

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES TOGETHER WITH INDEPENDENT
LIMITED REVIEW REPORT AT 30 SEPTEMBER 2016**

INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the consolidated statement of financial position of Burgan Bank A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") at 30 September 2016 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Burgan Bank A.Ş. and its subsidiaries at 30 September 2016 and of the results of its operations and its cash flows for the nine-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VII, are not consistent with the consolidated 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 consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Fatma Ebru Yücel
Partner, SMMM

İstanbul, 11 November 2016

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

**THE CONSOLIDATED INTERIM FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 30 SEPTEMBER 2016**

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

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

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

Subsidiaries	Investment in Associates	Joint Ventures
1. Burgan Finansal Kiralama A.Ş.	-	-
2. Burgan Yatırım Menkul Değerler A.Ş.	-	-
3. Burgan Portföy Yönetimi A.Ş.	-	-
4. Burgan Wealth Limited	-	-

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

11 November 2016

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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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

GENERAL INFORMATION (Continued)

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

The Parent Bank's registered capital ceiling is 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), Jordan (Jordan Kuwait Bank) and Tunisia (Tunis International Bank).

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(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 PARENT BANK THEY POSSESS:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Mehmet Nazmi Erten	Chairman of Board of Directors	Undergraduate
Board of Directors Members:	Faisal M.A. Al Radwan	Vice President	Undergraduate
	Eduardo Eguren Linsen	Member	Undergraduate
	Majed E.A.A. Al Ajeel	Member	Graduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halil Cantekin	Member	Undergraduate
	Osama T. Al Ghoussein	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Vice General Managers:	Robbert J. R. Voogt	Operation, IT and Private Banking Senior Vice General Manager	Undergraduate
	Esra Aydın	Operations & 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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

GENERAL INFORMATION (Continued)

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

Name/Commercial title	Share Amounts	Share percentage	Paid-in Capital	Unpaid portion
Burgan Bank 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 PARENT BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 30 September 2016, the Parent Bank has 51 branches operating in Turkey (31 December 2015: 56). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 September 2016, the Group has 1.104 (31 December 2015: 1.164) employees.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2016 AND 31 DECEMBER 2015**

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

I. BALANCE SHEET	Note (Section Five)	(30/09/2016)			(31/12/2015)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. CASH AND BALANCES WITH CENTRAL BANK	I-a	121.838	1.022.430	1.144.268	147.888	946.187	1.094.075
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	118.597	45.045	163.642	72.578	37.310	109.888
2.1 Trading Financial Assets		118.597	45.045	163.642	72.578	37.310	109.888
2.1.1 Government Debt Securities		26.551	1.125	27.676	27.938	2.569	30.507
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		55.914	43.688	99.602	37.598	34.517	72.115
2.1.4 Other Marketable Securities		36.132	232	36.364	7.042	224	7.266
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	2.231	124.053	126.284	87.166	107.967	195.133
IV. MONEY MARKETS		1.277	-	1.277	22.195	-	22.195
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		1.205	-	1.205	22.195	-	22.195
4.3 Receivables from Reverse Repurchase Agreements		72	-	72	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	219.968	290.623	510.591	272.856	380.474	653.330
5.1 Share Certificates		11.568	-	11.568	11.567	-	11.567
5.2 Government Debt Securities		207.891	222.377	430.268	258.441	279.985	538.426
5.3 Other Marketable Securities		509	68.246	68.755	2.848	100.489	103.337
VI. LOANS	I-e	4.196.916	4.986.319	9.183.235	3.806.299	4.458.500	8.264.799
6.1 Loans		4.065.158	4.986.319	9.051.477	3.702.571	4.458.500	8.161.071
6.1.1 Loans to Bank's Risk Group		93	8	101	84	5	89
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		4.065.065	4.986.311	9.051.376	3.702.487	4.458.495	8.160.982
6.2 Loans under Follow-up		249.001	-	249.001	240.615	-	240.615
6.3 Specific Provisions (-)		117.243	-	117.243	136.887	-	136.887
VII. FACTORING RECEIVABLES	I-e	192	773	965	856	817	1.673
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-g	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	I-h	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	I-i	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-j	279.027	855.089	1.134.116	305.404	623.323	928.727
12.1 Financial Lease Receivables		360.871	976.120	1.336.991	407.352	712.029	1.119.381
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		81.844	121.031	202.875	101.948	88.706	190.654
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	I-k	43.829	618	44.447	40.809	36	40.845
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		43.829	618	44.447	40.809	36	40.845
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		60.291	1.504	61.795	63.580	-	63.580
XV. INTANGIBLE ASSETS (Net)		41.831	853	42.684	45.737	-	45.737
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		41.831	853	42.684	45.737	-	45.737
XVI. INVESTMENT PROPERTY (Net)	I-l	-	-	-	-	-	-
XVII. TAX ASSET		12.471	-	12.471	9.541	-	9.541
17.1 Current Tax Asset		262	-	262	245	-	245
17.2 Deferred Tax Asset		12.209	-	12.209	9.296	-	9.296
XVIII. ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-n	37.065	-	37.065	6.695	-	6.695
18.1 Held for Resale		37.065	-	37.065	6.695	-	6.695
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-o	143.538	87.709	231.247	88.376	48.523	136.899
TOTAL ASSETS		5.279.071	7.415.016	12.694.087	4.969.980	6.603.137	11.573.117

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

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**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2016 AND 31 DECEMBER 2015**

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

I.	BALANCE SHEET	Note (Section Five)	(30/09/2016)			(31/12/2015)		
			TL	FC	Total	TL	FC	Total
	LIABILITIES							
I.	DEPOSITS	II-a	2.661.988	4.018.000	6.679.988	1.872.349	4.739.162	6.611.511
1.1	Deposits of Bank's Risk Group		6.894	20.943	27.837	4.586	19.440	24.026
1.2	Other		2.655.094	3.997.057	6.652.151	1.867.763	4.719.722	6.587.485
II.	TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	49.480	32.987	82.467	46.703	29.613	76.316
III.	BORROWINGS	II-c	56.605	2.948.966	3.005.571	140.264	2.381.984	2.522.248
IV.	MONEY MARKETS		261.931	208.320	470.251	172.258	265.819	438.077
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		39.663	-	39.663	42.291	-	42.291
4.3	Funds Provided Under Repurchase Agreements		222.268	208.320	430.588	129.967	265.819	395.786
V.	MARKETABLE SECURITIES ISSUED (Net)	II-d	49.248	-	49.248	49.255	-	49.255
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		49.248	-	49.248	49.255	-	49.255
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		39.623	78.674	118.297	92.320	66.902	159.222
VIII.	OTHER LIABILITIES	II-e	132.957	3.998	136.955	82.853	2.253	85.106
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	18.945	3.211	22.156	15.132	-	15.132
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		18.945	3.211	22.156	15.132	-	15.132
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	II-h	89.934	66.854	156.788	81.733	59.435	141.168
12.1	General Loan Loss Provision		42.587	45.118	87.705	38.681	38.816	77.497
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		26.027	-	26.027	26.817	-	26.817
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		21.320	21.736	43.056	16.235	20.619	36.854
XIII.	TAX LIABILITY	II-i	27.866	-	27.866	23.687	-	23.687
13.1	Current Tax Liability		26.991	-	26.991	23.687	-	23.687
13.2	Deferred Tax Liability		875	-	875	-	-	-
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	-	901.434	901.434	-	438.893	438.893
XVI.	SHAREHOLDERS' EQUITY	II-l	1.043.238	(172)	1.043.066	1.013.359	(857)	1.012.502
16.1	Paid-in Capital		900.000	-	900.000	900.000	-	900.000
16.2	Capital Reserves		9.753	(172)	9.581	20.270	(857)	19.413
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Reserve		147	1.928	2.075	(1.521)	(857)	(2.378)
16.2.4	Tangible Assets Revaluation Reserve		15.122	-	15.122	15.122	-	15.122
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)		(2.969)	(2.100)	(5.069)	9.216	-	9.216
16.2.9	Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		(2.547)	-	(2.547)	(2.547)	-	(2.547)
16.3	Profit Reserves		93.089	-	93.089	87.205	-	87.205
16.3.1	Legal Reserves		20.178	-	20.178	19.107	-	19.107
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		72.911	-	72.911	68.098	-	68.098
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Income or (Loss)		40.396	-	40.396	5.884	-	5.884
16.4.1	Prior Years' Income or (Loss)		-	-	-	(46.285)	-	(46.285)
16.4.2	Current Year Income or (Loss)		40.396	-	40.396	52.169	-	52.169
16.5	Minority Shares		-	-	-	-	-	-
	TOTAL LIABILITIES		4.431.815	8.262.272	12.694.087	3.589.913	7.983.204	11.573.117

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

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

BURGAN BANK A.Ş.

**CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT
30 SEPTEMBER 2016 AND 31 DECEMBER 2015**

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

II. OFF-BALANCE SHEET	Note (Section Five/Five)	(30/09/2016)			(31/12/2015)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I-II+III)		9.242.587	16.971.038	26.213.625	6.824.401	12.871.473	19.695.874
I. GUARANTEES AND WARRANTIES	III-a-2-3	710.602	1.050.993	1.761.595	631.672	912.483	1.544.155
1.1 Letters of Guarantee		706.812	742.718	1.449.530	628.292	596.943	1.225.235
1.1.1 Guarantees Subject to State Tender Law		7.603	10.151	17.754	7.486	26.218	33.704
1.1.2 Guarantees Given for Foreign Trade Operations							
1.1.3 Other Letters of Guarantee		699.209	732.567	1.431.776	620.806	570.725	1.191.531
1.2 Bank Acceptances		3.762	149.417	153.179	3.352	93.928	97.280
1.2.1 Import Letter of Acceptance		3.762	149.417	153.179	3.352	93.928	97.280
1.2.2 Other Bank Acceptances							
1.3 Letters of Credit			148.259	148.259		195.057	195.057
1.3.1 Documentary Letters of Credit			148.259	148.259		195.057	195.057
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			10.599	10.599		26.555	26.555
1.9 Other Collaterals							
II. COMMITMENTS	III-a-1	661.633	325.957	987.590	677.279	275.640	952.919
2.1 Irrevocable Commitments		661.633	325.957	987.590	677.279	275.640	952.919
2.1.1 Asset Purchase and Sales Commitments		225.393	325.957	551.350	220.061	275.640	495.701
2.1.2 Deposit Purchase and Sales Commitments							
2.1.3 Share Capital Commitments to Associates and Subsidiaries		14.997		14.997			
2.1.4 Commitments for Loan Limits		103.344		103.344	128.409		128.409
2.1.5 Securities Issue Brokerage Commitments							
2.1.6 Commitments for Reserve Deposit Requirements							
2.1.7 Commitments for Cheques		300.565		300.565	299.665		299.665
2.1.8 Tax and Fund Liabilities from Export Commitments							
2.1.9 Commitments for Credit Card Limits		17.312		17.312	25.825		25.825
2.1.10 Promotion Commitments for Credit Cards and Banking Services		22		22	19		19
2.1.11 Receivables from Short Sale Commitments of Marketable Securities							
2.1.12 Payables for Short Sale Commitments of Marketable Securities							
2.1.13 Other Irrevocable Commitments					3.300		3.300
2.2 Revocable Commitments							
2.2.1 Revocable Commitments for Loan Limits							
2.2.2 Other Revocable Commitments							
III. DERIVATIVE FINANCIAL INSTRUMENTS		7.870.352	15.594.088	23.464.440	5.515.450	11.683.350	17.198.800
3.1 Hedging Derivative Financial Instruments		587.700	1.669.832	2.257.532	248.580	736.192	984.772
3.1.1 Transactions for Fair Value Hedge							
3.1.2 Transactions for Cash Flow Hedge		587.700	1.669.832	2.257.532	248.580	736.192	984.772
3.1.3 Transactions for Foreign Net Investment Hedge							
3.2 Trading Derivative Financial Instruments		7.282.652	13.924.256	21.206.908	5.266.870	10.947.158	16.214.028
3.2.1 Forward Foreign Currency Buy/Sell Transactions		611.194	849.875	1.461.069	374.864	949.719	1.324.583
3.2.1.1 Forward Foreign Currency Transactions-Buy		420.797	314.145	734.942	200.408	460.907	661.315
3.2.1.2 Forward Foreign Currency Transactions-Sell		190.397	535.730	726.127	174.456	488.812	663.268
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		3.187.918	7.747.662	10.935.580	2.902.323	6.961.022	9.863.345
3.2.2.1 Foreign Currency Swap-Buy		1.581.147	1.719.022	3.300.169	988.804	1.853.741	2.842.545
3.2.2.2 Foreign Currency Swap-Sell		1.166.771	2.119.104	3.285.875	1.473.519	1.390.415	2.863.934
3.2.2.3 Interest Rate Swap-Buy		220.000	1.954.768	2.174.768	220.000	1.858.433	2.078.433
3.2.2.4 Interest Rate Swap-Sell		220.000	1.954.768	2.174.768	220.000	1.858.433	2.078.433
3.2.3 Foreign Currency, Interest rate and Securities Options		3.482.012	5.326.719	8.808.731	1.988.329	3.036.417	5.024.746
3.2.3.1 Foreign Currency Options-Buy		1.767.949	2.637.813	4.405.762	985.139	1.524.640	2.509.779
3.2.3.2 Foreign Currency Options-Sell		1.714.063	2.688.906	4.402.969	1.003.190	1.511.777	2.514.967
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		1.528		1.528	1.354		1.354
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		29.066.184	17.015.494	46.081.678	24.767.132	14.305.360	39.072.492
IV. ITEMS HELD IN CUSTODY		1.604.305	122.345	1.726.650	1.600.255	117.865	1.718.120
4.1 Customer Fund and Portfolio Balances							
4.2 Investment Securities Held in Custody		688.914	21.517	710.431	621.314	18.910	640.224
4.3 Cheques Received for Collection		834.566	82.934	917.500	843.730	83.272	927.002
4.4 Commercial Notes Received for Collection		80.825	17.894	98.719	105.083	15.683	120.766
4.5 Other Assets Received for Collection							
4.6 Assets Received for Public Offering							
4.7 Other Items Under Custody					30.128		30.128
4.8 Custodians							
V. PLEDGES RECEIVED		27.461.879	16.883.698	44.345.577	23.165.927	14.175.131	37.341.058
5.1 Marketable Securities		1.043		1.043	1.043		1.043
5.2 Guarantee Notes		18.284.921	8.681.084	26.966.005	16.761.580	8.098.175	24.859.755
5.3 Commodity		810.527	8.143	818.670	677.707	8.807	686.514
5.4 Warranty							
5.5 Immovable		7.871.294	5.774.799	13.646.093	5.399.915	4.197.673	9.597.588
5.6 Other Pledged Items		494.094	2.419.672	2.913.766	325.682	1.870.476	2.196.158
5.7 Pledged Items-Depository							
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES			9.451	9.451	950	12.364	13.314
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		38.308.771	33.986.532	72.295.303	31.591.533	27.176.833	58.768.366

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED INCOME STATEMENT AS AT
30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015**

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

		Note (Section Five)	01/01/2016- 30/09/2016	01/01/2015- 30/09/2015	01/07/2016- 30/09/2016	01/07/2015- 30/09/2015
III.	INCOME STATEMENT					
I.	INTEREST INCOME	IV-a	910.670	665.423	309.919	241.533
1.1	Interest on Loans		608.254	498.319	206.294	182.559
1.2	Interest Received from Reserve Requirements		7.139	2.270	2.370	1.086
1.3	Interest Received from Banks		2.263	3.413	278	392
1.4	Interest Received from Money Market Transactions		6.064	5.156	1.560	454
1.5	Interest Received from Marketable Securities Portfolio		31.179	25.014	10.297	7.734
1.5.1	Trading Financial Assets		5.128	3.685	1.888	1.730
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-	-	-
1.5.3	Available-for-sale Financial Assets		26.051	21.329	8.409	6.004
1.5.4	Held-to-maturity Investments		-	-	-	-
1.6	Financial Lease Income		65.151	50.217	23.517	17.815
1.7	Other Interest Income	IV-k	190.620	81.034	65.603	31.493
II.	INTEREST EXPENSE (-)	IV-b	601.808	400.859	200.236	148.051
2.1	Interest on Deposits (-)		285.480	211.890	99.660	71.237
2.2	Interest on Funds Borrowed (-)		92.921	68.873	34.355	26.832
2.3	Interest Expense on Money Market Transactions (-)		18.034	9.619	5.687	3.149
2.4	Interest on Securities Issued (-)		8.946	3.017	3.170	1.550
2.5	Other Interest Expenses (-)	IV-k	196.427	107.460	57.364	45.283
III.	NET INTEREST INCOME (I - II)		308.862	264.564	109.683	93.482
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		29.318	35.166	10.420	9.630
4.1	Fees and Commissions Received		36.032	45.359	12.244	12.159
4.1.1	Non-cash Loans		10.665	8.419	3.817	3.062
4.1.2	Other	IV-k	25.367	36.940	8.427	9.097
4.2	Fees and Commissions Paid (-)		6.714	10.193	1.824	2.529
4.2.1	Non-cash Loans (-)		424	451	175	150
4.2.2	Other (-)	IV-k	6.290	9.742	1.649	2.379
V.	DIVIDEND INCOME		627	542	-	-
VI.	TRADING INCOME / (LOSS) (Net)	IV-c	10.641	18.241	2.473	7.147
6.1	Trading Gains/(Losses) on Securities		8.262	3.862	(962)	1.383
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		(385)	(14.907)	2.716	(1.163)
6.3	Foreign Exchange Gains/(Losses)		2.764	29.286	719	6.927
VII.	OTHER OPERATING INCOME	IV-d	13.977	15.257	4.536	7.709
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		363.425	333.770	127.112	117.968
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-e	60.635	60.500	18.930	22.218
X.	OTHER OPERATING EXPENSES (-)	IV-f	247.664	221.326	82.132	82.860
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		55.126	51.944	26.050	12.890
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	IV-g	55.126	51.944	26.050	12.890
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-h	14.730	12.590	5.773	4.104
16.1	Current Tax Provision (-)		14.274	6.460	7.891	2.639
16.2	Deferred Tax Provision (-)		456	6.130	(2.118)	1.465
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV- XVI)	IV-i	40.396	39.354	20.277	8.786
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1	Income from Non-Current Assets Held for Resale		-	-	-	-
18.2	Sale Income from Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3	Other Income from Discontinued Operations		-	-	-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1	Expense from Non-Current Assets Held for Resale		-	-	-	-
19.2	Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3	Other Expenses from Discontinued Operations		-	-	-	-
XX.	INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Current tax provision		-	-	-	-
21.2	Deferred tax provision		-	-	-	-
XXII.	NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII.	NET INCOME/(LOSS) (XVII+XXII)	IV-j	40.396	39.354	20.277	8.786
	Earnings / (Loss) per share (1.000 nominal in TL full)		0,449	0,437	0,225	0,098

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN
EQUITY FOR THE 30 SEPTEMBER 2016 AND 2015**

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	30/09/2016	30/09/2015
ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE		
I. FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	5.378	(6.358)
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	-	-
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN		
IV. CURRENCY TRANSACTIONS	-	-
INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS		
V. (Effective Part of Fair Value Changes)	(17.856)	13.691
PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE		
VI. FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS	-	-
OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING		
VIII. TO TAS	151	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	2.495	(1.466)
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	(9.832)	5.867
XI. CURRENT PERIOD INCOME/LOSS	40.396	39.354
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	3.650	1.189
Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the		
11.2 Income Statement	-	-
Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented		
11.3 on the Income Statement	-	-
11.4 Other	36.746	38.165
XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	30.564	45.221

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 SEPTEMBER 2015

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

PRIOR PERIOD 30/09/2015	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Lo ss)	Prior Period Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Equity Except for Minority Interest	Minority Interest	Total Shareholders' Equity
I. Prior Period End Balance (31/12/2014)	II-1	900.000				18.397		51.235	(2.492)	17.824	(46.285)	1.160	13.187				953.026		953.026
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				18.397		51.235	(2.492)	17.824	(46.285)	1.160	13.187				953.026		953.026
Changes in the Period																			
IV. Increase/Decrease due to the Merger																			
V. Marketable Securities Valuation Differences												(5.086)					(5.086)		(5.086)
VI. Hedging Reserves (Effective Portion)															10.953		10.953		10.953
6.1 Cash Flow Hedge															10.953		10.953		10.953
6.2 Foreign Investment for Purpose of Hedge																			
VII. Revaluation Differences of Tangible Assets																			
VIII. Revaluation Differences of Intangible Assets																			
Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures																			
IX. Foreign Exchange Difference																			
XI. Changes due to the Disposal of Assets																			
XII. Changes due to the Reclassification of the Assets																			
Effects of Changes in Equity of Investments in Associates																			
XIII. 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										39.354							39.354		39.354
XX. Profit Distribution						710		16.863	251	(17.824)									
20.1 Dividend Paid																			
20.2 Transfers to Reserves						710		16.863	251	(17.824)									
20.3 Other																			
Period End Balance (III+...+XX)		900.000				19.107		68.098	(2.241)	39.354	(46.285)	(3.926)	13.187		10.953		998.247		998.247

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 SEPTEMBER 2016

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																				
CURRENT PERIOD 30/09/2016	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	Total Equity Except for Minority Interest	Minority Interest	Total 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	-	1.012.502	
Changes in the Period																				
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	4.302	-	-	-	-	4.302	-	4.302	
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(14.285)	-	(14.285)	-	(14.285)	
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(14.285)	-	(14.285)	-	(14.285)	
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	151	-	-	-	-	151	-	151	
XI. 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		-	-	-	-	-	-	-	-	40.396	-	-	-	-	-	-	40.396	-	40.396	
XVIII. Profit Distribution		-	-	-	-	1.071	-	4.813	-	(52.169)	46.285	-	-	-	-	-	-	-	-	
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.2 Transfers to Reserves		-	-	-	-	1.071	-	4.813	-	(52.169)	46.285	-	-	-	-	-	-	-	-	
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period End Balance (I+...+XVIII)		900.000	-	-	-	20.178	-	72.911	(2.547)	40.396	-	2.075	15.122	-	(5.069)	-	1.043.066	-	1.043.066	

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015**

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	30/09/2016	30/09/2015
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		117.837	(103.354)
1.1.1 Interest received		913.773	523.765
1.1.2 Interest paid		(592.272)	(391.245)
1.1.3 Dividend received		627	542
1.1.4 Fees and commissions received		33.028	37.144
1.1.5 Other income		-	-
1.1.6 Collections from previously written-off loans and other receivables		64.121	49.736
1.1.7 Payments to personnel and service suppliers		(128.678)	(122.179)
1.1.8 Taxes paid		(7.109)	(925)
1.1.9 Other		(165.653)	(200.192)
1.2 Changes in operating assets and liabilities		(826.551)	(408.289)
1.2.1 Net (increase)/decrease in trading securities		(26.270)	(116.817)
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net increase/(decrease) in due from banks		(109.436)	(404.705)
1.2.4 Net (increase)/decrease in loans		(965.588)	(1.762.972)
1.2.5 Net (increase)/decrease in other assets		(318.002)	(89.994)
1.2.6 Net (increase)/decrease in bank deposits		12.950	(100.048)
1.2.7 Net increase/(decrease) in other deposits		48.398	889.720
1.2.8 Net increase/(decrease) in funds borrowed		493.405	1.158.659
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		37.992	17.868
I. Net cash provided from banking operations		(708.714)	(511.643)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		97.067	350.312
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		(41.715)	(16.587)
2.4 Disposals of property and equipment		3.760	6.089
2.5 Cash paid for purchase of investments available-for-sale		(197.662)	(205.969)
2.6 Cash obtained from sale of investments available-for-sale		332.684	566.779
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		450.046	-
3.1 Cash obtained from funds borrowed and securities issued		600.046	-
3.2 Cash used for repayment of funds borrowed and securities issued		(150.000)	-
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		11.777	17.244
V. Net (increase)/decrease in cash and cash equivalents (I+II+III+IV)		(149.824)	(144.087)
VI. Cash and cash equivalents at beginning of the period		574.482	633.150
VII. Cash and cash equivalents at end of the period		424.658	489.063

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

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

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

The consolidated financial statements have been prepared in TL, under the historical cost convention as modified, except for the financial assets and liabilities, which are carried at fair value.

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

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

The amendments of TAS and TFRS which have entered into force as of 1 January 2016 have no material impact on the the parent bank's accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments (extracted TAS 9 Financial Instruments Standard version of 2011), which have been published as of reporting date but havenot been effective yet, have no impact on the accounting policies, financial condition and performance of the Parent Bank. The Parent Bank assesses the impact of TFRS 9 Financial Instruments standard. The accounting policies and valuation principles applied in the preparation of consolidated financial statements are determined and applied in accordance with TAS and TFRS and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2015. Those accounting policies and valuation principles are explained in Notes II to XXVIII below.

**CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION:

b. Explanations on changes in accounting policies and financial statement presentation:

None.

Additional paragraph for convenience translation into English:

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

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

The Group's core business activities include retail banking, commercial banking, SME banking, corporate banking, private banking, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. The general strategy of the Group of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Group is deposits. Other than deposits, the Group's most important funding sources are equity, marketable securities issued, money market borrowings and mostly borrowings from foreign financial institutions. The Group can also sustain a lengthened liability structure by using long-term borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

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

As of 30 September 2016, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,0004 and TL 3,3548 and TL for USD and EURO respectively.

**CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

ACCOUNTING POLICIES (Continued)

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

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

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

Control means, directly or indirectly, holding the majority of the capital of an enterprise or although not having this majority, by holding privileged shares; or based on agreements made with other shareholders, holding the majority of the voting power or somehow having the power of dismissal or appointment of the majority of the members of the board of directors regarding the Parent Bank.

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

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

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

The Group has no joint ventures as of 30 September 2016 and 31 December 2015.

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

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

ACCOUNTING POLICIES (Continued)

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

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

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

As of 30 September 2016, The Parent Bank applies cash flow hedge accounting through cross and interest currency swaps to protect against changing in interest rate of FC deposit that is the average maturity of up to 3 months.

The Parent Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Hedging Funds", whereas the amount concerning ineffective parts is associated with income statement.

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

**CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

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

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

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

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

b. Held-to-maturity financial assets:

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

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

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

c. Loans and receivables:

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

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ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

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

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

d. Available-for-sale financial assets:

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

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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ACCOUNTING POLICIES (Continued)

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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

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

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

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

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

The Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognized. The acquirer also recognizes assets that are capable of being individually identified and separately recognized, intangible assets (i.e. trademarks) and contingent liabilities at fair value, irrespective of whether the asset had been recognized by the acquiree before the business combination; if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

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ACCOUNTING POLICIES (Continued)

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

In line with "Turkish Financial Reporting Standard for Business Combinations" ("TFRS 3"), the goodwill is not subject to depreciation, but is tested annually for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36"). For the purpose of impairment testing, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's cash generating units that are expected to benefit from the synergies of the business combination. Since the Group has recognised a goodwill impairment of TL 63.973 regarding the goodwill from acquisition of Burgan Yatırım Menkul Değerler A.Ş. based on the assessment done as of 31 December 2012, the net carrying value of goodwill in the consolidated financial statements is null as of 30 September 2016.

b. Other intangible assets

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued):

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the “lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset. The Parent 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 recognized. Liabilities arising from the leasing transactions are included in “Financial Lease Payables” on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group realizes financial leasing transactions in the capacity of “lessor” by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group. The asset subject to financial leasing is disclosed as net financial leasing receivable in the balance sheet. The interest income is determined in a way to form a fixed revenue return ratio using net investment method related to leased asset of the lessor, and the portion of interest income which does not take part in the related term is followed under unearned interest income account.

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

The Group provides specific provisions for lease receivables based on the assessments and estimates of the management, by considering the “Communiqué Related to Principles and Procedures on Determining Provisions for Financial Lease Receivables, Factoring Receivables and Receivables of Financing Companies” published in the Official Gazette No. 26588 dated 20 July 2007 and changes in the related communiqué.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

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ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS (Continued):

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

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

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Group, the recognition option of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the income statement has been eliminated which is effective for annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the standard and therefore the Group has recognised the actuarial gains and losses that occur in related reporting periods in the "Statement of Income and Expense Items Accounted in Equity" and presented in "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 2016 (2015: 20%). The corporate tax rate is calculated on the total income after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

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

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

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

b. Deferred tax:

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

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements for the Parent Bank and for each consolidated subsidiary separately.

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ACCOUNTING POLICIES (Continued)

XIX. EXPLANATIONS ON BORROWINGS:

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

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

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

XX. EXPLANATIONS ON 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 September 2016 and 31 December 2015, the Group has no government grants.

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

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ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

	30 September 2016	30 September 2015
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	40.396	39.354
Weighted Average Number of Issued Ordinary Shares (Thousand)	90.000.000	90.000.000
Earnings Per Ordinary Shares (Disclosed in Thousand TL)	0,449	0,437

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

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

XXV. EXPLANATIONS ON RELATED PARTIES:

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

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

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

XXVIII. RECLASSIFICATIONS:

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

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 September 2016 Bank’s total capital has been calculated as TL 1.969.115, Capital adequacy ratio is 16,65%. As of 31 December 2015, Bank’s total capital amounted to TL 1.462.534, Capital adequacy ratio was 14,49% calculated pursuant to former regulations.

a. Information about total capital:

	Current Period 30 September 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	
Share issue premiums	-	
Reserves	93.273	
Gains recognized in equity as per TAS	17.201	
Profit	40.396	
Current Period Profit	40.396	
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	1.050.870	
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	7.804	
Improvement costs for operating leasing	18.684	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	25.365	42.275
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	-	
Communique 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	51.853	
Total Common Equity Tier 1 Capital	999.017	

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

	Current Period 30 September 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 deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	16.910	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	982.107	
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)	900.120	
Provisions (Article 8 of the Regulation on the Equity of Banks)	87.705	
Tier II Capital Before Deductions	987.825	
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.	230	
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	230	
Total Tier II Capital	987.595	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1.969.702	
Deductions from Total Capital	-	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	587	
Other items to be defined by the BRSA (-)	-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 30 September 2016	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	1.969.115	
Total risk weighted amounts	11.826.609	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	8,45	
Tier I Capital Adequacy Ratio	8,30	
Capital Adequacy Ratio	16,65	
BUFFERS		
Total buffer requirement	0,625	
Capital conservation buffer requirement	0,625	
Bank specific counter-cyclical buffer requirement	-	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	3,95	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	26.176	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	87.705	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	87.705	
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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I. EXPLANATIONS ON EQUITY (Continued):

Prior Period:

	CORE CAPITAL	31 December 2015 (**)
Paid-in capital following all debts in terms of claim in case of the Bank's litigation		900.000
Share premium		-
Share cancellation profits		-
Reserves		87.389
Gains recognized in equity as per TAS		24.338
Profit		52.169
Current Year Income		52.169
Prior Years Income		-
Provisions for possible risks		-
Bonus Shares from Investment in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit		-
Seed Capital Before Deductions		1.063.896
Deductions From Seed Capital		
Portion of the sum of net loss for the period and accumulated losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)		51.394
Leasehold improvements (-)		18.082
Goodwill or other intangible assets and deferred tax liability related to these items (-)		18.022
Net deferred tax asset/liability (-)		-
Shares obtained contrary to the 4th clause of the 56th article of the Law (-)		-
Direct and indirect investments in the seed capital made by the Bank (-)		-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% or more of the seed capital of the bank (-)		-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)		-
Portion of offering mortgage service rights exceeding 10% of the seed capital (-)		-
Portion of deferred tax assets based on temporary differences exceeding 10% of the seed capital (-)		-
Amount exceeding 15% of the seed capital pursuant to Provisional Article 2 of the Regulation on the Equity of Banks (-)		-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)		-
Exceeding amount resulting from offering mortgage service rights (-)		-
Exceeding amount resulting from deferred tax assets based on temporary differences (-)		-
Other items defined by BRSA (-)		-
Amount to be discounted from the seed capital in the case that adequate additional principal capital or supplementary capital is not available (-)		-
Total Deductions From Seed Capital		87.498
Total Seed Capital		976.398
ADDITIONAL CORE CAPITAL		
Capital amount and related premiums corresponding to preference shares that are not included to seed capital		-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2014)		-
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2014)		-
Additional Core Capital before Deductions		-
Deductions From Additional Core Capital		
Direct and indirect investments in the additional core capital made by the Bank (-)		-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)		-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)		-
Other items defined by BRSA (-)		-
Amount to be discounted from the additional principal capital in the case that adequate supplementary capital is not available (-)		-
Total Deductions From Additional Core Capital		-
Total Additional Core Capital		-
Deductions From Core Capital		
Portion of goodwill and other intangible assets and the deferred tax liabilities related to these which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)		27.034
Portion of net deferred tax assets/liabilities which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)		-
Total Core Capital		949.364
SUPPLEMENTARY CAPITAL		
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2014)		-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied before 1.1.2014) (*)		436.237
Sources pledged to the bank by shareholders to be used in capital increases of the bank		-
General Provisions		77.497
Third party shares in Supplementary Capital		-
Supplementary Capital Before Deductions		513.734
Deductions From Supplementary Capital		
Direct and indirect investments in the supplementary capital made by the Bank (-)		-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)		-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)		-
Other items defined by BRSA (-)		-
Total Deductions From Supplementary Capital		-
Total Supplementary Capital		-
CAPITAL		513.734
DEDUCTIONS FROM CAPITAL		
Loans granted contrary to the 50th and 51th article of the Law (-)		-
Net book value of amounts exceeding the limit mentioned in paragraph one of article 57 of the Code and property and real property acquired by the banks because of their receivables which could not be disposed of even though five years have passed since the date of their acquisition pursuant to the same article (-)		341
Loans given to banks and financial institutions, including those established abroad, and to eligible shareholders of the bank, and investments made in the borrowing instruments exported by them (-)		223
Amount to be discounted from equity in accordance with paragraph two of article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		-
Other items defined by BRSA (-)		-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)		-
Portion of the total of net long positions of investment made directly or indirectly in additional principal capital or supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)		-
Portion of the total of net long positions of investment made in seed capital elements, deferred tax assets based on temporary differences and offering mortgage service rights of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated to be discounted from the seed capital pursuant to subparagraphs (1) and (2) of paragraph 2 of the Provisional Article 2 of the Regulation on the Equity of Banks which is not discounted from the seed capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation (-)		-
EQUITY		1.462.534
Amounts Below the Exceeding Limits in the Discount Principles		
Amounts resulting from the net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated		-
Amounts resulting from the net long positions of investment made in seed capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated		-
Amount resulting from offering mortgage service rights		-
Amount resulting from deferred tax assets based on temporary differences		23.943

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

(**) Shareholders equity calculation is revised according to the regulation valid as of 31 March 2016 entitled "Regulation for changing the banks equity code of conduct". Therefore the information of the previous term is calculated based on the abrogated adjustments.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (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)	450.060	450.060
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 GROUP (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 September 2016:

- 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 September 2016	31 December 2015	30 September 2016
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	10.855.372	9.359.687	868.430
2	Standardised approach (SA)	10.855.372	9.359.687	868.430
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	163.125	32.911	13.050
5	Standardised approach for counterparty credit risk (SA-CCR)	163.125	32.911	13.050
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	150.212	170.538	12.017
17	Standardised approach (SA)	150.212	170.538	12.017
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	657.901	533.188	52.632
20	Basic indicator approach	657.901	533.188	52.632
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)	11.826.610	10.096.324	946.129

(*) Rating marks given by Fitch Rating International Rating Institution have been used benefiting from Bankscope system in order to identify risk weighted asset class for Receivables from Banks and Intermediaries whose counterparty is located abroad and for the whole risk class of Receivables from Central Managements or Central Banks from the risk class mentioned in article 6 of Regulation on Measurement and Evaluation of Capital Adequacy of Banks in current period. Banks and intermediaries, whose counterparties are located domestically are deemed as not rated.

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III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:

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

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

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

	EUR		USD	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
30 September 2016 / 31 December 2015				
Bid rate	TL 3,3548	TL 3,1838	TL 3,0004	TL 2,9181
1. Day bid rate	TL 3,3548	TL 3,1838	TL 3,0004	TL 2,9181
2. Day bid rate	TL 3,3608	TL 3,1776	TL 2,9959	TL 2,9076
3. Day bid rate	TL 3,3362	TL 3,1921	TL 2,9764	TL 2,9084
4. Day bid rate	TL 3,3401	TL 3,2006	TL 2,9709	TL 2,9157
5. Day bid rate	TL 3,3546	TL 3,1904	TL 2,9846	TL 2,9123

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

	EUR		USD	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Arithmetic average-30 days	TL 3,3211	TL 3,1802	TL 2,9602	TL 2,9186

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

III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Information on currency risk of the Group:

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

	EUR	USD	Other FC	Total
30 September 2016				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	4.323	1.017.030	1.077	1.022.430
Due From Banks	56.328	62.519	5.206	124.053
Financial Assets at Fair Value Through Profit or Loss (*)	16.815	21.089	427	38.331
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	290.623	-	290.623
Loans (*)	3.014.816	2.736.072	6.975	5.757.863
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	36	582	-	618
Tangible Assets	-	1.504	-	1.504
Intangible Assets	-	853	-	853
Other Assets	605.460	336.403	935	942.798
Total Assets	3.697.778	4.466.675	14.620	8.179.073
Liabilities				
Bank Deposits	30.597	19.885	1	50.483
Foreign Currency Deposits	807.315	3.114.114	46.088	3.967.517
Funds From Interbank Money Market	-	208.320	-	208.320
Funds Borrowed From Other Financial Institutions	991.196	2.859.204	-	3.850.400
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	46.868	31.641	165	78.674
Hedging Derivative Financial Liabilities	1.972	1.239	-	3.211
Other Liabilities (*)	10.095	22.883	447	33.425
Total Liabilities	1.888.043	6.257.286	46.701	8.192.030
Net On-balance Sheet Position	1.809.735	(1.790.611)	(32.081)	(12.957)
Net Off-balance Sheet Position	(1.773.349)	1.776.605	34.083	37.339
Financial Derivative Assets	808.761	4.590.145	85.694	5.484.600
Financial Derivative Liabilities	2.582.110	2.813.540	51.611	5.447.261
Non-Cash Loans (**)	414.060	596.708	40.225	1.050.993
31 December 2015				
Total Assets (*)	2.820.654	4.522.491	39.907	7.383.052
Total Liabilities (*)	1.541.273	6.341.765	35.582	7.918.620
Net On-balance Sheet Position	1.279.381	(1.819.274)	4.325	(535.568)
Net Off-balance Sheet Position	(1.272.953)	1.853.617	(2.978)	577.686
Financial Derivative Assets	688.571	3.412.745	79.103	4.180.419
Financial Derivative Liabilities	1.961.524	1.559.128	82.081	3.602.733
Non-Cash Loans (**)	320.947	570.585	20.951	912.483

(*)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 770.771 (31 December 2015: TL 784.445) classified as Turkish Lira assets in the 30 September 2016 financial statements are added to the table above and there is no foreign currency indexed loans received in the current period (31 December 2015: None). Besides these, in assets “Income Accruals of Derivative Financial Instruments” amounting to TL 6.714 (31 December 2015: TL 4.530), in liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 3.748 (31 December 2015: TL 6.189), “General Provisions” amounting to TL 45.118 (31 December 2015: TL 38.816), free provisions amounting to TL 21.548 (31 December 2015: TL 20.436) and “Marketable Securities Valuation Reserve” with “Hedging Derivative Financials” amounting to TL (172) (31 December 2015: TL (857)) 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 GROUP (Continued)

IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:

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

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

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

30 September 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	926.677	-	-	-	-	217.591	1.144.268
Due From Banks	102.035	-	-	-	-	24.249	126.284
Financial Assets at Fair Value Through Profit/Loss (*)	36.891	53.485	96.324	14.507	3.558	3.324	208.089
Interbank Money Market Placements	1.277	-	-	-	-	-	1.277
Available-for-Sale Financial Assets	509	6.699	201.196	95.022	195.600	11.565	510.591
Loans	4.040.982	1.271.429	2.230.788	1.449.902	59.341	131.758	9.184.200
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	31.816	48.812	224.900	747.409	81.179	385.262	1.519.378
Total Assets	5.140.187	1.380.425	2.753.208	2.306.840	339.678	773.749	12.694.087
Liabilities							
Bank Deposits	56.199	-	-	-	-	8.874	65.073
Other Deposits	3.912.775	2.227.833	191.847	588	-	281.872	6.614.915
Funds From Interbank Money Market	374.015	-	96.236	-	-	-	470.251
Miscellaneous Payables	-	-	-	-	-	118.297	118.297
Marketable Securities Issued	-	49.248	-	-	-	-	49.248
Funds Borrowed From Other Financial Institutions	548.393	2.798.172	457.322	103.118	-	-	3.907.005
Other Liabilities (*)(**)	34.741	31.869	9.361	27.648	1.009	1.364.670	1.469.298
Total Liabilities	4.926.123	5.107.122	754.766	131.354	1.009	1.773.713	12.694.087
Balance Sheet Long Position	214.064	-	1.998.442	2.175.486	338.669	-	4.726.661
Balance Sheet Short Position	-	(3.726.697)	-	-	-	(999.964)	(4.726.661)
Off-balance Sheet Long Position	434.215	120.050	664.506	-	-	-	1.218.771
Off-balance Sheet Short Position	-	-	-	(1.114.192)	(39.091)	-	(1.153.283)
Total Position	648.279	(3.606.647)	2.662.948	1.061.294	299.578	(999.964)	65.488

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 44.447 and other liabilities includes hedging derivative financial liabilities amounting to TL 22.156 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
GROUP (Continued)**

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

31 December 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.013.000	-	-	-	-	81.075	1.094.075
Due From Banks	177.502	-	-	-	-	17.631	195.133
Financial Assets at Fair Value Through Profit/Loss	59.470	7.951	29.457	45.202	4.788	3.865	150.733
Interbank Money Market Placements	22.195	-	-	-	-	-	22.195
Available-for-Sale Financial Assets	113.212	114.493	13.385	52.450	348.223	11.567	653.330
Loans	2.859.165	2.424.689	1.681.745	1.178.093	19.052	103.728	8.266.472
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	58.911	38.827	179.887	583.511	67.585	262.458	1.191.179
Total Assets	4.303.455	2.585.960	1.904.474	1.859.256	439.648	480.324	11.573.117
Liabilities							
Bank Deposits	43.249	-	-	-	-	7.097	50.346
Other Deposits	3.596.935	2.213.315	239.871	57.956	-	453.088	6.561.165
Funds From Interbank Money Market	438.077	-	-	-	-	-	438.077
Miscellaneous Payables	-	-	-	-	-	159.222	159.222
Marketable Securities Issued	-	49.255	-	-	-	-	49.255
Funds Borrowed From Other Financial Institutions	235.265	2.121.453	597.746	6.677	-	-	2.961.141
Other Liabilities (*)	65.512	7.318	16.881	1.731	-	1.262.469	1.353.911
Total Liabilities	4.379.038	4.391.341	854.498	66.364	-	1.881.876	11.573.117
Balance Sheet Long Position	-	-	1.049.976	1.792.892	439.648	-	3.282.516
Balance Sheet Short Position	(75.583)	(1.805.381)	-	-	-	(1.401.552)	(3.282.516)
Off-balance Sheet Long Position	-	-	-	30.119	-	-	30.119
Off-balance Sheet Short Position	(10.380)	(14.314)	(3.549)	(1.972)	-	-	(30.215)
Total Position	(85.963)	(1.819.695)	1.046.427	1.821.039	439.648	(1.401.552)	(96)

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

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

b. Average interest rates for monetary financial instruments:

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

30 September 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	-	0,49	-	2,78
Due From Banks	0,04	0,45	-	-
Financial Assets at Fair Value Through Profit/Loss	4,79	6,70	-	8,68
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,66	-	9,43
Loans	4,79	6,16	-	15,15
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,33	0,30	-	7,93
Other Deposits (*)	1,61	2,92	-	11,12
Funds From Interbank Money Market	-	2,06	-	7,40
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	11,12
Funds Borrowed From Other Financial Institutions	2,31	3,51	-	8,59

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

31 December 2015	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	0,49	-	3,81
Due From Banks	-	0,36	-	10,90
Financial Assets at Fair Value Through Profit/Loss	-	5,75	-	8,54
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,86	-	9,39
Loans	4,96	5,84	-	15,56
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,28	3,49	-	0,18
Other Deposits (*)	1,47	2,48	-	11,87
Funds From Interbank Money Market	-	1,46	-	6,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	12,95
Funds Borrowed From Other Financial Institutions	2,56	3,00	-	10,37

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
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IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

c. Interest rate risk resulting from banking accounts:

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

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

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

2. The table below presents the economic value differences 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	(37.640)	(1,9)%
2. TRY	-400 bp	33.415	1,7%
3. EURO	+200 bp	(10.446)	(0,5)%
4. EURO	-200 bp	(2.011)	(0,1)%
5. USD	+200 bp	(30.624)	(1,6)%
6. USD	-200 bp	14.969	0,8%
Total (For Negative Shocks)		46.373	2,3%
Total (For Positive Shocks)		(78.710)	(4,0)%

d. Share position risk resulting from banking accounts:

None.

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V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK:

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

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

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

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

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

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

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

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V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

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

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

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

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

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V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

Liquidity Coverage Ratio:

30 September 2016		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			954.994	740.772
2	Retail and Small Business Customers Deposits	4.579.177	2.584.533	383.730	258.453
3	Stable deposits	1.483.760	-	74.188	-
4	Less stable deposits	3.095.417	2.584.533	309.542	258.453
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.146.377	1.421.072	1.047.565	663.146
6	Operational deposits	861.176	655.057	215.294	163.764
7	Non-Operational Deposits	940.635	606.502	487.705	339.869
8	Other Unsecured Funding	344.566	159.513	344.566	159.513
9	Secured funding			18.997	18.997
10	Other Cash Outflows	46.927	290.455	46.927	290.455
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	46.927	290.455	46.927	290.455
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	2.025.368	1.075.142	221.816	122.851
16	TOTAL CASH OUTFLOWS			1.719.035	1.353.902
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	1.031.030	342.591	610.460	250.384
19	Other contractual cash inflows	19.905	-	19.905	-
20	TOTAL CASH INFLOWS	1.050.935	342.591	630.365	250.384
				Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			954.994	740.772
22	TOTAL NET CASH OUTFLOWS			1.088.670	1.103.518
23	Liquidity Coverage Ratio (%)			87,72	67,13

(*)The arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratio's are used. The number of days which are used in calculation of the average is 60.

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V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

31 December 2015		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			967.908	670.640
2	Retail and Small Business Customers Deposits	3.872.370	2.728.000	236.820	169.515
3	Stable deposits	3.008.360	2.065.700	150.418	103.285
4	Less stable deposits	864.010	662.300	86.402	66.230
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.460.400	1.806.836	1.297.313	911.825
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	2.111.969	1.637.198	949.188	742.187
8	Other Unsecured Funding	348.431	169.638	348.125	169.638
9	Secured funding			16.749	16.749
10	Other Cash Outflows	32.563	191.888	32.563	191.888
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	32.563	191.888	32.563	191.888
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	1.866.583	968.105	197.672	105.653
16	TOTAL CASH OUTFLOWS			1.781.117	1.395.630
CASH IN FLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	767.474	175.068	443.493	132.697
19	Other contractual cash inflows	11.143	381.468	11.142	381.468
20	TOTAL CASH INFLOWS	778.617	556.536	454.635	514.165
				Upper Limit Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			967.908	670.640
22	TOTAL NET CASH OUTFLOWS			1.326.482	881.465
23	Liquidity Coverage Ratio (%)			72,97	76,08

(*)The arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratio's are used. The number of days which are used in calculation of the average is 66.

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V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

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

High quality liquid assets of the Parent Bank consist of accounts in Central Bank of Turkey at a ratio of 92% and securities issued by Undersecretariat of Treasury at a ratio of 5%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 25%, 46% and 12% 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. As of 30 September 2016, information regarding aforementioned cash outflow are as follows:

Date Range	Liabilities depending upon Possibility of Change in Fair Values of derivative transactions and Other Liabilities	
	FC	FC + TL
01 July 2016 – 30 September 2016	46.927	46.927

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated 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. As of 30 September 2016, liquidity coverage rates must be at least 50% for foreign currency assets and liabilities and at least 70% in total assets and liabilities. Dates and values of lowest and highest foreign currency and total consolidated liquidity coverage rates calculated monthly related to the last quarter and average rates are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC + TL	FC	FC + TL
Monthly Arithmetic Average (%)	73,97	92,40	62,06	80,28
Monthly	31 August 2016	31 July 2016	30 September 2016	31 July 2016

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

V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

30 September 2016	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	23.174	1.121.094	-	-	-	-	-	1.144.268
Due From Banks	24.249	102.035	-	-	-	-	-	126.284
Financial Assets at Fair Value Through Profit or Loss (*)	2.345	33.320	36.515	68.294	62.990	3.646	979	208.089
Interbank Money Market Placements	-	1.277	-	-	-	-	-	1.277
Available-for-Sale Financial Assets	-	-	6.699	131.858	164.869	195.600	11.565	510.591
Loans	-	964.342	1.571.817	1.998.895	3.533.352	984.036	131.758	9.184.200
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	100.363	134.737	51.108	239.059	752.836	83.063	158.212	1.519.378
Total Assets	150.131	2.356.805	1.666.139	2.438.106	4.514.047	1.266.345	302.514	12.694.087
Liabilities								
Bank Deposits	8.874	56.199	-	-	-	-	-	65.073
Other Deposits	281.872	3.912.775	2.227.833	191.847	588	-	-	6.614.915
Funds Borrowed From Other Financial Institutions	-	46.701	148.798	1.954.043	669.105	1.088.358	-	3.907.005
Funds From Interbank Money Market	-	313.237	-	-	109.772	47.242	-	470.251
Marketable Securities Issued	-	-	-	49.248	-	-	-	49.248
Miscellaneous Payables	-	24.150	5.004	-	-	-	89.143	118.297
Other Liabilities (*) (***)	-	188.205	32.370	25.624	28.638	1.009	1.193.452	1.469.298
Total Liabilities	290.746	4.541.267	2.414.005	2.220.762	808.103	1.136.609	1.282.595	12.694.087
Net Liquidity Gap	(140.615)	(2.184.462)	(747.866)	217.344	3.705.944	129.736	(980.081)	-
Net Off-balance sheet position	-	333.859	479.781	227.816	(92.288)	(566)	-	948.602
Financial Derivative Assets	-	2.845.074	1.835.788	574.212	671.041	105	-	5.926.220
Financial Derivative Liabilities	-	(2.511.215)	(1.356.007)	(346.396)	(763.329)	(671)	-	(4.977.618)
Non-cash Loans	-	995.675	157.445	412.073	195.570	832	-	1.761.595
31 December 2015								
Total Assets	86.874	2.445.233	1.641.329	2.130.661	3.843.578	1.177.865	247.577	11.573.117
Total Liabilities	460.185	4.355.341	2.442.017	1.171.264	1.434.063	454.832	1.255.415	11.573.117
Net Liquidity Gap	(373.311)	(1.910.108)	(800.688)	959.397	2.409.515	723.033	(1.007.838)	-
Net Off-balance sheet position	-	(8.216)	(24.211)	(13.178)	(43.907)	69	-	(89.443)
Financial Derivative Assets	-	2.420.093	1.154.880	713.830	340.179	117	-	4.629.099
Financial Derivative Liabilities	-	(2.428.309)	(1.179.091)	(727.008)	(384.086)	(48)	-	(4.718.542)
Non-cash Loans	-	896.694	137.512	360.042	149.091	816	-	1.544.155

(*) The 1-5 years maturity period of Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 44.447 and the 1-5 years maturity period of Other Liabilities includes hedging derivative financial liabilities amounting to TL 22.156.

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

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

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VI. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:

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

As of 30 September 2016, leverage ratio of the Bank calculated from the arithmetic average of the three months is 6,28% (31 December 2015: 6,77%). 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 September 2016 (*)	31 December 2015 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	12.759.667	11.551.398
(Assets deducted from Core capital)	61.161	55.558
Total risk amount of balance sheet assets	12.698.506	11.495.840
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	53.531	50.178
Potential credit risk amount of derivative financial assets and credit derivatives	46.527	41.649
Total risk amount of derivative financial assets and credit derivatives	100.058	91.827
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	2.735.391	2.521.389
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	2.735.391	2.521.389
Capital and total risk		
Core Capital	975.436	954.874
Total risk amount	15.533.955	14.109.057
Leverage ratio		
Leverage ratio	6,28%	6,77%

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

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VII. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 30 September 2016, The Parent Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity upto 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Hedging Funds", whereas the amount concerning ineffective parts is associated with income statement.

The swaps, of which carrying amount is TL 44.447 derivative financial assets (31 December 2015: TL 40.845) and TL 22.156 derivative financial liabilities (31 December 2015: TL 15.132), 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 14.285 (30 September 2015: TL 10.953 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (30 September 2015: None).

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TAS 39, the accounting application is ended. In case of deterioration of efficiency, the effective amounts, which are recognized under the equity due to the risk hedge accounting, are eliminated from equities in the periods or periods, when cash flow effects profit and losses (periods, when interest income or expenses are recognized) as re-classification adjustment and then it is re-classified in the profit and loss. There is no amount, which is transferred to income statement due to the swaps, of which effectiveness is damaged or closed in the current period (30 September 2015: None).

It is determined in the measurements carried out as of the date of 30 September 2016 that above mentioned cash flow hedging transactions are effective.

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VIII. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

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

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

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

Prior period financial information is presented as at 31 December 2015 for balance sheet and as at 30 September 2015 for income statements items.

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified(*)	Total Operations of the Bank
30 September 2016					
Net Interest Income	28.672	208.934	32.879	38.377	308.862
Net Fees and Comissions	2.537	11.519	-	15.262	29.318
Commercial Profit/Loss	6.976	6.755	(2.415)	(675)	10.641
Other Operating Income	1.238	5.338	-	7.401	13.977
Operating Income	39.423	232.546	30.464	60.365	362.798
Operating Costs (-)	29.070	125.074	9.528	144.627	308.299
Net Operating Income	10.353	107.472	20.936	(84.262)	54.499
Dividend Income	-	-	-	627	627
Income/(Loss) from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	10.353	107.472	20.936	(83.635)	55.126
Tax Provisions (-)	2.071	21.494	4.187	(13.022)	14.730
Net Profit / Loss	8.282	85.978	16.749	(70.613)	40.396
Segment Assets	639.465	9.106.953	1.289.305	1.403.146	12.438.869
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	255.218	255.218
Total Assets	639.465	9.106.953	1.289.305	1.658.364	12.694.087
Segments Liabilities	4.557.536	2.149.453	3.393.097	1.403.144	11.503.230
Unallocated Liabilities	-	-	-	1.190.857	1.190.857
Total Liabilities	4.557.536	2.149.453	3.393.097	2.594.001	12.694.087

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

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

VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

		Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
30 September 2015 (**)	Retail Banking				
Net Interest Income	21.557	198.069	10.060	34.878	264.564
Net Fees and Commissions	1.346	12.849	-	20.971	35.166
Commercial Profit/Loss	3.380	5.496	6.725	2.640	18.241
Other Operating Income	1.055	10.077	-	4.125	15.257
Operating Income	27.338	226.491	16.785	62.614	333.228
Operating Costs (-)	20.165	149.382	7.234	105.045	281.826
Net Operating Income	7.173	77.109	9.551	(42.431)	51.402
Dividend Income	-	-	-	542	542
Income/(Loss) from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	7.173	77.109	9.551	(41.889)	51.944
Tax Provisions (-)	1.435	15.422	1.910	(6.177)	12.590
Net Profit / Loss	5.738	61.687	7.641	(35.712)	39.354
31 December 2015(**)					
Segment Assets	482.181	8.329.884	1.439.612	1.127.005	11.378.682
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	194.435	194.435
Total Assets	482.181	8.329.884	1.439.612	1.321.440	11.573.117
Segments Liabilities	3.691.540	3.037.552	2.653.260	1.127.005	10.509.357
Unallocated Liabilities	-	-	-	1.063.760	1.063.760
Total Liabilities	3.691.540	3.037.552	2.653.260	2.190.765	11.573.117

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

(**)Prior period balances have been restated due to the change in table format.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

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

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Cash/Foreign currency	12.563	10.589	13.420	12.994
CBRT	109.275	1.011.841	134.468	933.193
Other	-	-	-	-
Total	121.838	1.022.430	147.888	946.187

2. Information on the account of the CBRT:

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Demand Unrestricted Amount	109.275	187.313	134.468	197.171
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	824.528	-	736.022
Total	109.275	1.011.841	134.468	933.193

3. Information on reserve requirements:

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

The reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 30 September 2016 (31 December 2015: 5% and 11,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities as of 30 September 2016 (31 December 2015: 5% and 25% for all foreign currency liabilities).

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

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

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

- As of 30 September 2016, financial assets at fair value through profit or loss subject to repo transactions are TL 9.805 (31 December 2015:None).
- Positive differences related to trading derivative financial assets:

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Forward Transactions	22.626	2.572	11.203	1.264
Swap Transactions	33.100	16.819	26.262	14.697
Futures Transactions	-	-	-	-
Options	188	24.297	133	18.556
Other	-	-	-	-
Total	55.914	43.688	37.598	34.517

c. Information on banks:

- Information on banks:

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Banks				
Domestic	2.231	110.780	87.166	90.513
Foreign	-	13.273	-	17.454
Headquarters and Branches Abroad	-	-	-	-
Total	2.231	124.053	87.166	107.967

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

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

As of 30 September 2016, there are TL 25.515 available-for-sale financial assets given as collateral/blocked (31 December 2015: TL 70.153) and those subject to repurchase agreements amounts to TL 469.611 (31 December 2015: TL 470.878).

- Information on available-for-sale financial assets:

	30 September 2016	31 December 2015
Debt Securities	500.143	644.190
Quoted on Stock Exchange	500.143	644.190
Not Quoted	-	-
Share Certificates	10.666	10.665
Quoted on Stock Exchange	-	-
Not Quoted	10.666	10.665
Impairment Provision (-)	218	1.525
Total	510.591	653.330

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

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

e. Explanations on loans:

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

	30 September 2016		31 December 2015	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	225	-	219
Corporate Shareholders	-	225	-	219
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	6.232	-	4.896	-
Total	6.232	225	4.896	219

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

i.

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Restructured or Rescheduled		Loans and Other Receivables (Total)	Restructured or Rescheduled	
		Loans with Restructured Payment Plans	Other		Loans with Restructured Payment Plans	Other
Non-Specialised Loans	8.390.511	4.065	-	661.931	247.326	1.946
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	489.832	-	-	58.364	2.386	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	275.140	-	-	-	-	-
Consumer Loans	182.669	-	-	15.869	-	-
Credit Cards	5.208	-	-	1.066	-	-
Other (*)	7.437.662	4.065	-	586.632	244.940	1.946
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	8.390.511	4.065	-	661.931	247.326	1.946

(*) The Group also has TL 965 factoring loans in the Other account.

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

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

e. Explanations on loans (Continued)

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	4.065	247.326
3,4 or 5 times	-	-
Over 5 times	-	-
Total	4.065	247.326

iii.

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	4.065	212.167
6 Months – 12 Months	-	11.018
1-2 Years	-	904
2-5 Years	-	5.088
5 Years and Over	-	18.149
Total	4.065	247.326

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

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

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	6.675	180.069	186.744
Real estate loans	-	68.883	68.883
Automotive loans	-	748	748
Consumer loans	6.675	110.438	117.113
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	1.094	1.094
Real estate loans	-	1.094	1.094
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	3.301	-	3.301
With installments	-	-	-
Without installments	3.301	-	3.301
Individual Credit Cards- FC	64	-	64
With installments	-	-	-
Without installments	64	-	64
Personnel Loans-TL	455	4.799	5.254
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	455	4.799	5.254
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	940	-	940
With installments	-	-	-
Without installments	940	-	940
Personnel Credit Cards-FC	38	-	38
With installments	-	-	-
Without installments	38	-	38
Credit Deposit Account-TL (Real Person)	5.446	-	5.446
Credit Deposit Account-FC (Real Person)	-	-	-
Total	16.919	185.962	202.881

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

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	54.720	967.351	1.022.071
Real estate loans	-	-	-
Automotive loans	1.752	11.001	12.753
Consumer loans	52.968	956.350	1.009.318
Other	-	-	-
Commercial Installments Loans-FC Indexed	15.950	351.644	367.594
Real estate loans	-	-	-
Automotive loans	656	6.433	7.089
Consumer loans	15.294	345.211	360.505
Other	-	-	-
Commercial Installments Loans-FC	-	2.214.256	2.214.256
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	2.214.256	2.214.256
Other	-	-	-
Corporate Credit Cards-TL	1.904	-	1.904
With installment	-	-	-
Without installment	1.904	-	1.904
Corporate Credit Cards-FC	27	-	27
With installment	-	-	-
Without installment	27	-	27
Credit Deposit Account-TL (Legal Person)	24.775	-	24.775
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	97.376	3.533.251	3.630.627

5. Loans according to types of borrowers:

	30 September 2016	31 December 2015
Public	-	4.500
Private	9.052.442	8.158.244
Total	9.052.442	8.162.744

6. Distribution of domestic and foreign loans:

	30 September 2016	31 December 2015
Domestic Loans	9.052.442	8.162.744
Foreign Loans	-	-
Total	9.052.442	8.162.744

7. Loans given to investments in associates and subsidiaries:

None (31 December 2015 : None).

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

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

8. Specific provisions provided against loans:

	30 September 2016	31 December 2015
Loans and Other Receivables with Limited Collectability	7.703	4.512
Loans and Other Receivables with Doubtful Collectability	15.711	17.374
Uncollectible Loans and Other Receivables	93.829	115.001
Total	117.243	136.887

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 September 2016			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	4.421	4.191
31 December 2015			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	1.245	4.671

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	39.837	55.409	145.369
Additions (+)	112.191	18.319	11.447
Transfers from Other Categories of Non-performing Loans (+)	-	82.728	77.289
Transfers to Other Categories of Non-performing Loans (-)	83.648	76.369	-
Collections (-)	19.754	20.358	22.509
Write-offs (-)(*)	-	2.477	68.473
Corporate and Commercial Loans	-	2.476	68.261
Consumer Loans	-	-	87
Credit Cards	-	1	125
Other	-	-	-
Balance at the End of the Period	48.626	57.252	143.123
Specific Provision (-)	7.703	15.711	93.829
Net Balance on Balance Sheet	40.923	41.541	49.294

(*) The Bank has derecognized its non-performing loans from assets TL 70.950 on 28 June 2016 through selling to Mega Varlık Yönetim A.Ş. amounted TL 1.500.

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

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

iii. Information on non-performing loans granted as foreign currency 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
30 September 2016			
Period-End Balance	28.664	13.963	25.589
Specific Provision (-)	5.108	2.798	20.608
Net Balance on balance sheet	23.556	11.165	4.981
31 December 2015			
Period-End Balance	2.240	18.544	15.638
Specific Provision (-)	376	4.717	8.157
Net Balance on balance sheet	1.864	13.827	7.481

iv. Information on non-performing loans based on types of borrowers:

	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
Current Period (Net)	40.923	41.541	49.294
Loans Given to Real Persons and Legal Persons (Gross)	34.366	46.350	118.109
Specific Provision Amount (-)	5.476	13.295	73.533
Loans Given to Real Persons and Legal Persons (Net)	28.890	33.055	44.576
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	14.260	10.902	25.014
Specific Provision Amount (-)	2.227	2.416	20.296
Other Loans and Receivables (Net)	12.033	8.486	4.718
Prior Period (Net)	35.325	38.035	30.368
Loans Given to Real Persons and Legal Persons (Gross)	37.718	39.205	133.382
Specific Provision Amount (-)	4.112	11.489	103.456
Loans Given to Real Persons and Legal Persons (Net)	33.606	27.716	29.926
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2.119	16.204	11.987
Specific Provision Amount (-)	400	5.885	11.545
Other Loans and Receivables (Net)	1.719	10.319	442

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(Continued)**

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

f. Information on held-to-maturity investments:

1. Information on held-to-maturity financial assets subject to repurchase agreements:
None (31 December 2015: None).
2. Information on held-to-maturity financial assets given as collateral/blocked:
None (31 December 2015: None).
3. Information on government debt securities held-to-maturity:
None (31 December 2015: None).
4. Information on investment securities held-to-maturity:
None (31 December 2015: None).
5. Movement of held-to-maturity investments within the period:
None (31 December 2015: None).

g. Information on investments in associates (Net):

None (31 December 2015: None).

h. Information on subsidiaries (Net):

1. Capital adequacy situation of major subsidiaries:
The Parent Bank does not need any capitals arising from subsidiaries who inserted capital adequacy standard ratio.
2. Information on unconsolidated subsidiaries:
None. (31 December 2015: None).
3. Main financial figures of the unconsolidated subsidiaries in order of the below table:
None. (31 December 2015: None).
4. Information on consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage, if different voting percentage (%)	Other shareholders' share percentage(%)
1	Burgan Finansal Kiralama A.Ş.	Istanbul/Turkey	99,99	0,01
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 2016 Burgan Portföy Yönetimi A.Ş. which is subsidiary of Burgan Yatırım Menkul Değerler A.Ş. its total losses of previous periods and first six-month losses of 2016 financial year have dropped down below a 1/3 of company's capital. 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. started to run off.

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(Continued)**

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	1.289.498	150.812	1.057	71.207	-	13.656	16.687	-
2 (*)	153.518	80.403	6.273	11.600	2.221	(11.163)	(5.948)	-

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

6. Movement schedules of subsidiaries:

	30 September 2016	31 December 2015
Balance at the beginning of the Period	228.722	217.779
Movements during the Period	2.408	10.943
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase(*)	2.408	10.943
Impairment Provision	-	-
Balance at the end of the Period	231.130	228.722
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.

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

Subsidiaries	30 September 2016	31 December 2015
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	160.300	137.315
Finance Companies	-	-
Other Financial Subsidiaries	70.830	91.407
Total	231.130	228.722

8. Subsidiaries quoted on stock exchange:

None (31 December 2015 : None).

i. Information on joint ventures:

None (31 December 2015 : None).

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(Continued)**

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

j. Information on lease receivables (net):

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

	30 September 2016		31 December 2015	
	Gross	Net	Gross	Net
Less than 1 year	379.775	305.528	346.715	277.631
Between 1-4 years	766.659	654.083	628.910	530.139
More than 4 years	190.557	174.505	143.756	120.957
Total	1.336.991	1.134.116	1.119.381	928.727

k. Information on hedging derivative financial assets:

	30 September 2016		31 December 2015	
	TP	FC	TP	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	43.829	618	40.809	36
Foreign Net Investment Hedge	-	-	-	-
Total	43.829	618	40.809	36

l. Information on investment property:

None (31 December 2015: None).

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

m. Information on deferred tax asset:

As of 30 September 2016, the Group has netted-off the calculated deferred tax asset of TL 29.675 (31 December 2015: TL 21.767) and deferred tax liability of TL 18.341 (31 December 2015: TL 12.471) on the basis of company in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 12.209 (31 December 2015: TL 9.296) and deferred tax liability of TL 875 (31 December 2015: None) in the financial statements.

As of 30 September 2016 and 31 December 2015, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Carried Financial Loss (*)	25.112	21.007	5.022	4.201
Provision for Legal Cases	7.275	4.652	1.455	930
Provisions for Possible Risks	32.034	28.824	6.407	5.765
Reserve for Employee Rights	26.027	15.867	5.205	3.174
Other Provisions	24.844	19.932	4.969	3.987
Valuation difference of derivative financial instruments	336	-	67	-
Unearned Revenue	20.690	17.303	4.138	3.461
Other	12.061	1.246	2.412	249
Deferred Tax Assets	148.379	108.831	29.675	21.767
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	27.724	29.237	5.545	5.847
Valuation Differences of Derivative Instruments	52.696	32.996	10.539	6.599
Other	11.283	123	2.257	25
Deferred Tax Liabilities	91.703	62.356	18.341	12.471
Deferred Tax Assets / (Liabilities) (Net)	56.676	46.475	11.334	9.296

(*) The Group’s financial losses carried forward amounting to TL 5.834 is usable in the corporate tax calculations until 2017, TL 8.718 until 2018, TL 6.401 until 2020 and TL 4.159 until 2021.

Movement of deferred tax asset/ liabilities is presented below:

	30 September 2016	31 December 2015
Balance as of 1 January	9.296	17.188
Current year deferred tax income/(expense) (net)	(456)	(6.066)
Deferred tax charged to equity (net)	2.494	(1.826)
Balance at the End of the Period	11.334	9.296

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

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

The Group has assets held for resale amounting to TL 37.065 (31 December 2015: TL 6.695) and has no discontinued operations.

Prior Period:	30 September 2016	31 December 2015
Cost	7.206	11.683
Accumulated Depreciation (-)	511	736
Net Book Value	6.695	10.947
Current Period		
Net book value at beginning of the period	6.695	10.947
Additions	32.693	2.508
Disposals (-) , net	2.024	6.504
Impairment (-)	25	-
Depreciation (-)	274	256
Cost	37.758	7.206
Accumulated Depreciation (-)	693	511
Closing Net Book Value	37.065	6.695

o. Information on other assets:

As of 30 September 2016, other assets amount to TL 231.247 (31 December 2015: TL 136.899) and does not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 30 September 2016:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months - months	1 year and over	Accum. Deposit	Total
Saving Deposits	26.280	-	73.559	1.550.975	195.561	80.783	66.692	- 1.993.850
Foreign Currency Deposits	178.085	-	162.323	2.991.404	518.563	54.171	62.971	- 3.967.517
Residents in Turkey	114.722	-	161.709	2.965.737	512.509	52.700	17.308	- 3.824.685
Residents Abroad	63.363	-	614	25.667	6.054	1.471	45.663	- 142.832
Public Sector Deposits	36.300	-	-	1.798	-	-	-	- 38.098
Commercial Deposits	39.831	-	118.730	245.135	31.513	3.056	39.509	- 477.774
Other Institutions Deposits	1.376	-	4.356	84.098	20.167	5.230	22.449	- 137.676
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	8.874	-	56.199	-	-	-	-	- 65.073
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	81	-	56.199	-	-	-	-	- 56.280
Foreign Banks	8.793	-	-	-	-	-	-	- 8.793
Special Financial Institutions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	290.746	-	415.167	4.873.410	765.804	143.240	191.621	- 6.679.988

ii. 31 December 2015:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months - months	1 year and over	Accum. Deposit	Total
Saving Deposits	17.464	-	43.275	934.636	76.602	42.099	48.034	- 1.162.110
Foreign Currency Deposits	337.812	-	99.312	3.526.447	562.193	67.020	96.671	- 4.689.455
Residents in Turkey	310.681	-	98.807	3.507.803	547.211	64.898	53.637	- 4.583.037
Residents Abroad	27.131	-	505	18.644	14.982	2.122	43.034	- 106.418
Public Sector Deposits	14.195	-	-	-	-	-	-	- 14.195
Commercial Deposits	77.352	-	69.424	278.895	37.777	55.905	56.059	- 575.412
Other Institutions Deposits	6.265	-	9.141	70.311	108	110	34.058	- 119.993
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	7.097	-	43.249	-	-	-	-	- 50.346
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	100	-	43.249	-	-	-	-	- 43.349
Foreign Banks	6.997	-	-	-	-	-	-	- 6.997
Special Financial Institutions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	460.185	-	264.401	4.810.289	676.680	165.134	234.822	- 6.611.511

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

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Saving Deposits				
Saving Deposits	546.210	418.844	1.447.640	743.266
Foreign Currency Savings Deposit	188.664	198.352	2.329.410	2.807.719
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	734.874	617.196	3.777.050	3.550.985

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

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

	30 September 2016	31 December 2015
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	19.049	17.299
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	19.049	17.299

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

b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning trading derivative financial liabilities:

Trading Derivative Financial Liabilities	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Forward Transactions	19.041	2.592	8.427	4.441
Swap Agreements	30.329	6.885	38.220	7.487
Futures Transactions	-	-	-	-
Options	110	23.510	56	17.685
Other	-	-	-	-
Total	49.480	32.987	46.703	29.613

c. Information on borrowings:

1. Information on banks and other financial institutions:

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	31.461	329.570	140.264	79.499
From Foreign Banks, Institutions and Funds	25.144	2.619.396	-	2.302.485
Total	56.605	2.948.966	140.264	2.381.984

2. Information on maturity structure of borrowings:

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Short-term	31.461	221.549	37.466	290.235
Medium and Long-term	25.144	2.727.417	102.798	2.091.749
Total	56.605	2.948.966	140.264	2.381.984

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

The Group's main funding sources are deposits and borrowings. As of 30 September 2016, deposits and borrowings from Group's risk group comprise 0,4% (31 December 2015: 0,4%) of total deposits. Besides this, borrowings from Bank's risk group comprise 58,76% (31 December 2015: 57%) of subordinated and other borrowings.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES
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d. Information on marketable securities issued:

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Bills	49.248	-	49.255	-
Bonds	-	-	-	-
Asset guaranteed securities	-	-	-	-
Total	49.248	-	49.255	-

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 136.955 (31 December 2015: TL 85.106) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

f. Information on lease payables (net):

The contingent rent installments of financial lease contracts are determined by the price of commodity, market interest rates and the maturity of funding. The financial leasing contracts do not have any conditions which place significant commitments on the Group.

g. Information on hedging derivative financial liabilities:

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Hedging Fair Value Risk	-	-	-	-
Hedging Cash Flow Risk	18.945	3.211	15.132	-
Hedging Net Investment In Foreign Operations	-	-	-	-
Total	18.945	3.211	15.132	-

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

h. Information on provisions:

1. Information on general provisions:

	30 September 2016	31 December 2015
General Provisions	87.705	77.497
Provisions for First Group Loans and Receivables	70.504	57.222
Additional Provision for Loans and Receivables with Extended Maturities (*)	-	767
Provisions for Second Group Loans and Receivables	13.391	16.853
Additional Provision for Loans and Receivables with Extended Maturities (*)	-	11.174
Provisions for Non-Cash Loans	3.574	3.246
Other	236	176

(*)The amount includes the effect of the amendment to the regulation on procedures and principles for the determination of the qualifications of loans and other receivables and the provisions made on 27 September 2016.

2. Information on reserve for employment termination benefits:

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

As of the date of 1 July 2016, the payment amount which is one month’s salary for each working year is restricted to TL 4.297,21 (31 December 2015: TL 3.541,37). Employee termination benefits are not funded as there is no funding requirement.

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

	30 September 2016	31 December 2015
Discount rate (%)	2,74	2,74
Salary increase rate (%)	8,75	8,75
Average remaining work period (Year)	11,57	11,57

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(Continued)**

Movement of reserve for employment termination benefits during the period:

	30 September 2016	31 December 2015
As of January 1	9.934	9.071
Service cost	4.150	1.718
Interest cost	-	665
Settlement cost	-	508
Actuarial loss/gain	-	585
Benefits paid (-)	2.729	2.613
Total	11.355	9.934

In addition, as of 30 September 2016 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 14.672 (31 December 2015: TL 16.883).

3. Other provisions:

i. Information on provisions for possible risks:

	30 September 2016	31 December 2015
Provisions for potential risks (*)	32.034	28.824
Total	32.034	28.824

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

ii. Information on other provisions:

The Group set aside under other provisions amounting to TL 7.275 (31 December 2015: TL 4.652) for lawsuits, TL 2.108 (31 December 2015: TL 1.941) for non-cash loans, TL 1.409 (31 December 2015: TL 1.192) for customer cheques commitments, TL 42 (31 December 2015: TL 62) for credit card loyalty points and TL 188 (31 December 2015: TL 183) for other receivables.

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

As of 30 September 2016, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 548 (31 December 2015: TL 3.128) and is netted from the loan amount in the financial statements.

i. Information on taxes payable:

1. Information on tax provision:

As of 30 September 2016, after prepaid tax amount is netted off, the corporate tax provision of the Bank is TL 4.483 (31 December 2015: 3.567).

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2. Information on taxes payable:

	30 September 2016	31 December 2015
Corporate Tax Payable	4.483	3.567
Taxation of Marketable Securities	8.925	7.154
Property Tax	322	168
Banking Insurance Transaction Tax	5.512	6.208
Value Added Tax Payable	173	629
Other	4.560	3.378
Total	23.975	21.104

3. Information on premium payables:

	30 September 2016	31 December 2015
Social Security Premiums-Employee	1.283	1.099
Social Security Premiums-Employer	1.521	1.303
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	61
Unemployment Insurance-Employer	140	120
Other	-	-
Total	3.016	2.583

4. As of 30 September 2016, the Group has netted-off the calculated deferred tax asset of TL 29.675 (31 December 2015: TL 21.767) and deferred tax liability of TL 18.341 (31 December 2015: TL 12.471) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 12.209 (31 December 2015: TL 9.296) and deferred tax liability of TL 875 (31 December 2015: None) in the financial statements.

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

None (31 December 2015: None).

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

k. Information on subordinated loans:

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

Issuing Institution	Amount	Opening Date	Maturity Date	Interest Rate(%)
Burgan Bank K.P.S.C. (Main 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.

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	901.434	-	438.893
Other Foreign	-	-	-	-
Total	-	901.434	-	438.893

l. Information on shareholders' equity:

1. Presentation of paid-in capital:

	30 September 2016	31 December 2015
Common Stock	900.000	900.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	1.000.000

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

None.

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

None.

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

None.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES
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6. Information on capital by considering the Parent 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 Parent Bank within several risk limits and legal limits.

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

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

8. Information on marketable securities valuation reserve:

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	147	1.928	(1.521)	(857)
Foreign Currency Translation Difference				
Total	147	1.928	(1.521)	(857)

9. Information on tangible assets revaluation reserve:

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	15.122	-	15.122	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables	-	-	-	-
Total	15.122	-	15.122	-

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

The profit of the 2015 , TL 52.169 is not distributed. It is classified as TL 1.071 is legal reserve, TL 4.813 is extraordinary reserve and TL 46.285 is absorbed from losses of previous period.

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	30 September 2016	31 December 2015
Foreign currency buy/sell commitments	512.450	495.701
Commitments for cheques	300.565	299.665
Loan limit commitments	103.344	128.409
Forward securities commitments	38.900	-
Commitments for credit card limits	17.312	25.825
Capital Commitments for subsidiaries	14.997	-
Blocked cheques given to customers	-	3.300
Promotions for the credit cards and their care services	22	19
Total	987.590	952.919

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 September 2016	31 December 2015
Letter of guarantees	1.449.530	1.225.235
Bank acceptance loans	153.179	97.280
Letter of credits	148.259	195.057
Other guarantees	10.599	26.555
Factoring guarantees	28	28
Total	1.761.595	1.544.155

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

	30 September 2016		31 December 2015	
	TL	FC	TL	FC
Irrevocable letters of guarantee	554.945	347.558	528.011	311.264
Revocable letters of guarantee	100.251	42.144	51.280	30.677
Guarantees given to customs	21.790	52.721	24.858	30.931
Letters of guarantee given in advance	10.866	129.927	9.069	116.668
Other letters of guarantee	18.960	170.368	15.074	107.403
Total	706.812	742.718	628.292	596.943

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

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

	30 September 2016	31 December 2015
Non-cash loans given against cash loans	190.191	143.161
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	190.191	143.161
Other non-cash loans	1.571.404	1.400.994
Total	1.761.595	1.544.155

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	675.959	729.135	25.629	13.538
Bank Acceptances	3.762	149.417	-	-
Letters of Credit	-	147.747	-	512
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	28	-	-	-
Other Commitments and Contingencies	-	10.599	-	-
Total	679.749	1.036.898	25.629	14.050

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 5.269. As of 30 September 2016, the Group has recorded a TL 2.108 provision regarding these risks.

b. Investment Funds:

As of 30 September 2016, the Group is the founder of 6 investment funds (31 December 2015: 6) with a total fund value of TL 23.328 (31 December 2015: TL 24.248) and these funds are managed by Burgan Portföy Yönetimi A.Ş. The shares of the investment funds established in accordance with the Capital Markets Board Legislation are kept dematerialized by Central Registry Agency Inc.

c. Information on contingent assets and contingent liabilities:

As of 30 September 2016, the total amount of legal cases against the Group is TL 45.174 (31 December 2015: TL 34.582) and the Parent Bank sets aside a provision of TL 6.527 (31 December 2015: TL 4.652) regarding these risks. Due to the delayed reply to e-foreclosure sent by Gökpınar Tax Administration, negative declaratory action has been claimed at “Denizli Tax Authority” and “Denizli Civil Court of General Jurisdiction” for cancellation of the payment order of TL 25.459, which was notified to the Parent Bank. The transactions have been stopped with obtaining injunction in response to 15% collateral. The law cases in local courts have resulted in favor of the Parent Bank. The cases are at the appeal phase. As a result, the Parent Bank did not book any provision.

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

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

d. Brief information on the Bank's rating given by International Rating Institutions:

FITCH (26 August 2016)

Outlook	Negative
Long Term FC	BBB
Short Term FC	F2
Long Term TL	BBB
Short Term TL	F2
Viability Note	b+
Support Rating	2
National Rating	AAA(tur)

MOODY'S (26 September 2016)

Outlook	Stable
Long Term FC	Ba3
Short Term FC	Not Prime
Long Term TL	Ba3
Short Term TL	Not Prime

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

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans :

	30 September 2016		30 September 2015	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	249.388	16.300	243.490	12.469
Medium/Long-term Loans	151.129	188.209	100.107	138.988
Interest on Loans Under Follow-up	3.228	-	3.265	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	403.745	204.509	346.862	151.457

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

2. Information on interest income on banks:

	30 September 2016		30 September 2015	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	1.977	272	3.328	71
From Foreign Banks	-	14	-	14
Headquarters and Branches Abroad	-	-	-	-
Total	1.977	286	3.328	85

3. Information on marketable securities:

	30 September 2016		30 September 2015	
	TL	FC	TL	FC
From Trading Financial Assets	4.930	198	3.668	17
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	15.520	10.531	19.715	1.614
From Held-to-Maturity Investments	-	-	-	-
Total	20.450	10.729	23.383	1.631

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

None (30 September 2015: None).

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

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

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 September 2016		30 September 2015	
	TL	FC	TL	FC
Banks	11.157	74.953	9.803	59.070
The CBRT	-	-	-	-
Domestic Banks	11.152	793	9.788	806
Foreign Banks	5	74.160	15	58.264
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	6.811	-	-
Total (*)	11.157	81.764	9.803	59.070

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

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

None (30 September 2015: None).

3. Information on interest expense on issued securities

	30 September 2016	30 September 2015
Interest expense on issued securities	8.946	3.017

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		
TL								
Bank Deposits	1	376	-	-	-	-	-	377
Savings Deposits	-	5.365	114.517	14.231	7.689	5.420	-	147.222
Public Deposits	-	5	32	-	-	-	-	37
Commercial Deposits	-	6.523	29.276	3.487	3.511	3.871	-	46.668
Other Deposits	-	274	6.946	1.360	239	2.977	-	11.796
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	1	12.543	150.771	19.078	11.439	12.268	-	206.100
FC								
Foreign Currency Account	-	1.721	63.389	11.057	1.478	1.562	-	79.207
Bank Deposits	-	173	-	-	-	-	-	173
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	1.894	63.389	11.057	1.478	1.562	-	79.380
Sum Total	1	14.437	214.160	30.135	12.917	13.830	-	285.480

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

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

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

	30 September 2016	30 September 2015
Income	10.243.122	10.162.931
Capital Market Transactions	26.396	25.584
Derivative Financial Transactions	21.809	25.896
Foreign Exchange Gains	10.194.917	10.111.451
Loss (-)	10.232.481	10.144.690
Capital Market Transactions	18.134	21.722
Derivative Financial Transactions	22.194	40.803
Foreign Exchange Loss	10.192.153	10.082.165
Net Income/Loss	10.641	18.241

d. Information on other operating income:

As of 30 September 2016, the Group’s other operating income is TL 13.977 (30 September 2015: TL 15.257). TL 1.078 (30 September 2015: TL 4.703) of the amount of the other operating income is composed of profit from sales of the fixed assets that were classified as “Asset Held for Resale” of the Parent Bank.

e. Provision expenses related to loans and other receivables:

	30 September 2016	30 September 2015
Specific Provisions for Loans and Other Receivables	37.185	49.576
III. Group Loans and Receivables	9.241	5.883
IV. Group Loans and Receivables	(263)	11.064
V. Group Loans and Receivables	28.207	32.629
General Provision Expenses	11.228	6.597
Provision Expense for Possible Risks	12.222	4.327
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	60.635	60.500

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

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

f. Information related to other operating expenses:

	30 September 2016	30 September 2015
Personnel Expenses	128.678	122.179
Reserve For Employee Termination Benefits (*)	4.150	3.508
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	7.445	7.002
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	6.775	6.082
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	25	-
Depreciation Expenses of Assets Held for Resale	274	218
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	79.558	76.034
Operational Lease Expenses	23.827	24.739
Maintenance Expenses	2.436	1.878
Advertising Expenses	699	319
Other Expense	52.596	49.098
Loss on Sales of Assets	259	378
Other (**)	20.500	5.925
Total	247.664	221.326

(*) As of 30 September 2016, the employee vacation fee provision income is TL 76. (30 September 2015: TL 220).

(**) In the prior period's other component; in consequence of arising a positive law case, provision of TL 13.220 was cancelled.

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

The Group has no discontinued operations. The Group's income before tax from continuing operations is TL 55.126. (30 September 2015: TL 51.944 income before tax).

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

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

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

As of 30 September 2016, the Group has current tax expense amounting to TL14.274 and deferred tax expense amounting to TL 456.

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

The Group has TL 4.870 deferred tax income from temporary differences, TL 828 deferred tax income from carried financial loss, TL 6.154 deferred tax expense and income due to temporary differences closed to net TL 456 deferred tax expense.

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(Continued)**

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

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

As of 30 September 2016, the Group has TL 1.284 deferred tax expense arising from temporary differences and TL 828 deferred tax income as a result of carried financial loss.

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

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

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

1. If the disclosure of usual banking transactions, income and expenditure items' composition is necessary to understand the annual performance of 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. As of 30 September 2016, the Group's interest income amounts to TL 910.670 (30 September 2015: TL 665.423) and TL 190.620 (30 September 2015: TL 81.034) of the related amount is classified as "Other Interest Income" account in income statement.

	30 September 2016	30 September 2015
Other Interest Income		
Interest Income Related to Derivative Transactions	176.009	72.713
Other	14.611	8.321
Total	190.620	81.034

2. As of 30 September 2016, the Group's interest expense amount to TL 601.808 (30 September 2015: TL 400.859) and TL 196.427 (30 September 2015: TL 107.460) of the related amount is classified "Other Interest Expense" account in income statement.

	30 September 2016	30 September 2015
Other Interest Expense		
Interest expense related to derivative transactions	181.000	106.482
Other	15.427	978
Total	196.427	107.460

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(Continued)**

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

3. As of 30 September 2016, the Group’s fee and commission income amounts to TL 36.032 (30 September 2015: TL 45.359) and TL 25.367 (30 September 2015: TL 36.940) of the related amount is classified under “Other fee and commission income” account.

	30 September 2016	30 September 2015
Other Fee and Commissions Received		
Commissions From Brokerage Activity-Leveraged Trading	5.285	1.374
Commissions From Brokerage Activity in Istanbul Stock Exchange	4.339	9.644
Commissions From Brokerage Activity in Turkish Derivative Exchange	3.958	9.483
Insurance Commissions	2.031	1.598
Account Operating Fees	1.039	1.423
Transfer Commissions	816	1.049
Credit Card and POS Transaction Commission	756	4.381
Commissions from Correspondent Banks	288	302
Commissions on Investment Fund Services	181	2.089
Investment Consultancy Fees	103	2.037
Ortak Nokta Commissions	76	90
Letter of Credit Commissions	10	17
Other	6.485	3.453
Total	25.367	36.940

4. As of 30 September 2016, Group’s fee and commission expense amounts to TL 6.714 (30 September 2015: TL 10.193) and TL 6.290 (30 September 2015: TL 9.742) of the related amount is classified under “Other fee and commission expense” account.

	30 September 2016	30 September 2015
Other Fee and Commissions Given		
Credit Card Transaction Commission	2.491	4.374
Stock Exchange Contribution Expenses	1.355	1.683
Commissions Granted to Correspondent Banks	595	531
EFT Commissions	491	447
Ortak Nokta Clearing Commissions	320	183
Transfer Commissions	77	99
Other	961	2.425
Total	6.290	9.742

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

V. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP

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

1. Prior period financial information is presented as at 31 December 2015 for balance sheet and as at 30 September 2015 for income statements items.

30 September 2016:

Groups' Risk Group (*) Loans and Other Receivables	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period	-	23.519	-	219	89	8.753
Balance at the End of the Period	-	26.733	-	225	101	9.219
Interest and Commission Income Received	-	-	-	-	4	-

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

31 December 2015:

Groups' Risk Group (*) Loans and Other Receivables	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period	-	18.079	-	-	24	26.972
Balance at the End of the Period	-	23.519	-	219	89	8.753
Interest and Commission Income Received	-	-	-	-	4	-

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

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

Groups' Risk Group(*) Deposit	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	-	-	6.184	21.433	17.841	13.257
End of the Period	-	-	8.046	6.184	19.791	17.841
Interest Expense on Deposits	-	-	-	-	926	550

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

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

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

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

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

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

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

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

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

1. The relations with entities that are included in the Group's risk group and controlled by the Group:

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

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

	Total Risk Group	Share in Financial Statements (%)
Borrowings	2.295.562	58,76
Non-cash loans	36.177	2,05
Deposit	27.837	0,42
Banks and Other Financial Institutions	352	0,28
Loans	101	-

As of 30 September 2016, the Group has realized interest expense amounting to TL 56.332 (30 September 2015: TL 38.267) on loans borrowed from the direct shareholders.

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

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

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

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Group's risk group and the amount composes 0,33% (31 December 2015: 0,33%) of the Group's total cash and non-cash loans.

As of 30 September 2016 there are no purchase-sales transactions on any assets including real-estate with the risk group consisting the Parent Bank.

As of 30 September 2016 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Parent Bank is included.

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 19.237 (30 September 2015: TL 18.159) which include total gross salary, travel, meal, health, life insurance and other expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

The consolidated financial statements as of 30 September 2016 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young Global Limited) and the auditor’s independent limited review report dated 11 November 2016 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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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**

Expectations towards growth rates of economies of developed countries shall slow down and global interest rates shall remain low for a longer period have become stronger in the third quarter of the year, driven by exit decision of UK from EU and slower-than expected growth in US. On the other hand, sentiment has improved in Emerging Markets due to low global interest rates, recovery in commodity prices and decreasing short-term concerns regarding growth of China. In this environment, expectations regarding next interest rate hike of FED have been postponed towards December of 2016 while other central banks has maintained accommodative monetary policies. Global growth forecasts have been kept as 3.1% and 3.4% for 2016 and 2017, respectively, in the World Economic Outlook report which is published by IMF in October.

Political and geopolitical developments have come into prominence in Turkey. Economic and politic reflections of coup attempt occurred on July 15 and increasing geopolitical movements are closely monitored. Following the coup attempt, Moody's first placed Turkey's Baa3 sovereign rating on review for downgrade, and then cut the rating to Ba1, ie non-investment grade, in September. On the other hand, Fitch confirmed Turkey's sovereign rating at investment-grade (BBB-), while revising the outlook to negative. S&P, which has been keeping Turkey already below investment-grade level, has downgraded its sovereign rating by another notch to BB level just after the coup attempt.

Economic growth rate of Turkey dropped to 3.1% in the second quarter, after a strong growth rate of 4.8% in the first quarter. Private consumption and public expenditures have been the main engines of GDP growth. Private consumption expenditures has contributed the most to GDP growth with 5.2% real increase while public expenditures and investment have made a significant contribution reaching up to 2.0 points. Private investments declined by 1.8% year over year. Leading indicators suggest that GDP growth has slowed down notably in third quarter as a result of both political developments and impact of number of working days. Average industrial production has decreased 1.4% on annual basis in July and August. Purchasing Managers Index ranges under critical value of 50 and at the lowest level since the beginning of 2009 during third quarter. On the other hand, consumer confidence index is at its highest of the last one year. Steps such as interest rate cuts and increasing of credit installments support consumer expenditures. Assuming an acceleration in the fourth quarter, GDP growth is expected to be around 3.2% in 2016.

On the other hand, it is observed that external balancing has ended as of the third quarter. 12 months rolling current account deficit, which was drawn back to 28 billion dollars in May, has risen up to 31 billion dollars as of August, driven by significant contraction in tourism revenues and subdued exports. In accordance with Turkish Exporter's Association data, exports and imports have decreased at ratios of 3.6% and 6.2%, respectively, during third quarter. Tourism revenues continued to decline by 35% year over year. Current account deficit is estimated to reach up to 35 billion dollars by the end of the year as the positive impact of lower energy prices gradually declines in the fourth quarter.

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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)**

Annual inflation has risen up to 8.8% in July and recede back to 7.3% in September as a result volatile food inflation, tobacco price adjustments in tobacco and tax adjustments on oil products. Core inflation has decreased to 7.7% from 8.7% during the same period. Year-end inflation expectations hover around 8% while exchange movements and food prices remain critical. Decision of Food Committee to take measures supporting supply and price stability is important for food inflation.

The Medium-term programme for 2017-2019 period was announced in October. According to this program, the government estimates GDP growth rate as 3.2%, year-end inflation as 7.5%, current accounts deficit-to-GDP ratio as 4.3% and budget deficit-to-GDP ratio as 1.6% in 2016. The government targets GDP growth as 4.4%, year-end inflation as 6.5%, current accounts deficit-to-GDP ratio as 4.2% and budget deficit-to-GDP ratio as 1.9% in 2017.

In the light of developments above, Central Bank of Republic of Turkey, has continued to take steps towards simplification of monetary policy and revive economic growth. Marginal funding rate has been cut by 250 basis points to 8.25% in March-September period. Weighted funding rate has been reduced by 125 basis points to 7.75% in the same period. The Central Bank paused the simplification process in October and stated that "direction and timing of next step shall be formed according to data". On the other hand, Turkish Lira required reserve ratio has been decreased 100 basis points in total in August and September.

In the next period, constitutional amendment discussions and other domestic politic developments shall be closely monitored. US elections, which shall be made in November and interest rate hike of FED which is anticipated to occur in December and policies of other leading central banks shall be monitored while geopolitical developments maintain their importance.

Consolidated balance sheet size of our bank dated 30 September 2016 is TL 8.179.073 while consolidated deposit total is TL 6.679.988. Burgan Bank has maintained its support to customers uninterruptedly and consolidated net cash loans and factoring receivables total is realized as TL 9.184.200. Our consolidated equities have realized as TL 1.043.066 while our consolidated capital adequacy ratio has risen up to 16,55%. Our Bank has made a net profit of TL 40.396 in the third quarter of 2016. We will continue to render our services in 17 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

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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

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>				
Robbert J. R. Voogt	Operation, IT and Private Banking Senior Deputy General Manager	23.09.2013	Bachelor’s degree	15
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

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

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

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 Ghoussein 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 Ghoussein have been elected as members of the Risk Committee.

IV. INFORMATION ON HUMAN RESOURCES IMPLEMENTATIONS

Annual leave of the personnel having 1 to 5 years of experience has been raised to 17 working days from 15 working days as of 5 April 2016 although there is no other significant changes in the implementations of HR.

V. 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.

VI. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD

According to the results the date of 30 June 2016 Burgan Portföy Yönetimi A.Ş. which is subsidiary of Burgan Yatırım Menkul Değerler A.Ş its total losses of previous periods and first nine-month losses of 2016 financial year have dropped down below a 1/3 of company's capital. 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. started to run off.

By the Banking Regulation and Supervision Agency's decision numbered 6919 dated 24 June 2016, permission has been granted to established a company named Burgan Faktoring A.Ş.

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD (Continued):

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.

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

	30.09.2016	31.12.2015	Change (%)
Total assets	12.694.087	11.573.117	9,7
Credits and Factoring Receivables (Net)	9.184.200	8.266.472	11,1
Securities	563.063	679.536	(17,1)
Deposits	6.679.988	6.611.511	1,0
Debts having credit characteristics	4.377.256	3.399.218	28,8
Shareholder's equity	1.043.066	1.012.502	3,0
Guarantee and suretyship	1.761.595	1.544.155	14,1
Capital Adequacy ratio	16,65%	14,49%	14,9

	01/01/2016- 30/09/2016	01/01/2015- 30/09/2015	01/07/2016- 30/09/2016	01/07/2015- 30/09/2015
Period Net Profit/(Loss)	40.396	39.354	20.277	8.786

VIII. 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 Parent 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 51 branches including 6 retail, 1 commercial, 1 corporate and 43 mixed banking branches, its internet banking applications and call centre and 1.007 employees. The Group has a total of 1.104 employees.

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

30 September 2016

TL Million	Burgan Bank	Sector (*)	Share of our Bank (%)
Cash Credits	8.810	1.625.872	0,54
Customer Deposits	6.609	1.418.787	0,47
Branch Number	51	10.985	0,46
Personnel Number	1.007	197.733	0,51

(*) Reference BRSA and The Banks Associations of Turkey