877
Loans (*)	4.335.692	2.949.789	6.114	7.291.595
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	160.545	-	160.545
Hedging Derivative Financial Assets (*)	447	2.234	-	2.681
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	6	42.215	2	42.223
Total Assets	4.485.614	4.245.364	25.036	8.756.014
Liabilities				
Bank Deposits	20.199	360.987	4	381.190
Foreign Currency Deposits	2.370.741	4.060.269	129.274	6.560.284
Funds From Interbank Money Market	31.906	185.418	-	217.324
Funds Borrowed From Other Financial Institutions	442.951	3.312.470	1.932	3.757.353
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	67.312	48.069	9	115.390
Hedging Derivative Financial Liabilities (*)	1.257	7.258	-	8.515
Other Liabilities (*)	6.323	20.149	11.889	38.361
Total Liabilities	2.940.689	7.994.620	143.108	11.078.417
Net On-balance Sheet Position	1.544.925	(3.749.256)	(118.072)	(2.322.403)
Net Off-balance Sheet Position	(1.500.671)	3.776.388	118.650	2.394.367
Financial Derivative Assets	1.779.744	6.355.345	774.759	8.909.848
Financial Derivative Liabilities	3.280.415	2.578.957	656.109	6.515.481
Non-Cash Loans (**)	505.188	834.919	33.006	1.373.113
31 December 2016				
Total Assets (*)	3.788.462	4.968.340	16.656	8.773.458
Total Liabilities (*)	2.387.721	6.589.215	97.713	9.074.649
Net On-balance Sheet Position	1.400.741	(1.620.875)	(81.057)	(301.191)
Net Off-balance Sheet Position	(1.357.925)	1.459.157	81.299	182.531
Financial Derivative Assets	1.041.496	3.546.093	153.515	4.741.104
Financial Derivative Liabilities	2.399.421	2.086.936	72.216	4.558.573
Non-Cash Loans (**)	464.496	736.527	46.516	1.247.539

(*)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 799.459 (31 December 2016: TL 878.488) classified as Turkish Lira assets in the 30 June 2017 financial statements are added to the table above; there is no foreign currency indexed loans received in the current period (31 December 2016: None). Besides this, in assets "Income Accruals of Derivative Financial Instruments" amounting to TL 17.812 (31 December 2016: TL 3.769), in liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL 48.154 (31 December 2016: TL 9.622), "General Provisions" amounting to TL 56.504 (31 December 2016: TL 53.785), free provision amounting to TL 21.648 (31 December 2016: TL 19.721) and "Marketable Securities Valuation Reserve" with " Hedging Derivative Financials" amounting to TL (616) (31 December 2016: TL (5.014)) are not included in the table above.

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

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

IV. EXPLANATIONS ON INTEREST RATE RISK:

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

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

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

30 June 2017	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	1.491.625	-	-	-	-	144.969	1.636.594
Due From Banks	210.159	-	-	-	-	28.708	238.867
Financial Assets at Fair Value Through Profit/Loss (*)	33.097	88.896	186.915	32.396	8.807	-	350.111
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	62.779	70.472	-	73.669	128.877	6.851	342.648
Loans	4.985.503	1.326.845	3.132.646	2.188.330	75.986	104.087	11.813.397
Held-to-Maturity Investments	-	-	-	74.489	86.056	-	160.545
Other Assets	-	-	-	-	-	529.747	529.747
Total Assets	6.783.163	1.486.213	3.319.561	2.368.884	299.726	814.362	15.071.909
Liabilities							
Bank Deposits	291.319	105.574	24.088	-	-	3.618	424.599
Other Deposits	5.489.701	2.379.849	577.275	8.146	-	355.246	8.810.217
Funds From Interbank Money Market	72.618	112.800	31.906	-	-	-	217.324
Miscellaneous Payables	-	-	-	-	-	152.877	152.877
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	41.156	2.557.126	1.175.433	7.240	-	-	3.780.955
Other Liabilities (*) (**)	53.360	33.179	48.930	59.797	1.779	1.488.892	1.685.937
Total Liabilities	5.948.154	5.188.528	1.857.632	75.183	1.779	2.000.633	15.071.909
Balance Sheet Long Position	835.009	-	1.461.929	2.293.701	297.947	-	4.888.586
Balance Sheet Short Position	-	(3.702.315)	-	-	-	(1.186.271)	(4.888.586)
Off-balance Sheet Long Position	362.291	359.204	850.510	-	-	-	1.572.635
Off-balance Sheet Short Position	-	-	-	(1.394.004)	(71.256)	-	(1.465.530)
Total Position	1.197.930	(3.343.111)	2.312.439	899.697	226.421	(1.186.271)	107.105

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 177.267 and other liabilities includes hedging derivative financial liabilities amounting to TL 42.638 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 AND RISK MANAGEMENT OF THE BANK
(Continued)**

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

31 December 2016	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	1.095.882	-	-	-	-	222.979	1.318.861
Due From Banks	223.269	-	-	-	-	16.389	239.658
Financial Assets at Fair Value Through Profit/Loss	44.631	93.189	146.472	12.317	9.247	-	305.856
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	63.505	101.170	59.919	191.684	92.465	6.851	515.594
Loans	5.435.080	1.485.440	1.710.650	1.805.466	137.091	111.800	10.685.527
Held-to-Maturity Investments	-	-	-	74.975	86.632	-	161.607
Other Assets	-	-	-	-	-	494.513	494.513
Total Assets	6.862.367	1.679.799	1.917.041	2.084.442	325.435	852.532	13.721.616
Liabilities							
Bank Deposits	50.023	-	-	-	-	6.772	56.795
Other Deposits	5.203.829	2.167.616	424.968	280	-	456.345	8.253.038
Funds From Interbank Money Market	213.345	112.877	71.288	-	-	-	397.510
Miscellaneous Payables	-	-	-	-	-	202.930	202.930
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	227.567	2.478.988	554.963	2.679	-	-	3.264.197
Other Liabilities (*)	86.728	28.840	39.219	40.056	1.545	1.350.758	1.547.146
Total Liabilities	5.781.492	4.788.321	1.090.438	43.015	1.545	2.016.805	13.721.616
Balance Sheet Long Position	1.080.875	-	826.603	2.041.427	323.890	-	4.272.795
Balance Sheet Short Position	-	(3.108.522)	-	-	-	(1.164.273)	(4.272.795)
Off-balance Sheet Long Position	434.252	120.005	668.007	-	-	-	1.222.264
Off-balance Sheet Short Position	-	-	-	(1.106.689)	(39.091)	-	(1.145.780)
Total Position	1.515.127	(2.988.517)	1.494.610	934.738	284.799	(1.164.273)	76.484

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

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(Continued)**

IV. 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.

30 June 2017	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	-	1,25	-	4,00
Due From Banks	-	0,37	-	11,99
Financial Assets at Fair Value Through Profit/Loss	-	6,81	-	10,77
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,33	-	9,47
Loans	5,11	6,66	-	15,95
Held-to-Maturity Investments	-	5,96	-	-
Liabilities				
Bank Deposits	1,27	1,53	-	9,19
Other Deposits (*)	1,91	4,21	-	13,11
Funds From Interbank Money Market	-	1,94	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,56	3,88	-	6,62

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

31 December 2016	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	-	0,75	-	3,31
Due From Banks	0,01	0,55	-	-
Financial Assets at Fair Value Through Profit/Loss	4,79	7,90	-	9,09
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,39	-	9,42
Loans	4,91	6,29	-	15,17
Held-to-Maturity Investments	-	5,96	-	-
Liabilities				
Bank Deposits	-	-	-	8,16
Other Deposits (*)	1,95	3,28	-	11,00
Funds From Interbank Money Market	-	2,27	-	6,98
Miscellaneous Payables	-	-	-	11,25
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,54	3,77	-	6,67

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

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(Continued)**

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

c. Interest rate risk resulting from banking accounts:

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

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

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

2. The table below presents the economic value differences 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	(95.862)	(4,3)%
2. TRY	-400 bp	87.480	4%
3. EURO	+200 bp	(12.237)	(0,6)%
4. EURO	-200 bp	417	0,0%
5. USD	+200 bp	(19.181)	(0,9)%
6. USD	-200 bp	18.531	0,8%
Total (For Negative Shocks)		106.428	4,8%
Total (For Positive Shocks)		(127.280)	(5,8)%

V. EQUITY SHARE POSITION RISK RESULTING FROM BANKING ACCOUNTS:

None.

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

VI. 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.

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(Continued)**

VI. EXPLANATIONS ON LIQUIDITY RISK (Continued):

Although the Bank is responsible to comply with liquidity limitations which are determined internally, it is primarily obliged with minimum liquidity limits determined by the legal legislation. There should be no excess in liquidity limits in accordance with the Bank’s policy. Acceptation of current risk level, reduction or termination of activities causing to risk are evaluated for the risk which are not reduced. The actions, which shall be taken if there is an excess in the legal and internal limits, are detailed in Liquidity Risk Policy of the Bank. Overflow which is formed in liquidity ratios tracked according to legal limitations is eliminated in the period which is also determined by legal legislation.

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

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

An ALCO meeting is held with a call made by Treasury, Capital Markets and Deputy General Manager of Financial Corporations if there is a negative development sourcing from the group or liquidity. 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 AND RISK MANAGEMENT OF THE BANK
(Continued)**

VI. EXPLANATIONS ON LIQUIDITY RISK (Continued):

Liquidity Coverage Ratio:

30 June 2017		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			1.626.641	882.454
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	5.435.979	3.818.455	522.782	381.845
3	Stable deposits	416.322	-	20.816	-
4	Less stable deposits	5.019.657	3.818.455	501.966	381.845
5	Unsecured Funding other than Retail and Small Business Customers Deposits	3.401.309	2.563.490	1.867.677	1.432.945
6	Operational deposits	1.070.497	873.340	267.624	218.335
7	Non-Operational Deposits	1.865.364	1.324.145	1.134.631	848.605
8	Other Unsecured Funding	465.448	366.005	465.422	366.005
9	Secured funding			-	-
10	Other Cash Outflows	71.990	54.113	71.990	54.113
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	71.990	54.113	71.990	54.113
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	2.408.322	1.353.715	287.932	175.590
16	TOTAL CASH OUTFLOWS			2.750.381	2.044.493
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	1.513.612	594.746	1.058.649	494.554
19	Other contractual cash inflows	824	843.491	824	843.491
20	TOTAL CASH INFLOWS	1.514.436	1.438.237	1.059.473	1.338.045
				Upper Limit Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			1.626.641	882.454
22	TOTAL NET CASH OUTFLOWS			1.690.908	706.448
23	Liquidity Coverage Ratio (%)			96,20	124,91

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

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VI. EXPLANATIONS ON LIQUIDITY RISK (Continued):

		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
31 December 2016					
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			1.064.234	788.862
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	4.882.177	2.716.517	462.514	271.652
3	Stable deposits	514.082	-	25.704	-
4	Less stable deposits	4.368.095	2.716.517	436.810	271.652
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.109.565	1.432.911	977.382	627.043
6	Operational deposits	879.826	674.920	219.956	168.730
7	Non-Operational Deposits	1.051.389	685.134	579.076	385.456
8	Other Unsecured Funding	178.350	72.857	178.350	72.857
9	Secured funding			22.034	22.034
10	Other Cash Outflows	54.806	157.262	54.806	157.262
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	54.806	157.262	54.806	157.262
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	2.098.544	1.115.552	237.544	131.016
16	TOTAL CASH OUTFLOWS			1.754.280	1.209.007
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	980.420	273.477	583.008	201.875
19	Other contractual cash inflows	15.110	147.582	15.110	147.582
20	TOTAL CASH INFLOWS	995.530	421.059	598.118	349.457
				Upper Limit Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			1.064.234	788.862
22	TOTAL NET CASH OUTFLOWS			1.156.162	859.550
23	Liquidity Coverage Ratio (%)			92,05	91,78

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

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VI. EXPLANATIONS ON LIQUIDITY RISK (Continued):

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

High quality liquid assets of the Bank consist of accounts in Central Bank of Turkey, at a ratio of 82% and securities issued by Undersecretariat of Treasury at a ratio of 15%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 26%, 41% and 18% respectively.

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

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information regarding aforementioned cash outflow in 30 June 2017 are as follows:

Date Range	Liabilities depending upon Possibility of Change in Fair Values of derivative transactions and Other Liabilities	
	FC	FC + TL
1 January 2017 – 30 June 2017	54.113	54.113

Liquidity coverage rates are calculated weekly for consolidated basis and monthly for unconsolidated basis as of 31 December 2015 in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage rates must be at least 60% for foreign currency assets and liabilities and at least 80% in total assets and liabilities for the period 30 June 2017. Dates and values of lowest and highest foreign currency and total unconsolidated liquidity coverage rates calculated weekly related to the last quarter and average rates are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC+TL	FC	FC + TL
Weekly Arithmetic Average (%)	213,16%	120,46%	78,71%	86,11%
Week	25.06.2017	25.06.2017	07.04.2017	16.04.2017

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

VI. EXPLANATIONS ON LIQUIDITY RISK (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

30 June 2017	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	38.599	1.597.995	-	-	-	-	-	1.636.594
Due From Banks	28.708	210.159	-	-	-	-	-	238.867
Financial Assets at Fair Value Through Profit or Loss (*)	-	24.536	29.795	86.820	192.520	16.440	-	350.111
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	62.347	-	-	144.575	128.877	6.849	342.648
Loans	-	1.194.362	1.239.273	2.808.243	5.085.116	1.382.316	104.087	11.813.397
Held-to-Maturity Investments	-	-	-	-	74.489	86.056	-	160.545
Other Assets (**)	-	81.836	2.072	8.122	2.310	1.905	433.502	529.747
Total Assets	67.307	3.171.235	1.271.140	2.903.185	5.499.010	1.615.594	544.438	15.071.909
Liabilities								
Bank Deposits	3.618	291.319	105.574	24.088	-	-	-	424.599
Other Deposits	355.246	5.489.701	2.379.849	577.275	8.146	-	-	8.810.217
Funds Borrowed From Other Financial Institutions	-	35.584	723.171	559.076	1.406.411	1.056.713	-	3.780.955
Funds From Interbank Money Market	-	64.310	-	31.906	58.804	62.304	-	217.324
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	114.230	-	-	-	-	38.647	152.877
Other Liabilities (*) (***)	-	205.083	30.607	58.205	84.104	3.725	1.304.213	1.685.937
Total Liabilities	358.864	6.200.227	3.239.201	1.250.550	1.557.465	1.122.742	1.342.860	15.071.909
Net Liquidity Gap	(291.557)	(3.028.992)	(1.968.061)	1.652.635	3.941.545	492.852	(798.422)	-
Net Off-balance sheet Position	-	237.219	199.866	835.987	(76.394)	1.119	-	1.197.797
Financial Derivative Assets	-	4.297.330	1.783.910	1.490.540	1.393.301	2.044	-	8.967.125
Financial Derivative Liabilities	-	(4.060.111)	(1.584.044)	(654.553)	(1.469.695)	(925)	-	(7.769.328)
Non-cash Loans	-	1.163.716	223.297	648.489	177.450	464	-	2.213.416
31 December 2016								
Total Assets	43.267	2.753.650	1.748.204	2.224.458	4.946.127	1.443.331	562.579	13.721.616
Total Liabilities	463.117	5.829.525	2.306.505	2.260.580	419.471	1.138.336	1.304.082	13.721.616
Net Liquidity Gap	(419.850)	(3.075.875)	(558.301)	(36.122)	4.526.656	304.995	(741.503)	-
Net Off-balance sheet Position	-	451.497	193.290	48.895	(94.741)	840	-	599.781
Financial Derivative Assets	-	2.349.223	963.496	486.348	798.626	2.101	-	4.599.794
Financial Derivative Liabilities	-	(1.897.726)	(770.206)	(437.453)	(893.367)	(1.261)	-	(4.000.013)
Non-cash Loans	-	1.213.835	176.257	385.465	206.150	529	-	1.982.236

(*) The 1-5 years maturity period of Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 177.267 and the 1-5 years maturity period of Other Liabilities includes hedging derivative financial liabilities amounting to TL 42.638.

(**) 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.

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

VII. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 30 June 2017, leverage ratio of the Bank calculated from the arithmetic average of the three months is 5,40 % (31 December 2016: 6,10%). 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 :

	30 June 2017 (*)	31 December 2016 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	15.021.697	13.105.162
(Assets deducted from Core capital)	57.782	56.278
Total risk amount of balance sheet assets	14.963.915	13.048.884
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	262.453	213.654
Potential credit risk amount of derivative financial assets and credit derivatives	115.728	86.615
Total risk amount of derivative financial assets and credit derivatives	378.181	300.269
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	4.219.884	3.111.949
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	4.219.884	3.111.949
Capital and total risk		
Core Capital	1.054.797	1.000.354
Total risk amount	19.561.980	16.461.102
Leverage ratio		
Leverage ratio	5,40%	6,10%

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

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(Continued)**

VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 30 June 2017, The Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity up to 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in 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 177.267 (31 December 2016: 181.017) derivative financial assets and TL 42.638 derivative financial liabilities (31 December 2016: 29.486), as of balance sheet date, are subjected to hedge accounting as hedging instruments. As a result of mentioned hedging account, the fair value expense in the amount of TL 4.911 (31 December 2016: TL 12.699 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (30 June 2016: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds (*)	Ineffective Part Accounted in Income Statement (Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits and other debts	Cash flow risk of changes in market interest rates	176.192	38.517	17.312	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits and other debts	Cash flow risk of changes in market interest rates	1.075	4.12	(308)	-

(*) Includes TMS27 impacts.

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 2016: None). It is determined in the measurements carried out as of the date of 30 June 2017 that above mentioned cash flow hedging transactions are effective.

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

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

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

X. 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 include primarily deposit, loan, credit card, automatic payment services, internet banking and other various banking services to individual customers and customers in the private banking segment.

Corporate and commercial banking provides loan, deposit, cash management products, foreign trade products, non-cash loans, foreign currency transactions to small, medium and large scale of customers.

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

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

Prior period financial information is presented as at 31 December 2016 for balance sheet and 30 June 2016 income statements items.

30 June 2017	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Bank
Net Interest Income	27.232	167.122	16.641	-	210.995
Net Fees and Comissions	2.075	15.058	-	-	17.133
Commercial Profit/Loss	5.687	8.162	(6.340)	-	7.509
Other Operating Income	733	5.317	-	-	6.050
Operating Income	35.727	195.659	10.301	-	241.687
Operating Costs (-)	31.815	100.277	12.287	44.289	188.668
Net Operating Income	3.912	95.382	(1.986)	(44.289)	53.019
Dividend Income	-	-	-	328	328
Income/(Loss) from subsidiaries based on equity method	-	-	-	3.776	3.776
Profit Before Tax	3.912	95.382	(1.986)	(40.185)	57.123
Tax Provisions (-)	782	19.077	(397)	(7.420)	12.042
Net Profit / Loss	3.130	76.305	(1.589)	(32.765)	45.081
Segment Assets	964.744	11.779.976	1.797.442	-	14.542.162
Investments in associates, subsidiaries and joint ventures	-	-	-	238.580	238.580
Unallocated Assets	-	-	-	291.167	291.167
Total Assets	964.744	11.779.976	1.797.442	529.747	15.071.909
Segments Liabilities	5.715.812	3.556.108	4.195.324	-	13.467.244
Unallocated Liabilities	-	-	-	1.604.665	1.604.665
Total Liabilities	5.715.812	3.556.108	4.195.324	1.604.665	15.071.909

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(Continued)**

X. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

30 June 2016 (*)	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Bank
Net Interest Income	17.840	136.599	20.148	-	174.587
Net Fees and Comissions	404	8.993	-	-	9.397
Commercial Profit/Loss	5.687	8.162	(5.102)	-	8.747
Other Operating Income	217	4.831	-	-	5.048
Operating Income	24.148	158.585	15.046	-	197.779
Operating Costs (-)	18.822	88.642	6.336	56.667	170.467
Net Operating Income	5.326	69.943	8.710	(56.667)	27.312
Dividend Income	-	-	-	328	328
Income/(Loss) from subsidiaries based on equity method	-	-	-	315	315
Profit Before Tax	5.326	69.943	8.710	(56.024)	27.955
Tax Provisions (-)	1.065	13.989	1.742	(8.960)	7.836
Net Profit / Loss	4.261	55.954	6.968	(47.064)	20.119
31 December 2016 (*)					
Segment Assets	691.560	10.724.366	1.811.177	-	13.227.103
Investments in associates, subsidiaries and joint ventures	-	-	-	237.171	237.171
Unallocated Assets	-	-	-	257.342	257.342
Total Assets	691.560	10.724.366	1.811.177	494.513	13.721.616
Segments Liabilities	4.950.035	3.421.576	3.858.095	-	12.229.706
Unallocated Liabilities	-	-	-	1.491.910	1.491.910
Total Liabilities	4.950.035	3.421.576	3.858.095	1.491.910	13.721.616

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

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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:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Cash/Foreign currency	10.422	28.146	11.493	15.353
CBRT	593.909	1.004.117	149.757	1.142.258
Other	-	-	-	-
Total	604.331	1.032.263	161.250	1.157.611

2. Information on the account of the CBRT:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Demand Unrestricted Amount	348.638	10.626	149.757	224.976
Time Unrestricted Amount	245.271	48.151	-	-
Time Restricted Amount	-	945.340	-	917.282
Total	593.909	1.004.117	149.757	1.142.258

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 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 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 30 June 2017 (31 December 2016: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2017 (31 December 2016: 4% and 24% for all foreign currency liabilities).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

1. As of 30 June 2017, financial assets at fair value through profit or loss subject to repo transactions are none (31 December 2016:None).
2. Positive differences related to derivative financial instruments held for trading:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Forward Transactions	37.208	11.788	14.659	1.638
Swap Transactions	57.417	30.287	45.831	28.788
Futures Transactions	-	-	-	-
Options	551	28.228	588	19.685
Other	-	-	-	-
Total	95.176	70.303	61.078	50.111

c. Information on banks:

1. Information on banks:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Banks				
Domestic	198.176	15.002	22	223.273
Foreign	-	25.689	-	16.363
Headquarters and Branches Abroad	-	-	-	-
Total	198.176	40.691	22	239.636

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

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

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

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

As of 30 June 2017, there are TL 51.640 available-for-sale financial assets given as collateral/blocked (31 December 2016: TL 29.408) and those subject to repurchase agreements amounts to TL 128.877 (31 December 2016: TL 295.810).

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

	30 June 2017	31 December 2016
Debt Securities	336.279	515.136
Quoted on Stock Exchange	336.279	515.136
Not Quoted	-	-
Share Certificates	6.849	6.849
Quoted on Stock Exchange	-	-
Not Quoted	6.849	6.849
Impairment Provision (-)	480	6.391
Total	342.648	515.594

e. Explanations on loans:

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

	30 June 2017		31 December 2016	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	380	-	-
Corporate Shareholders	-	380	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	5.666	-	6.288	-
Total	5.666	380	6.288	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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	11.004.519			704.791	253.642
Loans Given to Enterprises	-			-	-
Export Loans	458.258			61.890	271
Import Loans	-			-	-
Loans Given to Financial Sector	406.329			-	-
Consumer Loans	360.003			23.636	-
Credit Cards	4.423			442	-
Other (*)	9.775.506			618.823	253.371
Specialised Loans	-			-	-
Other Receivables	-			-	-
Total	11.004.519			704.791	253.642

(*) The Bank also has TL 6 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	-	253.642
3, 4 or 5 times	-	-
Over 5 times	-	-
Total	-	253.642

iii.

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	-	253.642
6 Months – 12 Months	-	-
1-2 Years	-	-
2-5 Years	-	-
5 Years and Over	-	-
Total	-	253.642

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(Continued)**

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

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	15.255	355.847	371.102
Real estate loans	-	97.621	97.621
Automotive loans	111	9.153	9.264
Consumer loans	15.144	249.073	264.217
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	2.779	2.779
Real estate loans	-	2.779	2.779
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	3.194	-	3.194
With installments	-	-	-
Without installments	3.194	-	3.194
Individual Credit Cards- FC	133	-	133
With installments	-	-	-
Without installments	133	-	133
Personnel Loans-TL	499	4.110	4.609
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	499	4.110	4.609
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	1.026	-	1.026
With installments	-	-	-
Without installments	1.026	-	1.026
Personnel Credit Cards-FC	31	-	31
With installments	-	-	-
Without installments	31	-	31
Credit Deposit Account-TL (Real Person)	5.149	-	5.149
Credit Deposit Account-FC (Real Person)	-	-	-
Total	25.287	362.736	388.023

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	125.863	1.668.262	1.794.125
Real estate Loans	-	-	-
Automotive Loans	244	7.978	8.222
Consumer Loans	125.619	1.660.284	1.785.903
Other	-	-	-
Commercial Installments Loans-FC Indexed	9.564	492.060	501.624
Real estate Loans	-	-	-
Automotive Loans	136	6.491	6.627
Consumer Loans	9.428	485.569	494.997
Other	-	-	-
Commercial Installments Loans-FC	1.756	3.632.442	3.634.198
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	1.756	3.632.442	3.634.198
Other	-	-	-
Corporate Credit Cards-TL	468	-	468
With installments	-	-	-
Without installments	468	-	468
Corporate Credit Cards-FC	13	-	13
With installments	-	-	-
Without installments	13	-	13
Credit Deposit Account-TL (Legal Person)	11.596	-	11.596
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	149.260	5.792.764	5.942.024

5. Loans according to types of borrowers:

	30 June 2017	31 December 2016
Public	-	-
Private	11.709.310	10.573.728
Total	11.709.310	10.573.728

6. Distribution of domestic and foreign loans:

	30 June 2017	31 December 2016
Domestic Loans	11.709.310	10.573.728
Foreign Loans	-	-
Total	11.709.310	10.573.728

7. Loans given to associates and subsidiaries:

	30 June 2017	31 December 2016
Direct Loans given to associates and subsidiaries	20.280	-
Indirect Loans given to associates and subsidiaries	-	-
Total	20.280	-

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

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

8. Specific provisions provided against loans:

	30 June 2017	31 December 2016
Loans and Other Receivables with Limited Collectability	1.232	12.293
Loans and Other Receivables with Doubtful Collectability	23.246	17.709
Uncollectible Loans and Other Receivables	121.625	89.416
Total	146.103	119.418

9. 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
30 June 2017			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables			-
Rescheduled Loans and Other Receivables		312	7.967
31 December 2016			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables			-
Rescheduled Loans and Other Receivables	233	707	7.204

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	44.301	43.815	143.101
Additions (+)	40.576	11.891	6.922
Transfers from Other Categories of Non performing Loans (+)		56.043	39.234
Transfers to Other Categories of Non-performing Loans (-)	56.043	39.234	-
Collections (-)	14.046	5.976	20.394
Write-offs (-)			
Corporate and Commercial Loans			
Consumer Loans			
Credit Cards			
Other			
Balance at the End of the Period	14.788	66.539	168.863
Specific Provision (-)	1.232	23.246	121.625
Net Balance on Balance Sheet	13.556	43.293	47.238

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
30 June 2017			
Period-End Balance	-	23.528	25.372
Specific Provision (-)	-	11.267	18.506
Net Balance on balance sheet	-	12.261	6.866
31 December 2016			
Period-End Balance	22.201	14.453	11.390
Specific Provision (-)	9.377	7.229	3.932
Net Balance on balance sheet	12.824	7.224	7.458

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)	13.556	43.293	47.238
Loans Given to Real Persons and Legal Persons (Gross)	14.788	66.539	168.863
Specific Provision Amount (-)	1.232	23.246	121.625
Loans Given to Real Persons and Legal Persons (Net)	13.556	43.293	47.238
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	32.008	26.106	53.685
Loans Given to Real Persons and Legal Persons (Gross)	44.301	43.815	143.101
Specific Provision Amount (-)	12.293	17.709	89.416
Loans Given to Real Persons and Legal Persons (Net)	32.008	26.106	53.685
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

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

f. Information on held-to-maturity investments:

1. Information on held-to-maturity financial assets subject to repurchase agreements:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Smilar Securities	-	160.545	-	161.607
Other	-	-	-	-
Total	-	160.545	-	161.607

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

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Smilar Securities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

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

	30 June 2017	31 December 2016
Government Bond	160.545	161.607
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	160.545	161.607

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

	30 June 2017	31 December 2016
Debt securities	160.545	161.607
Publicly-traded	160.545	161.607
Not publicly-traded	-	-
Provision for impairment	-	-
Total	160.545	161.607

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

	30 June 2017	31 December 2016
Opening balance	161.607	-
Foreign exchange differences in monetary assets	(1.062)	-
Purchases during the year	-	161.607
Disposals through Sales and Redemptions	-	-
Value decrease equivalent (-)	-	-
Period end balance	160.545	161.607

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

g. Information on investments in associates (Net):

None (31 December 2016: None).

h. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None (31 December 2016: None).

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

None (31 December 2016: None).

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

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

(*)According to the results the date of 30 June 2017 Burgan Portföy Yönetimi A.Ş. which is subsidiary of Burgan Yatırım Menkul Değerler A.Ş., two-thirds of the total capital and legal reserves were unrequited due to current and previous years losses. Through Board of Directors' decision dated 14 May 2016, company management has decided to pay off their funds and following that, company and its main partner Burgan Yatırım Menkul Değerler A.Ş. are merged. On the date of 17 May 2016, these decisions are notified in written to the Capital Market Board. On the date of 21 October 2016, by permission of the Capital Market Board, mutual funds which is founded by Burgan Portföy Yönetimi A.Ş. were liquidated on May 2, 2017. The merger process of the companies still in progress.

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	1.860.601	173.607	9.141	63.517	-	12.247	7.250	-
2 (*)	131.806	65.056	5.006	6.884	2.190	(8.471)	(6.935)	-

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

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

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

5. Movement schedules of subsidiaries:

	30 June 2017	31 December 2016
Balance at the beginning of the Period	237.171	228.722
Movements during the Period	1.409	8.449
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase (*)	1.409	8.449
Impairment Provision	-	-
Balance at the end of the Period	238.580	237.171
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	30 June 2017	31 December 2016
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	183.496	172.512
Finance Companies	-	-
Other Financial Subsidiaries	55.084	64.659
Total	238.580	237.171

7. Subsidiaries quoted on stock exchange:

None (31 December 2016: None).

i. Information on joint ventures:

None (31 December 2016: None).

j. Information on lease receivables (net):

None (31 December 2016: None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

k. Information on hedging derivative financial assets:

	30 June 2017		31 December 2016	
	TP	FC	TP	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	173.12	4.146	176.246	4.771
Foreign Net Investment Hedge	-	-	-	-
Total	173.12	4.146	176.246	4.771

l. Information on investment property:

None (31 December 2016: None).

m. Information on deferred tax asset:

As of 30 June 2017, the Bank has netted-off the calculated deferred tax asset of TL 18.834 (31 December 2016: TL 16.459) and deferred tax liability of TL 39.066 (31 December 2016: TL 30.255) in accordance with “TAS 12” and has recorded a net deferred tax liability of TL 20.232 (31 December 2016: TL 13.796 net deferred tax liability) in the financial statements.

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

The Bank has assets held for resale amounting to TL 48.596 (31 December 2016: TL 45.165) and has no discontinued operations.

Prior Period	30 June 2017	31 December 2016
Cost	45.996	7.196
Accumulated Depreciation (-)	831	511
Net Book Value	45.165	6.685
Current Period		
Net book value at beginning of the period	45.165	6.685
Additions	12.961	41.077
Disposals (-), net	9.061	2.131
Impairment (-)	71	49
Depreciation (-)	398	417
Cost	49.652	45.996
Accumulated Depreciation (-)	1.056	831
Closing Net Book Value	48.596	45.165

o. Information on other assets:

As of 30 June 2017, other assets amount to TL 143.753 (31 December 2016: TL 105.363) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 30 June 2017:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	31.081	-	-112.539	1.264.025	60.861	34.264	56.593	-	1.559.363
Foreign Currency Deposits	194.515	-	-408.467	5.155.632	715.917	65.243	20.510	-	6.560.284
Residents in Turkey	161.600	-	-408.467	5.084.764	706.659	63.133	18.761	-	6.443.384
Residents Abroad	32.915	-	-	70.868	9.258	2.110	1.749	-	116.900
Public Sector Deposits	56.313	-	-	-	-	-	-	-	56.313
Commercial Deposits	71.805	-	69.152	234.073	4.502	40.665	146.153	-	566.350
Other Institutions Deposits	1.532	-	2.614	53.315	36	159	10.251	-	67.907
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	3.618	-	-291.319	105.574	-	24.088	-	-	424.599
The CBRT	-	-	-287.802	-	-	-	-	-	287.802
Domestic Banks	84	-	3.517	-	-	-	-	-	3.601
Foreign Banks	3.534	-	-	105.574	-	24.088	-	-	133.196
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	358.864	-	-884.091	6.812.619	781.316	164.419	233.507	-	9.234.816

ii. 31 December 2016:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	31.555	-	-147.467	1.700.052	141.681	24.122	54.300	-	2.099.177
Foreign Currency Deposits	349.360	-	-224.981	4.002.789	637.320	158.834	77.070	-	5.450.354
Residents in Turkey	297.584	-	-224.531	3.940.283	628.322	156.889	23.584	-	5.271.193
Residents Abroad	51.776	-	450	62.506	8.998	1.945	53.486	-	179.161
Public Sector Deposits	5.453	-	-	1.030	-	-	-	-	6.483
Commercial Deposits	68.490	-	95.244	323.206	54.162	2.369	1.426	-	544.897
Other Institutions Deposits	1.487	-	6.579	120.098	12.294	142	11.527	-	152.127
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	6.772	-	-50.023	-	-	-	-	-	56.795
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	78	-	-50.023	-	-	-	-	-	50.101
Foreign Banks	6.694	-	-	-	-	-	-	-	6.694
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	463.117	-	-524.294	6.147.175	845.457	185.467	144.323	-	8.309.833

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(Continued)**

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

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Saving Deposits				
Saving Deposits	565.852	568.395	993.511	1.530.782
Foreign Currency Savings Deposit	295.368	198.348	3.875.785	2.622.810
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	861.220	766.743	4.869.296	4.153.592

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:

	30 June 2017	31 December 2016
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	27.221	25.687
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	27.221	25.687

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

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

b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning derivative financial liabilities held for trading:

Derivative Financial Liabilities Held for Trading	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Forward Transactions	16.908	3.821	26.467	5.586
Swap Transactions	54.075	52.339	103.875	11.999
Futures Transactions	-	-	-	-
Options	293	26.971	482	18.493
Other	-	-	-	-
Total	71.276	83.131	130.824	36.078

c. Information on borrowings:

1. Information on banks and other financial institutions:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	23.602	54.510	24.711	48.646
From Foreign Banks, Institutions and Funds	-	2.646.133	-	2.133.362
Total	23.602	2.700.643	24.711	2.182.008

2. Information on maturity structure of borrowings:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Short-term	23.602	445.376	24.711	216.447
Medium and Long-term	-	2.255.267	-	1.965.561
Total	23.602	2.700.643	24.711	2.182.008

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

The Bank’s main funding sources are deposits and borrowings. As of 30 June 2017, deposits and borrowings from Bank’s risk group comprise 2% (31 December 2016: 1%) of total deposits. Besides this, Borrowings from Bank’s risk group comprise 58% (31 December 2016: 59%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2016: None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

e. Information on other foreign liabilities:

Other liabilities amounting to TL 130.985 (31 December 2016: TL 67.273) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

f. Information on lease payables (net):

None (31 December 2016: None).

g. Information on hedging derivative financial liabilities:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	34.123	8.515	27.528	1.958
Foreign Net Investment Hedge	-	-	-	-
Total	34.123	8.515	27.528	1.958

h. Information on provisions:

1. Information on general provisions:

	30 June 2017	31 December 2016
General Provisions	95.389	90.245
Provisions for First Group Loans and Receivables	85.194	80.121
Additional Provision for Loans and Receivables with Extended Maturities (*)	-	-
Provisions for Second Group Loans and Receivables	7.625	7.692
Additional Provision for Loans and Receivables with Extended Maturities (*)	-	-
Provisions for Non-Cash Loans	2.108	1.913
Other	462	519

(*)As of December 14, 2016, the Bank has set aside the minimum rates stipulated in the Regulation on the Procedures and Principles for the Determination of the Characteristics of Loans and Other Receivables and the Provisions to be Made on the Banks for the Standard Cash Loans at a rate of 0,5%.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES(Continued)

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 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 4.426,16 since 1 January 2017 (31 December 2016: TL 4.297,21). 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.

	30 June 2017	31 December 2016
Discount rate (%)	3,15	3,15
Salary increase rate (%)	9,00	9,00
Average remaining work period (Year)	11,43	11,43

Movement of reserve for employment termination benefits during the period:

	30 June 2017	31 December 2016
As of January 1	9.456	8.823
Service cost	2.960	1.644
Interest cost	-	935
Settlement cost	-	1.034
Actuarial loss/gain	-	(286)
Benefits paid (-)	1.579	2.694
Total	10.837	9.456

In addition, as of 30 June 2017 the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL 12.568 (31 December 2016:TL 16.667).

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(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

3. Other provisions:

i. Information on provisions for possible risks:

	30 June 2017	31 December 2016
Provisions for potential risks (*)	38.141	26.784
Total	38.141	26.784

(*) Provisions for the Bank’s potential risks in credit portfolio.

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 7.311 (31 December 2016: TL 6.835) for lawsuits, TL 2.258 (31 December 2016: TL 2.038) for non-cash loans, TL 1.596 (31 December 2016: TL 1.301) for customer cheques commitments, TL 39 (31 December 2016: TL 143) for credit card loyalty points and TL 220 (31 December 2016: TL 220) for other receivables.

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

As of 30 June 2017, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 3.682 (31 December 2016: TL 14) and is netted from the loan amount in the financial statements.

i. Information on taxes payable:

1. Information on tax provision:

As of 30 June 2017, corporate tax provision is TL 6.569 (31 December 2016: TL None).

2. Information on taxes payable:

	30 June 2017	31 December 2016
Corporate Tax Payable	6.569	-
Taxation of Marketable Securities	9.889	9.327
Property Tax	139	137
Banking Insurance Transaction Tax	6.998	6.101
Value Added Tax Payable	232	353
Other	2.540	2.731
Total	26.367	18.649

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(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES(Continued)

3. Information on premium payables:

	30 June 2017	31 December 2016
Social Security Premiums-Employee	1.043	1.895
Social Security Premiums-Employer	1.860	2.502
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	72	132
Unemployment Insurance-Employer	144	264
Other	45	-
Total	3.164	4.793

4. As of 30 June 2017, the Bank has netted-off the calculated deferred tax asset of TL 18.834 (31 December 2016: TL 16.459) and deferred tax liability of TL 39.066 (31 December 2016: TL 30.255) in accordance with “TAS 12” and has recorded a net deferred tax liability of TL 20.232 (31 December 2016: TL 13.796 net deferred tax liability) in the financial statements.

As of 30 June 2017 and 31 December 2016, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Financial Loss Carried	-	-	-	-
Legal Provision	7.311	6.835	1.462	1.367
Provisions for Possible Risks	38.141	26.784	7.628	5.357
Reserve for Employee Rights	23.405	14.484	4.681	2.897
Unearned Revenue	21.324	21.231	4.265	4.246
Other	3.992	12.959	798	2.592
Deferred Tax Assets	94.173	82.293	18.834	16.459
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	25.855	27.492	5.171	5.498
Valuation Differences of Derivative Instruments	161.805	115.360	32.361	23.072
Other	7.670	8.423	1.534	1.685
Deferred Tax Liabilities	195.330	151.275	39.066	30.255
Deferred Tax Assets/(Liabilities) (Net)	(101.157)	(68.982)	(20.232)	(13.796)

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(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES(Continued)

Movement of deferred tax asset/ liabilities is presented below:

	30 June 2017	31 December 2016
Balance as of 1 January	(13.796)	655
Current year deferred tax income/(expense) (net)	(5.307)	(13.211)
Deferred tax charged to equity (net)	(1.129)	(1.240)
Balance at the End of the Period	(20.232)	(13.796)

(*)The deferred tax effect, which is accounted under shareholders' equity arising from the impact of TAS 27, is TL 557.

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

None (31 December 2016: None).

k. Information on subordinated loans:

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

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

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

Information about subordinated loans:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	1.056.710	-	1.057.478
Other Foreign	-	-	-	-
Total	-	1.056.710	-	1.057.478

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES(Continued)

I. Information on shareholders' equity:

1. Presentation of paid-in capital:

	30 June 2017	31 December 2016
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.

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.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES(Continued)

8. Information on marketable securities valuation reserve:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(246)	(568)	(872)	(6.999)
Foreign Currency Translation Difference	-	-	-	-
Total	(246)	(568)	(872)	(6.999)

9. Information on tangible assets revaluation reserve:

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	16.127	-	16.127	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables	-	-	-	-
Total	16.127	-	16.127	-

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

According to the General Assembly meeting decision on 31 March 2017, the profit of 2016 which to TL 71.673 (TAS 27) is not distributed and it is classified as legal reserve.

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(Continued)**

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	30 June 2017	31 December 2016
Foreign currency buy/sell commitments	1.127.767	576.525
Commitments for cheques	328.782	302.867
Loan limit commitments	152.337	145.005
Forward securities commitments	42.704	618
Commitments for credit card limits	15.857	17.475
Capital commitments for subsidiaries	14.997	14.997
Promotions for the credit cards and their care services	8	14
Total	1.682.452	1.057.501

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:

	30 June 2017	31 December 2016
Letter of guarantees	1.764.247	1.584.427
Letter of credits	343.688	256.635
Bank acceptance loans	97.200	130.717
Other guarantees	8.253	10.429
Factoring guarantees	28	28
Total	2.213.416	1.982.236

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

	30 June 2017		31 December 2016	
	TL	FC	TL	FC
Irrevocable letters of guarantee	643.149	359.272	612.453	389.228
Revocable letters of guarantee	149.050	25.975	73.964	33.691
Guarantees given to customs	17.866	62.456	18.689	58.023
Letters of guarantee given in advance	4.946	168.377	9.089	161.826
Other letters of guarantee	20.684	312.472	16.724	210.740
Total	835.695	928.552	730.919	853.508

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

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

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

	30 June 2017	31 December 2016
Non-cash loans given against cash loans	333.391	229.648
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	333.391	229.648
Other non-cash loans	1.880.025	1.752.588
Total	2.213.416	1.982.236

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

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	808.445	911.134	21.538	17.015
Bank Acceptances	4.580	92.620	-	-
Letters of Credit	-	343.088	-	600
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	28	-	-	-
Other Commitments and Contingencies	-	8.253	-	-
Total	813.053	1.355.095	21.538	17.615

(*)In addition to non-cash loans stated above, the Bank has non-cash loans classified as non-performing loans, amounting to TL 6.115. As of 30 June 2017, the Bank has recorded a TL 2.258 provision regarding these risks.

b. Information on contingent assets and contingent liabilities:

As of 30 June 2017, the total amount of legal cases against the Bank is TL 46.327 (31 December 2016: TL 44.938) and the Bank sets aside a provision of TL 7.311 (31 December 2016: TL 6.835) regarding these risks. 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.

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

FITCH (9 February 2017)

Outlook	Stable
Long Term FC	BBB-
Short Term FC	F3
Long Term TL	BBB-
Short Term TL	F3
Viability Note	b+
Support Rating	2
National Rating	AAA(tur)

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans:

	30 June 2017		30 June 2016	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	174.669	7.078	168.624	11.929
Medium/Long-term Loans	159.848	171.873	96.796	122.660
Interest on Loans Under Follow-up	2.739	-	2.199	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	337.256	178.951	267.619	134.589

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

2. Information on interest income on banks:

	30 June 2017		30 June 2016	
	TL	FC	TL	FC
From the CBRT	10.348	-	-	-
From Domestic Banks	7.672	292	999	162
From Foreign Banks	-	13	-	11
Headquarters and Branches Abroad	-	-	-	-
Total	18.020	305	999	173

3. Information on interest income on marketable securities:

	30 June 2017		30 June 2016	
	TL	FC	TL	FC
From Trading Financial Assets	1.579	92	1.929	168
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	14.748	3.672	10.386	7.256
From Held-to-Maturity Investments	-	3.610	-	-
Total	16.327	7.374	12.315	7.424

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

	30 June 2017	30 June 2016
Interest Received From Investments in Associates and Subsidiaries	797	248

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 June 2017		30 June 2016	
	TL	FC	TL	FC
Banks	813	57.091	1.145	34.328
The CBRT	-	-	-	-
Domestic Banks	813	553	1.140	521
Foreign Banks	-	56.538	5	33.807
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	6.178	-	4.312
Total (*)	813	63.269	1.145	38.640

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

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

	30 June 2017	30 June 2016
Interest Paid to Investment in Associates and Subsidiaries	1.407	1.217

3. Interest expense on issued marketable securities:

	30 June 2017	30 June 2016
Interest expense on issued marketable securities	-	2.914

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	-	2.023	-	-	-	-	-	2.023
Savings Deposits	-	7.461	89.829	3.327	1.283	2.858	-	104.758
Public Deposits	-	-	13	-	-	-	-	13
Commercial Deposits	-	7.523	24.981	2.295	1.508	4.861	-	41.168
Other Deposits	-	219	10.267	179	8	461	-	11.134
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	-	17.226	125.090	5.801	2.799	8.180	-	159.096
Foreign Currency								
Foreign Currency Account	-	3.699	73.392	8.001	2.151	597	-	87.840
Bank Deposits	-	1.223	-	-	-	-	-	1.223
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	4.922	73.392	8.001	2.151	597	-	89.063
Sum Total	-	22.148	198.482	13.802	4.950	8.777	-	248.159

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

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

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

	30 June 2017	30 June 2016
Income	9.576.781	7.507.711
Capital Market Transactions	5.307	9.496
Derivative Financial Transactions	25.796	10.276
Foreign Exchange Gains	9.545.678	7.487.939
Loss (-)	9.569.272	7.498.964
Capital Market Transactions	2.852	2.478
Derivative Financial Transactions	24.096	12.703
Foreign Exchange Loss	9.542.324	7.483.783
Net Income/Loss	7.509	8.747

d. Information on other operating income:

As of 30 June 2017, the Bank’s other operating income is TL 6.050 (30 June 2016: TL 5.048). TL 2.671 (30 June 2016: TL 1.014) amount of the other operating income is composed of the profit from sales of the fixed assets that were classified as Asset Held for Resale.

e. Provision expenses related to loans and other receivables of the Bank:

	30 June 2017	30 June 2016
Specific Provisions for Loans and Other Receivables	27.194	13.927
III. Group Loans and Receivables	1.348	3.539
IV. Group Loans and Receivables	7.085	634
V. Group Loans and Receivables	18.761	9.754
General Provision Expenses	2.909	15.325
Provision Expense for Possible Risks	9.741	6.726
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	39.844	35.978

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

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

f. Information related to other operating expenses:

	30 June 2017	30 June 2016
Personnel Expenses	72.424	68.012
Reserve For Employee Termination Benefits (*)	4.056	3.766
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	4.570	4.373
Impairment Expenses of Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	4.600	3.806
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	71	5
Depreciation Expenses of Assets Held for Resale	398	135
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	49.519	41.222
Operational Lease Expenses	13.813	13.484
Maintenance Expenses	460	652
Advertising Expenses	414	303
Other Expense	34.832	26.783
Loss on Sales of Assets	433	258
Other	12.753	12.912
Total	148.824	134.489

(*) As of 30 June 2017, “the employee vacation fee provision expense” is TL 1.096 (30 June 2016: TL 1.000).

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

The Bank has no discontinued operations. The Bank’s net in profit before taxes from continuing operations is TL 57.123 (30 June 2016: TL 27.955 profit before tax).

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

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

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

As of 30 June 2017, the Bank current tax expense amounting to TL 6.735 and deferred tax expense amounting to TL 5.307.

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(Continued)**

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

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

The Bank has TL 6.130 deferred tax income from temporary differences and there is no deferred tax income from carried financial loss amount. TL 11.437 deferred tax expense from closed temporary differences amounting to net TL 5.307 deferred tax expense.

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

As of 30 June 2017, the Bank has TL 5.307 deferred tax expense arising from temporary differences and there is no deferred tax income from carried financial loss belongs to the prior period.

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

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

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

1. If the disclosure of usual banking transactions, income and expenditure items' composition is necessary to understand the annual performance of 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.

k. Information on other income and expenses:

1. Interest income amounts to TL 686.208 (30 June 2016: TL 547.348) and TL 117.760 (30 June 2016: TL 114.978) of this amount is classified as "Other Interest Income" in the income statement of Bank in the current period.

	30 June 2017	30 June 2016
Other Interest Income		
Interest Income Related to Derivative Transactions	115.975	114.004
Other	1.785	974
Total	117.760	114.978

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

2. Interest expense amounts to TL 475.213 (30 June 2016: TL 372.761), TL 153.650 (30 June 2016: TL 135.571) of this amount is classified as "Other Interest Expense" in the income statement of Bank in the current period.

	30 June 2017	30 June 2016
Other Interest Expense		
Interest Expense Related to Derivative Transactions	152.528	125.090
Other	1.123	10.481
Total	153.650	135.571

3. As of 30 June 2017, the Bank's fee and commission income amounts to TL 20.435 (30 June 2016: TL 12.567) and TL 11.521 (30 June 2016: TL 5.701) the related amount is classified under "Other fee and commission income" account.

	30 June 2017	30 June 2016
Other Fee and Commissions Received		
Insurance Comissions	2.128	759
Account Operating Fees	907	696
Transfer Comissions	418	582
Commissions from Correspondent Banks	245	206
Credit Card and POS Transaction Comissions	223	576
Common Point Comissions	49	50
Commissions on Investment Fund Services	48	76
Letter of Credit Comissions	3	6
Other	7.500	2.750
Total	11.521	5.701

4. As of 30 June 2017, Bank's fee and commission expense amounts to TL 3.302 (30 June 2016: TL 3.170) and TL 3.283 (30 June 2016: TL 3.160) of the related amount is classified under "Other fee and commission expense" account.

	30 June 2017	30 June 2016
Other Fee and Commissions Given		
Credit Card Transaction Commission	1.313	1.712
Commissions Granted to Correspondent Banks	616	401
EFT Comissions	409	344
Common Point Comissions	189	206
Transfer Comissions	57	59
Other	699	438
Total	3.283	3.160

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

1. Prior period financial information is presented as at 31 December 2016 and 30 June 2016 for balance sheet and income statements items.

30 June 2017:

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	-	27.908	-	-	113	68.425
Balance at the End of the Period	20.280	25.375	-	380	138	68.783
Interest and Commission Income Received	797	29	-	-	9	-

31 December 2016:

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	-	23.519	-	219	89	8.753
Balance at the End of the Period	-	27.908	-	-	113	68.425
Interest and Commission Income Received	248	18	-	-	3	-

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	61.164	84.098	5.656	6.184	26.005	17.841
End of the Period	68.330	61.164	108.941	5.656	46.773	26.005
Interest Expense on Deposits	1.407	1.217	70	-	82	635

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. 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	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	-	-	-	-

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 (*)	307.337	92.529	-	-	-	-
Balance at the end of the period (*)	635.235	307.337	-	-	-	-
Total Profit/Loss	7.858	3.085				
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

(*)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	2.185.543	57,80
Deposit	224.044	2,43
Non-cash loans	94.538	4,27
Loans	20.418	0,17
Banks and Other Institutions	1.334	0,56

As of 30 June 2017, there is no interest income from deposits given to shareholders of the Bank (30 June 2016: None) and the Bank has realized interest expense amounting to TL 42.991

(30 June 2016: TL 25.553) 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 30 JUNE 2017

(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 BANK'S RISK GROUP (Continued)

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

According to the Joint Expense Sharing Agreement with the Bank, Bank has other operating income of TL 174 (30 June 2016: TL 166) from Burgan Finansal Kiralama A.Ş.. Other operating income amounting to TL 132 (30 June 2016: TL 24) received from Burgan Yatırım Menkul Değerler A.Ş. and there is other operating expense from Burgan Finansal Kiralama A.Ş. amounting to TL 63 (30 June 2016: TL 6).

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 0,82% (30 June 2016: 0,38%) of the Bank's total cash and non-cash loans.

As of 30 June 2017 there are no purchase-sales transactions on any assets including real - estate with the risk group consisting the Bank.

As of 30 June 2017 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Bank is included.

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 11.378 (30 June 2016: TL 9.861) which include total gross salary, travel, meal, health, life insurance and other expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

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

SECTION SIX

EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

The unconsolidated financial statements as of 30 June 2017 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the auditor’s independent limited review report dated 4 August 2017 has been presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

I. REVIEWS OF CHAIRMAN OF BOARD OF DIRECTORS AND GENERAL MANAGER WITH RESPECT TO OPERATING CYCLE AND THEIR FUTURE EXPECTATIONS

The global economic activity continues to expand at a solid pace, supported by a cyclical upturn in global manufacturing, investment and stronger trade growth. However, there are some changes in composition among major economies, with slightly firmer growth in European and Asian economies and slightly slower pace in the US. In emerging economies, growth is projected to pick up in 2017, as external demand recovers and several commodity-exporting countries continue to stabilize. Under this framework, IMF maintained its global growth forecasts for 2016 at 3,1% and for 2017 at 3,5%. Despite the firming growth picture, inflation remain subdued, which increases the uncertainty on monetary policy stance of major central banks. Fed hiked the policy rate by 25bps to 1,0-1,25% range in June, and reiterated its guidance for another 25bps hike in the remainder of the year. Additionally, the Fed released the policy normalisation principles and plans in June, and stated that the process to shrink the balance sheet will start in 2017. On the other hand, ECB signalled its commitment to maintain accommodative policy stance until inflation reaches a path consistent with medium-term targets.

In Turkey, the outlook remains for a pick-up in growth, thanks to the fiscal measures to revive domestic demand, production and employment as well as recovery in global economy. Turkish GDP posted a stronger than expected 5,0% yoy growth in the first quarter of 2017, driven by higher contributions from private consumption, public spending and net exports. Private consumption and public consumption expanded by 5,1% yoy and 9,4% yoy in 1Q17, respectively. The contribution of net exports reached 2,2pp as exports of goods and services increase 10,6% yoy in 1Q17. However, investment growth remains subdued. Leading indicators suggest continuation of relatively strong growth in 2Q17. Industrial production growth accelerated to 5% in April-May period from 1,7% in 1Q. PMI hit 54,7 as of June, the highest level since November 2013. Capacity utilisation rate rose to an average of 78,8% in 2Q17, the highest level since 2008. Particularly, the extended loan facility of the Credit Guarantee Fund had favourable implications on loan growth and economic activity. Hence, Turkish economy is projected to grow by around 4% in 2017.

The economic recovery in EU and relatively weaker TRL continue to support exports. Exports rose 7,5% yoy in 2Q17 despite lower number of working days. Similarly, tourism sector tend to revive as of 2Q17. Number of tourist arrivals increased by 27% yoy in 2Q, particularly driven by higher number of visitors from Russia and Middle-east. On the other hand, imports have slightly gained momentum in 2Q on the back of stronger economic activity as well as higher gold and energy imports. Gold imports have exceeded US\$5bn in 2Q17, while energy imports increased by 26%yoy. Thus, 12m rolling current account deficit widened to US\$35,3 bn as of May, and is projected to widen further towards US\$37bn by YE17.

Inflation has gradually decelerated in 2Q on the back of relatively stable exchange rate, decline in global oil prices and high base in food inflation. Headline inflation retreated to 10,9% as of June, after having hit 11,9% in April triggered by delayed pass-through from weaker TRL and higher food prices. However, both short-term and long-term inflation expectations remain elevated, diverting remarkably from the target of 5% and +/-2% uncertainty band.

Under this framework, the CBT maintains the tight monetary policy stance through using Late Liquidity Window (LLW) and Marginal Funding (MFR) rates. The CBT had increased the LLW by 225bp to 12,25% and the MFR by 75bps to 9,25% since the beginning of the year. Thus, the average weighted funding rate jumped by roughly 375bp to 11,98% as of end-June.

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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

I. REVIEWS OF CHAIRMAN OF BOARD OF DIRECTORS AND GENERAL MANAGER WITH RESPECT TO OPERATING CYCLE AND THEIR FUTURE EXPECTATIONS (Continued)

The political agenda has eased after the approval of the constitutional referendum on April 16. In the upcoming period, we will be monitoring the strength of economic recovery as well as the course of inflation and the CBT’s policy stance. On the global front, the risk appetite will continue to depend on the path of inflation outlook, the pace of Fed’s rate hike cycle and balance sheet reduction, and any steps of policy normalisation by the other major central banks.

Unconsolidated balance sheet size of our bank dated 30 June 2017 is TL 15.071.909 while unconsolidated deposit total is TL 9.234.816. Burgan Bank has maintained its support to customers uninterruptedly and unconsolidated net cash loans and factoring receivables total is realized as TL 11.813.397. In 2017, as a result of our attention on credit risk management and strong collateral structure, nonperforming loans to total cash loans ratio is 2,4 , which is below the level of the Turkish banking sector average. Our unconsolidated equities have realized as TL 1.139.785 while our unconsolidated capital adequacy ratio has risen up to 17,17%. Our Bank has made a net profit of TL 45.081 in the second quarter of 2017. We will continue to render our services in 16 cities through deepening our relations with our current customers besides gaining new customers.

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

Ali Murat DİNÇ
Member of Board of Directors and General Manager

Mehmet N. ERTEN
Chairman of Board of Directors

(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 30 JUNE 2017

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

II. NAMES, SURNAMES, DUTY TERMS, FIELDS OF RESPONSIBILITIES, EDUCATIONAL BACNKGROUNDS AND PROFESSIONAL EXPERIENCES OF MEMBERS AND CHAIRMAN OF BOARD OF DIRECTORS AND MANAGERS OF DEPARTMENTS WITHIN THE SCOPE OF INTERNAL SYSTEMS

<u>Name</u>	<u>Duty</u>	<u>Date of Assignment</u>	<u>Educational Background</u>	<u>Banking and Managership Experience (Year)</u>
<i>Chairman and Members of Board of Directors:</i>				
Mehmet Nazmi Erten	Chairman	29.01.2014	Bachelor's degree	29
Faisal M.A. Al Radwan	Deputy 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	Post graduate	22
Adrian Alejandro Gostuski	Member	21.12.2012	Post graduate	35
Mehmet Alev Göçmez	Member	23.01.2013	Post graduate	33
Halil Cantekin	Member	30.03.2015	Bachelor's degree	31
Osama T. Al Ghoussein	Member	25.06.2014	Bachelor's degree	33
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>General Manager</i>				
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>Deputy General Managers: (*)</i>				
Esra Aydın	Operation & Management Services	01.08.2007	Bachelor's degree	16
Mutlu Akpara	Treasury, Capital Markets and Financial Institutions	08.08.2007	Post graduate	11
Hüseyin Cem Öge	Corporate Banking	22.08.2007	Post graduate	13
Cihan Vural	Internal systems	03.11.2008	Bachelor's degree	13
Rasim Levent Ergin	Human Resources	01.11.2012	Post graduate	17
Emine Pınar Kuriş	Retail Banking	10.12.2013	Doctorate	16
Suat Kerem Sözügüzel	Commercial & SME banking	01.04.2014	Bachelor's degree	17
Hasan Hüseyin Uyar	Credits	01.04.2014	Post graduate	27
Mehmet Yalçın	Financial Affairs	20.05.2016	Bachelor's degree	19

(*) At the Board of Directors' meeting held on May 22, 2017, it was decided to remove the title of "Assistant General Manager" of Tuba Onay Ergelen, who was serving as the Head of Strategic Planning and Corporate Communications, and it was decided to continue with the title of Group President.

Robbert J. R. Voogt, who served as Senior Vice President, Operations, IT and Private Banking at the Bank, left his position on June 12, 2017.

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

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

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

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

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

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

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

V. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD

On The date of 21 October 2016, by permission of the Capital Market Board, 5 investment funds which is founded by Burgan Portföy Yönetimi A.Ş. were liquidated on 2 May 2017.

The establishment of Burgan Faktoring A.Ş., which is in the process of establishment, has been abandoned. As a result of the application, following the BRSA’s letter dated 29 March 2017, the establishment permission was canceled.

The application made by our Bank to the Capital Markets Board for issuance of bonds for the purpose of selling to real persons and legal entities residing abroad by the nominal value of USD 400.000.000 on 13.06.2017 was approved on 21 July 2017.

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

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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

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

	30.06.2017	31.12.2016	Change (%)
Total assets	15.071.909	13.721.616	9,8
Credits and Factoring Receivables (Net)	11.813.397	10.685.527	10,6
Securities	503.709	684.002	(26,4)
Deposits	9.234.816	8.309.833	11,1
Debts having credit characteristics	3.998.279	3.661.707	9,2
Shareholder's equity	1.139.785	1.092.558	4,3
Guarantee and suretyship	2.213.416	1.982.236	11,7
Capital Adequacy ratio	17,17%	17,66%	(2,8)

	(01/01/2017 - 30/06/2017)	(01/01/2016 - 30/06/2016)	(01/04/2017 - 30/06/2017)	(01/04/2016 - 30/06/2016)
Period Net Profit/(Loss)	45.081	20.119	24.217	13.888

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

The Bank, gives corporate, commercial, small enterprise, individual, factoring with private banking and financial leasing with its affiliates and banking products and services having a high added value in investment banking fields thanks to its total 47 branches including 9 retail, 1 commercial, 1 corporate and 36 mixed banking branches, its internet banking applications and call centre and 969 employees.

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

30 June 2017

TL Million	Burgan Bank	Sector (*)	Share of our Bank (%)
Cash Credits	11.393	1.938.537	0,59
Customer Deposits	8.772	1.676.019	0,52
Branch Number	47	10.724	0,44
Personnel Number	969	196.019	0,49

(*) Reference BRSA and The Banks Associations of Turkey