

(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 31 MARCH 2017**

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 31 March 2017 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 31 March 2017 and of the results of its operations and its cash flows for the three-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, 12 May 2017

**(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 31 MARCH 2017**

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

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

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

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 three 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.

12 May 2017

Mehmet N. ERTEN
Chairman of the
Board of Directors

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

Mehmet YALÇIN
Financial Affairs
Vice General Manager

Ahmet CİĞA
Head of Accounting,
Tax, and
Reporting Unit

Halil CANTEKİN
Head of the Audit Committee

Adrian Alejandro
GOSTUSKI
Member of the Audit
Committee

Osama T. AL GHOUSSEIN
Member of the Audit
Committee

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

Name-Surname / Title : Ahmet CİĞA / Head of Accounting Tax and Reporting Unit
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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(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 31 MARCH 2017

(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 31 March 2017, the Parent Bank has 49 branches operating in Turkey (31 December 2016: 49). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 March 2017, the Group has 1.068 (31 December 2016: 1.089) employees.

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

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated balance sheet (Statement of financial position)
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**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 31 MARCH 2017 AND 31 DECEMBER 2016**

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

I. BALANCE SHEET		Note (Section Five)	(31/03/2017)			(31/12/2016)		
			TL	FC	Total	TL	FC	Total
ASSETS								
I.	CASH AND BALANCES WITH CENTRAL BANK	I-a	153.345	1.240.362	1.393.707	161.255	1.157.611	1.318.866
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	97.235	65.419	162.654	84.444	51.759	136.203
2.1	Trading Financial Assets		97.235	65.419	162.654	84.444	51.759	136.203
2.1.1	Government Debt Securities		34.826	1.793	36.619	27.120	840	27.960
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		54.227	56.345	110.572	54.221	50.084	104.305
2.1.4	Other Marketable Securities		8.182	7.281	15.463	3.103	835	3.938
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	457.986	200.136	658.122	95.216	242.892	338.108
IV.	MONEY MARKETS		6.600	-	6.600	17.110	-	17.110
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		6.600	-	6.600	16.690	-	16.690
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	420	-	420
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	339.510	180.130	519.640	370.543	168.612	539.155
5.1	Share Certificates		11.568	-	11.568	11,568	-	11,568
5.2	Government Debt Securities		327.511	98.297	425.808	358.462	92.465	450.927
5.3	Other Marketable Securities		431	81.833	82.264	513	76.147	76.660
VI.	LOANS	I-e	4.805.436	6.200.128	11.005.564	4.666.340	6.064.455	10.730.795
6.1	Loans		4.669.034	6.200.128	10.869.162	4.533.679	6.064.455	10.598.134
6.1.1	Loans to Bank's Risk Group		127	5	132	106	7	113
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		4.668.907	6.200.123	10.869.030	4.533.573	6.064.448	10.598.021
6.2	Loans under Follow-up		293.285	-	293.285	278.035	-	278.035
6.3	Specific Provisions (-)		156.883	-	156.883	145.374	-	145.374
VII.	FACTORING RECEIVABLES	I-e	17	654	671	123	704	827
VIII.	HELD-TO-MATURITY SECURITIES (Net)	I-f	-	164.191	164.191	-	161.607	161.607
8.1	Government Debt Securities		-	164.191	164.191	-	161.607	161.607
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	I-g	-	-	-	-	-	-
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		-	-	-	-	-	-
9.2.1	Financial Investments in Associates		-	-	-	-	-	-
9.2.2	Non-financial Investments in Associates		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	I-h	-	-	-	-	-	-
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	352.686	1.091.074	1.443.760	303.741	1.005.983	1.309.724
12.1	Financial Lease Receivables		465.267	1.239.196	1.704.463	398.103	1.147.332	1.545.435
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		112.581	148.122	260.703	94.362	141.349	235.711
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	I-k	205.928	8.810	214.738	176.246	7.940	184.186
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		205.928	8.810	214.738	176.246	7.940	184.186
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)		72.261	1.546	73.807	72.566	1.590	74.156
XV.	INTANGIBLE ASSETS (Net)		46.082	1.030	47.112	48.465	1.059	49.524
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		46.082	1.030	47.112	48.465	1.059	49.524
XVI.	INVESTMENT PROPERTY (Net)	I-l	-	-	-	-	-	-
XVII.	TAX ASSET		12.008	-	12.008	10.510	-	10.510
17.1	Current Tax Asset		2.368	-	2.368	2.220	-	2.220
17.2	Deferred Tax Asset	I-m	9.640	-	9.640	8.290	-	8.290
XVIII.	ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-n	51.084	-	51.084	45.511	-	45.511
18.1	Held for Resale		51.084	-	51.084	45.511	-	45.511
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	I-o	95.652	89.018	184.670	80.957	96.906	177.863
	TOTAL ASSETS		6.695.830	9.242.498	15.938.328	6.133.027	8.961.118	15.094.145

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 31 MARCH 2017 AND 31 DECEMBER 2016**

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

I.	BALANCE SHEET	Note (Section Five)	(31/03/2017)			(31/12/2016)		
			TL	FC	Total	TL	FC	Total
	LIABILITIES							
I.	DEPOSITS	II-a	2.990.102	5.961.863	8.951.965	2.847.484	5.401.185	8.248.669
1.1	Deposits of Bank's Risk Group		1.176	8.674	9.850	7.882	23.779	31.661
1.2	Other		2.988.926	5.953.189	8.942.115	2.839.602	5.377.406	8.217.008
II.	TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	61.686	40.262	101.948	114.784	36.055	150.839
III.	BORROWINGS	II-c	78.334	3.471.248	3.549.582	98.573	3.347.535	3.446.108
IV.	MONEY MARKETS		261.445	190.827	452.272	310.620	185.428	496.048
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		54.865	-	54.865	70.592	-	70.592
4.3	Funds Provided Under Repurchase Agreements		206.580	190.827	397.407	240.028	185.428	425.456
V.	MARKETABLE SECURITIES ISSUED (Net)	II-d	-	-	-	49.288	-	49.288
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	49.288	-	49.288
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		47.779	259.355	307.134	53.151	206.292	259.443
VIII.	OTHER LIABILITIES	II-e	93.966	12.214	106.180	61.373	5.905	67.278
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	II-f	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI.	HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-g	34.056	3.067	37.123	27.528	1.958	29.486
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		34.056	3.067	37.123	27.528	1.958	29.486
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	II-h	93.832	76.099	169.931	85.008	73.726	158.734
12.1	General Loan Loss Provision		39.614	55.072	94.686	36.460	53.785	90.245
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		19.887	-	19.887	29.558	-	29.558
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		34.331	21.027	55.358	18.990	19.941	38.931
XIII.	TAX LIABILITY	II-i	47.755	-	47.755	38.216	-	38.216
13.1	Current Tax Liability		25.540	-	25.540	24.420	-	24.420
13.2	Deferred Tax Liability		22.215	-	22.215	13.796	-	13.796
XIV.	PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	II-j	-	-	-	-	-	-
14.1	Held for Resale		-	-	-	-	-	-
14.2	Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	II-k	-	1.092.693	1.092.693	-	1.057.478	1.057.478
XVI.	SHAREHOLDERS' EQUITY	II-l	1.122.185	(440)	1.121.745	1.097.572	(5.014)	1.092.558
16.1	Paid-in Capital		900.000	-	900.000	900.000	-	900.000
16.2	Capital Reserves		36.559	(440)	36.119	32.810	(5.014)	27.796
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Reserve		(1.214)	(2.840)	(4.054)	(872)	(6.999)	(7.871)
16.2.4	Tangible Assets Revaluation Reserve		16.127	-	16.127	16.127	-	16.127
16.2.5	Intangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.6	Investment Property Revaluation Reserve		-	-	-	-	-	-
16.2.7	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8	Hedging Reserves (Effective portion)		24.021	2.400	26.421	19.930	1.985	21.915
16.2.9	Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		(2.375)	-	(2.375)	(2.375)	-	(2.375)
16.3	Profit Reserves		164.762	-	164.762	93.089	-	93.089
16.3.1	Legal Reserves		21.342	-	21.342	20.178	-	20.178
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		143.420	-	143.420	72.911	-	72.911
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Income or (Loss)		20.864	-	20.864	71.673	-	71.673
16.4.1	Prior Years' Income or (Loss)		-	-	-	-	-	-
16.4.2	Current Year Income or (Loss)		20.864	-	20.864	71.673	-	71.673
16.5	Minority Shares		-	-	-	-	-	-
	TOTAL LIABILITIES		4.831.140	11.107.188	15.938.328	4.783.597	10.310.548	15.094.145

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

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

BURGAN BANK A.Ş.

**CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT
31 MARCH 2017 AND 31 DECEMBER 2016**

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

II. OFF-BALANCE SHEET		(31/03/2017)			(31/12/2016)			
		Note (Section Five/Five)	TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I-II+III)		7.436.477	21.212.902	28.649.379	6.317.735	17.474.566	23.792.301
I.	GUARANTEES AND WARRANTIES	III-a-2-3	743.821	1.389.626	2.133.447	734.697	1.247.539	1.982.236
1.1	Letters of Guarantee		739.513	973.536	1.713.049	730.919	853.508	1.584.427
1.1.1	Guarantees Subject to State Tender Law		6.766	5.273	12.039	7.398	4.575	11.973
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		732.747	968.263	1.701.010	723.521	848.933	1.572.454
1.2	Bank Acceptances		4.280	87.273	91.553	3.750	126.967	130.717
1.2.1	Import Letter of Acceptance		4.280	87.273	91.553	3.750	126.967	130.717
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	318.385	318.385	-	256.635	256.635
1.3.1	Documentary Letters of Credit		-	318.385	318.385	-	256.635	256.635
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		28	-	28	28	-	28
1.8	Other Guarantees		-	10.432	10.432	-	10.429	10.429
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	III-a-1	946.060	507.604	1.453.664	625.226	392.275	1.017.501
2.1	Irrevocable Commitments		946.060	507.604	1.453.664	625.226	392.275	1.017.501
2.1.1	Asset Purchase and Sales Commitments		484.420	507.604	992.024	184.868	392.275	577.143
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		14.997	-	14.997	14.997	-	14.997
2.1.4	Commitments for Loan Limits		107.167	-	107.167	105.005	-	105.005
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		325.269	-	325.269	302.867	-	302.867
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		14.198	-	14.198	17.475	-	17.475
2.1.10	Promotion Commitments for Credit Cards and Banking Services		9	-	9	14	-	14
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		-	-	-	-	-	-
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		5.746.596	19.315.672	25.062.268	4.957.812	15.834.752	20.792.564
3.1	Hedging Derivative Financial Instruments		738.880	3.104.332	3.843.212	587.700	2.115.800	2.703.500
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		738.880	3.104.332	3.843.212	587.700	2.115.800	2.703.500
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		5.007.716	16.211.340	21.219.056	4.370.112	13.718.952	18.089.064
3.2.1	Forward Foreign Currency Buy/Sell Transactions		615.787	1.101.904	1.717.691	329.245	686.909	1.016.154
3.2.1.1	Forward Foreign Currency Transactions-Buy		485.873	380.178	866.051	205.259	297.660	502.919
3.2.1.2	Forward Foreign Currency Transactions-Sell		129.914	721.726	851.640	123.986	389.249	513.235
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		2.382.172	10.414.408	12.796.580	2.691.398	8.602.947	11.294.345
3.2.2.1	Foreign Currency Swap-Buy		594.233	2.587.558	3.181.791	1.283.949	1.201.567	2.485.516
3.2.2.2	Foreign Currency Swap-Sell		1.347.939	1.855.708	3.203.647	967.449	1.563.264	2.530.713
3.2.2.3	Interest Rate Swap-Buy		220.000	2.985.571	3.205.571	220.000	2.919.058	3.139.058
3.2.2.4	Interest Rate Swap-Sell		220.000	2.985.571	3.205.571	220.000	2.919.058	3.139.058
3.2.3	Foreign Currency, Interest rate and Securities Options		2.009.750	4.695.028	6.704.778	1.347.249	4.429.096	5.776.345
3.2.3.1	Foreign Currency Options-Buy		1.073.535	2.284.253	3.357.788	734.860	2.151.650	2.886.510
3.2.3.2	Foreign Currency Options-Sell		936.215	2.410.775	3.346.990	612.389	2.277.446	2.889.835
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		7	-	7	2.220	-	2.220
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		33.640.851	32.256.620	65.897.471	30.083.751	20.258.797	50.342.548
IV.	ITEMS HELD IN CUSTODY		1.198.657	137.424	1.336.081	1.541.650	136.089	1.677.739
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		269.926	42.324	312.250	488.524	31.344	519.868
4.3	Cheques Received for Collection		873.088	77.443	950.531	985.735	85.790	1.071.525
4.4	Commercial Notes Received for Collection		55.643	17.657	73.300	67.391	18.955	86.346
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		32.442.194	32.116.768	64.558.962	28.542.101	20.119.716	48.661.817
5.1	Marketable Securities		-	1.043	1.043	2.650	-	2.650
5.2	Guarantee Notes		19.158.896	10.154.807	29.313.703	18.791.720	9.532.145	28.323.865
5.3	Commodity		1.008.262	7.842	1.016.104	963.418	9.139	972.557
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		8.877.511	9.081.975	17.959.486	8.264.710	7.295.770	15.560.480
5.6	Other Pledged Items		3.396.482	12.872.144	16.268.626	519.603	3.282.662	3.802.265
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	2.428	2.428	-	2.992	2.992
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			41.077.328	53.469.522	94.546.850	36.401.486	37.733.363	74.134.849

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED INCOME STATEMENT AS AT
31 MARCH 2017 AND 31 DECEMBER 2016**

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

III. INCOME STATEMENT	Note (Section Five)	01/01/2017- 31/03/2017	01/01/2016- 31/03/2016
I. INTEREST INCOME	IV-a	361.169	290.847
1.1 Interest on Loans		248.215	192.311
1.2 Interest Received from Reserve Requirements		3.753	2.445
1.3 Interest Received from Banks		6.392	298
1.4 Interest Received from Money Market Transactions		1.650	2.052
1.5 Interest Received from Marketable Securities Portfolio		13.995	10.611
1.5.1 Trading Financial Assets		1.402	1.227
1.5.2 Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3 Available-for-sale Financial Assets		10.726	9.384
1.5.4 Held-to-maturity Investments		1.867	-
1.6 Financial Lease Income		27.539	19.704
1.7 Other Interest Income	IV-k	59.625	63.426
II. INTEREST EXPENSE (-)	IV-b	240.478	(190.603)
2.1 Interest on Deposits (-)		119.133	(91.246)
2.2 Interest on Funds Borrowed (-)		43.319	(25.273)
2.3 Interest Expense on Money Market Transactions (-)		9.101	(5.440)
2.4 Interest on Securities Issued (-)		1.436	(2.362)
2.5 Other Interest Expenses (-)	IV-k	67.489	(66.282)
III. NET INTEREST INCOME (I - II)		120.691	100.244
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		13.542	8.779
4.1 Fees and Commissions Received		15.545	11.262
4.1.1 Non-cash Loans		4.426	3.311
4.1.2 Other	IV-k	11.119	7.951
4.2 Fees and Commissions Paid (-)		2.003	(2.483)
4.2.1 Non-cash Loans (-)		151	(112)
4.2.2 Other (-)	IV-k	1.852	(2.371)
V. DIVIDEND INCOME		-	328
VI. TRADING INCOME / (LOSS) (Net)	IV-c	8.159	3.644
6.1 Trading Gains/(Losses) on Securities		2.409	5.735
6.2 Trading Gains/(Losses) on Derivative Financial Instruments		559	(5.190)
6.3 Foreign Exchange Gains/(Losses)		5.191	3.099
VII. OTHER OPERATING INCOME	IV-d	5.506	3.827
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		147.898	116.822
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-e	28.470	(26.455)
X. OTHER OPERATING EXPENSES (-)	IV-f	90.645	(80.564)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		28.783	9.803
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	28.783	9.803
XVI. TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-h	7.919	(3.572)
16.1 Current Tax Provision (-)		2.889	(7.579)
16.2 Deferred Tax Provision (-)		5.030	4.007
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV- XVI)	IV-i	20.864	6.231
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	20.864	6.231
Earnings / (Loss) per share (1.000 nominal in TL full)		0,232	0,069

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

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

BURGAN BANK A.Ş.

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN
EQUITY FOR THE 31 MARCH 2017 AND 2016**

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	31/03/2017	31/03/2016
ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE		
I. FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	4.560	7.388
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)	5.633	(8.739)
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	169	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(2.039)	270
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	8.323	(1.081)
XI. CURRENT PERIOD INCOME/LOSS	20.864	6.231
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	691	1.993
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	20.173	4.238
XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	29.187	5.150

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 MARCH 2016

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

PRIOR PERIOD 31/03/2016	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/(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 (31/12/2015)	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
II. Corrections according to TAS 8																			
2.1 Effect of Corrections of Errors																			
2.2 Effect of Amendments in Accounting Policies																			
III. New Balance (I + II)		900.000				19.107		68.098	(2.547)	52.169	(46.285)	(2.378)	15.122		9.216		1.012.502		1.012.502
Changes in the Period																			
IV. Increase/Decrease due to the Merger																			
V. Marketable Securities Valuation Differences												5.910					5.910		5.910
VI. Hedging Reserves (Effective Portion)															(6.991)		(6.991)		(6.991)
6.1 Cash Flow Hedge															(6.991)		(6.991)		(6.991)
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										6.231							6.231		6.231
XX. Profit Distribution								5.884		(52.169)	46.285								
20.1 Dividend Paid																			
20.2 Transfers to Reserves								5.884		(52.169)	46.285								
20.3 Other																			
Period End Balance (III+...+XX)		900.000				19.107		73.982	(2.547)	6.231		3.532	15.122		2.225		1.017.652		1.017.652

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 MARCH 2017

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																				
CURRENT PERIOD 31/03/2017		Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Equity Except for Minority Interest	Minority Interest	Total Shareholders' Equity
I.	Prior Period End Balance (31/12/2016)	II-1	900.000	-	-	-	20.178	-	72.911	(2.375)	71.673	-	(7.871)	16.127	-	21.915	-	1.092.558	-	1.092.558
	Changes in the Period																			
II.	Increase/Decrease due to the Merger																			
III.	Marketable Securities Valuation Differences												3.648					3.648		3.648
IV.	Hedging Reserves (Effective Portion)															4.506		4.506		4.506
4.1	Cash Flow Hedge															4.506		4.506		4.506
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																			
VIII.	Changes due to the Disposal of Assets																			
IX.	Changes due to the Reclassification of the Assets																			
X.	Effects of Changes in Equity of Investments in Associates												169					169		169
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										20.864							20.864		20.864
XVIII.	Profit Distribution																			
18.1	Dividend Paid						1.164		70.509		(71.673)									
18.2	Transfers to Reserves						1.164		70.509		(71.673)									
18.3	Other																			
	Period End Balance (I+...+XVIII)		900.000	-	-	-	21.342	-	143.420	(2.375)	20.864	-	(4.054)	16.127	-	26.421	-	1.121.745	-	1.121.745

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

**CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**BURGAN BANK A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
31 MARCH 2017 AND 31 MARCH 2016**

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	31/03/2017	31/03/2016
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(70.136)	11.866
1.1.1 Interest received		328.161	320.085
1.1.2 Interest paid		(241.333)	(182.121)
1.1.3 Dividend received		-	328
1.1.4 Fees and commissions received		14.237	12.129
1.1.5 Other income		-	-
1.1.6 Collections from previously written-off loans and other receivables		22.979	23.471
1.1.7 Payments to personnel and service suppliers		(43.314)	(40.603)
1.1.8 Taxes paid		(1.110)	(345)
1.1.9 Other		(149.756)	(121.078)
1.2 Changes in operating assets and liabilities		424.803	(408.089)
1.2.1 Net (increase)/decrease in trading securities		(20.399)	(27.385)
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net increase/(decrease) in due from banks		(54.501)	(57.786)
1.2.4 Net (increase)/decrease in loans		(265.836)	(314.066)
1.2.5 Net (increase)/decrease in other assets		(114.245)	(106.481)
1.2.6 Net (increase)/decrease in bank deposits		(6.900)	(90.475)
1.2.7 Net increase/(decrease) in other deposits		711.857	188.746
1.2.8 Net increase/(decrease) in funds borrowed		138.040	115.004
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		36.787	(115.646)
I. Net cash provided from banking operations		354.667	(396.223)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		2.990	177.767
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of property and equipment		(3.876)	(15.091)
2.4 Disposals of property and equipment		1.389	360
2.5 Cash paid for purchase of investments available-for-sale		(50.651)	(45.247)
2.6 Cash obtained from sale of investments available-for-sale		56.128	237.745
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(49.445)	497.123
3.1 Cash obtained from funds borrowed and securities issued		(49.445)	497.123
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		20.459	63.624
V. Net (increase)/decrease in cash and cash equivalents (I+II+III+IV)		328.671	342.291
VI. Cash and cash equivalents at beginning of the period		749.561	574.482
VII. Cash and cash equivalents at end of the period		1.078.232	916.773

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(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 2016. Those accounting policies and valuation principles are explained in Notes II to XXVIII below.

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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

(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 31 March 2017, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,6362 and TL 3,8851 and TL for USD and EURO respectively.

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(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 31 March 2017 and 31 December 2016.

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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(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 31 March 2017, The Parent Bank applies cash flow hedge accounting through cross and interest currency swaps to protect against changing in interest rate of FC deposit that is the average maturity of up to 3 months.

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

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(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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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 31 March 2017.

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 2017 (2016: 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 31 March 2017 and 31 December 2016, 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.

	31 March 2017	31 March 2016
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	20.864	6.231
Weighted Average Number of Issued Ordinary Shares (Thousand)	90.000.000	90.000.000
Earnings Per Ordinary Shares (Disclosed in Thousand TL)	0,232	0,069

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 31 March 2017 Bank’s total capital has been calculated as TL 2.214.165, Capital adequacy ratio is 15,28%. As of 31 December 2016, Bank’s total capital amounted to TL 2.147.530, Capital adequacy ratio was 15,84% calculated pursuant to former regulations.

a. Information about total capital:

	Current Period 31 March 2017	Amounts related to treatment before 1/1/2014(*)	Prior Period 31 Dec 2016	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000		900.000	
Share issue premiums	-		-	
Reserves	164.946		93.273	
Gains recognized in equity as per TAS	43.728		39.053	
Profit	20.864		71.673	
Current Period Profit	20.864		71.673	
Prior Period Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-		-	
Common Equity Tier 1 Capital Before Deductions	1.129.538		1.103.999	
Deductions from Common Equity Tier 1 Capital	-		-	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-		-	
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	7.793		11.441	
Improvement costs for operating leasing	18.159		18.835	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	37.247	46.559	29.338	48.896
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	26.421		21.915	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-		-	
Gains arising from securitization transactions	-		-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-		-	
Defined-benefit pension fund net assets	-		-	
Direct and indirect investments of the Bank in its own Common Equity	-		-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-		-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-		-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-		-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-		-	
Excess amount arising from mortgage servicing rights	-		-	
Excess amount arising from deferred tax assets based on temporary differences	-		-	
Other items to be defined by the BRSA	-		-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-		-	
Total Deductions From Common Equity Tier 1 Capital	89.620		81.529	
Total Common Equity Tier 1 Capital	1.039.918		1.022.470	

(*)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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GROUP (Continued)**

I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 31 March 2017	Amounts related to treatment before 1/1/2014(*)	Prior Period 31 Dec 2016	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-	-	-
Debt instruments and premiums approved by BRSA	-	-	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-	-	-
Additional Tier I Capital before Deductions	-	-	-	-
Deductions from Additional Tier I Capital	-	-	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
Transition from the Core Capital to Continue to deduct Components	-	-	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	9.312	-	19.558	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-	-	-
Total Deductions From Additional Tier I Capital	-	-	-	-
Total Additional Tier I Capital	-	-	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1.030.606	-	1.002.912	-
TIER II CAPITAL	-	-	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	1.090.860	-	1.055.760	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	94.686	-	90.245	-
Tier II Capital Before Deductions	1.185.546	-	1.146.005	-
Deductions From Tier II Capital	-	-	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	94	-	835	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
Total Deductions from Tier II Capital	94	-	835	-
Total Tier II Capital	1.185.452	-	1.145.170	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	2.216.058	-	2.148.082	-
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	1.893	-	552	-
Other items to be defined by the BRSA (-)	-	-	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-	-	-
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-

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GROUP (Continued)**

I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 31 March 2017	Amounts related to treatment before 1/1/2014(*)	Prior Period 31 Dec 2016	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL				
Total Capital	2.214.165		2.147.530	
Total risk weighted amounts	14.490.003		13.553.573	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio	7,18		7,54	
Tier I Capital Adequacy Ratio	7,11		7,40	
Capital Adequacy Ratio	15,28		15,84	
BUFFERS				
Total buffer requirement	1.250		0.625	
Capital conservation buffer requirement	1.250		0.625	
Bank specific counter-cyclical buffer requirement	-		-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	2,68		3,04	
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		26.176	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	94.686		90.245	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	94.686		90.245	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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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)	545.430	545.430
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 31 March 2017:

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

Overview of RWA

		Risk Weighted Amounts		Minimum Capital Liability
		Current Period	Prior Period	Current Period
		31 March 2017	31 December 2016	31 March 2017
1	Credit risk (excluding counterparty credit risk) (CCR)	13.080.573	12.479.832	1.046.446
2	Standardised approach (SA)	13.080.573	12.479.832	1.046.446
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	360.745	317.260	28.860
5	Standardised approach for counterparty credit risk (SA-CCR)	360.745	317.260	28.860
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	232.532	98.580	18.603
17	Standardised approach (SA)	232.532	98.580	18.603
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	816.153	657.901	65.292
20	Basic indicator approach	816.153	657.901	65.292
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)	14.490.003	13.553.573	1.159.201

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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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
31 March 2017 / 31 December 2016				
Bid rate	TL 3,8851	TL 3,7099	TL 3,6362	TL 3,5192
1. Day bid rate	TL 3,8851	TL 3,7099	TL 3,6362	TL 3,5192
2. Day bid rate	TL 3,9083	TL 3,6939	TL 3,6386	TL 3,5318
3. Day bid rate	TL 3,9268	TL 3,6901	TL 3,6416	TL 3,5329
4. Day bid rate	TL 3,9283	TL 3,6711	TL 3,6186	TL 3,5135
5. Day bid rate	TL 3,9051	TL 3,6639	TL 3,6185	TL 3,5041

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

	EUR		USD	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Arithmetic average-30 days	TL 3,9217	TL 3,6848	TL 3,6699	TL 3,4950

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III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Information on currency risk of the Group:

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

	EUR	USD	Other FC	Total
31 March 2017				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	26.932	1.211.866	1.564	1.240.362
Due From Banks	11.624	183.189	5.323	200.136
Financial Assets at Fair Value Through Profit or Loss (*)	23.540	22.620	7.621	53.781
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	180.130	-	180.130
Loans (*)	3.938.034	3.109.797	6.010	7.053.841
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-Maturity Investments	-	164.191	-	164.191
Hedging Derivative Financial Assets	287	7.222	-	7.509
Tangible Assets	-	1.546	-	1.546
Intangible Assets	-	1.030	-	1.030
Other Assets	748.760	431.332	-	1.180.092
Total Assets	4.749.177	5.312.923	20.518	10.082.618
Liabilities				
Bank Deposits	409	7.573	-	7.982
Foreign Currency Deposits	2.558.326	3.280.718	114.837	5.953.881
Funds From Interbank Money Market	-	190.827	-	190.827
Funds Borrowed From Other Financial Institutions	1.178.619	3.383.413	1.909	4.563.941
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	154.212	105.143	-	259.355
Hedging Derivative Financial Liabilities	1.333	1.734	-	3.067
Other Liabilities (*)	14.780	21.303	7.595	43.678
Total Liabilities	3.907.679	6.990.711	124.341	11.022.731
Net On-balance Sheet Position	841.498	(1.677.788)	(103.823)	(940.113)
Net Off-balance Sheet Position	(801.671)	1.814.757	98.630	1.111.716
Financial Derivative Assets	1.549.630	4.257.715	621.797	6.429.142
Financial Derivative Liabilities	2.351.301	2.442.958	523.167	5.317.426
Non-Cash Loans (**)	526.815	814.604	48.207	1.389.626
31 December 2016				
Total Assets (*)	4.464.722	5.354.383	16.732	9.835.837
Total Liabilities (*)	3.064.516	7.070.203	97.715	10.232.434
Net On-balance Sheet Position	1.400.206	(1.715.820)	(80.983)	(396.597)
Net Off-balance Sheet Position	(1.357.925)	1.558.575	81.299	281.949
Financial Derivative Assets	1.041.496	3.546.093	153.515	4.741.104
Financial Derivative Liabilities	2.399.421	1.987.518	72.216	4.459.155
Non-Cash Loans (**)	464.496	736.527	46.516	1.247.539

(*)The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets, classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of Net Foreign Currency Position. Due to this, foreign currency indexed loans amounting to TL 853.059 (31 December 2016: TL 878.488) classified as Turkish Lira assets in the 31 March 2017 financial statements are added to the table above and there is no foreign currency indexed loans received in the current period (31 December 2016: None). Besides these, in assets “Income Accruals of Derivative Financial Instruments” amounting to TL 12.939 (31 December 2016: TL 3.769), in liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 9.025 (31 December 2016: TL 9.622), “General Provisions” amounting to TL 55.072 (31 December 2016: TL 53.785), free provisions amounting to TL 20.800 (31 December 2016: TL 19.721) and “Marketable Securities Valuation Reserve” with “Hedging Derivative Financials” amounting to TL (440) (31 December 2016: TL (5.014)) are not included in the table above.

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

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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):

31 March 2017	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.179.723	-	-	-	-	213.984	1.393.707
Due From Banks	625.690	-	-	-	-	32.432	658.122
Financial Assets at Fair Value Through Profit/Loss (*)	29.044	112.517	201.058	18.567	16.206	-	377.392
Interbank Money Market Placements	6.600	-	-	-	-	-	6.600
Available-for-Sale Financial Assets	430	80.311	129.572	199.460	98.297	11.570	519.640
Loans	4.448.120	1.779.677	2.825.791	1.741.896	74.349	136.402	11.006.235
Held-to-Maturity Investments	-	-	-	76.222	87.969	-	164.191
Other Assets	72.681	58.974	292.314	931.433	88.358	368.681	1.812.441
Total Assets	6.362.288	2.031.479	3.448.735	2.967.578	365.179	763.069	15.938.328
Liabilities							
Bank Deposits	86.225	-	-	-	-	8.572	94.797
Other Deposits	5.912.393	2.289.835	292.034	17.506	-	345.400	8.857.168
Funds From Interbank Money Market	335.643	-	116.629	-	-	-	452.272
Miscellaneous Payables	-	-	-	-	-	307.134	307.134
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	866.468	3.332.017	437.024	6.766	-	-	4.642.275
Other Liabilities (*)(**)	11.167	21.513	55.849	49.764	779	1.445.610	1.584.682
Total Liabilities	7.211.896	5.643.365	901.536	74.036	779	2.106.716	15.938.328
Balance Sheet Long Position	-	-	2.547.199	2.893.542	364.400	-	5.805.141
Balance Sheet Short Position	(849.608)	(3.611.886)	-	-	-	(1.343.647)	(5.805.141)
Off-balance Sheet Long Position	552.064	689.543	830.768	-	-	-	2.072.375
Off-balance Sheet Short Position	-	-	-	(1.828.691)	(72.077)	-	(1.900.768)
Total Position	(297.544)	(2.922.343)	3.377.967	1.064.851	292.323	(1.343.647)	171.607

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 214.738 and other liabilities includes hedging derivative financial liabilities amounting to TL 37.123 classified to a related re-pricing periods.

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

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

31 December 2016	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.095.882	-	-	-	-	222.984	1.318.866
Due From Banks	259.365	59.995	-	-	-	18.748	338.108
Financial Assets at Fair Value Through Profit/Loss	44.644	100.055	154.126	12.317	9.247	-	320.389
Interbank Money Market Placements	17.110	-	-	-	-	-	17.110
Available-for-Sale Financial Assets	63.505	120.012	59.919	191.684	92.465	11.570	539.155
Loans	5.460.313	1.485.440	1.710.650	1.805.466	137.091	132.662	10.731.622
Held-to-Maturity Investments	-	-	-	74.975	86.632	-	161.607
Other Assets	54.382	58.533	248.033	856.893	91.883	357.564	1.667.288
Total Assets	6.995.201	1.824.035	2.172.728	2.941.335	417.318	743.528	15.094.145
Liabilities							
Bank Deposits	50.023	-	-	-	-	6.772	56.795
Other Deposits	5.144.462	2.167.616	424.968	280	-	454.548	8.191.874
Funds From Interbank Money Market	311.883	112.877	71.288	-	-	-	496.048
Miscellaneous Payables	-	-	-	-	-	259.443	259.443
Marketable Securities Issued	-	49.288	-	-	-	-	49.288
Funds Borrowed From Other Financial Institutions	521.864	3.240.198	738.845	2.679	-	-	4.503.586
Other Liabilities (*)	77.546	28.815	32.335	40.056	1.545	1.356.814	1.537.111
Total Liabilities	6.105.778	5.598.794	1.267.436	43.015	1.545	2.077.577	15.094.145
Balance Sheet Long Position	889.423	-	905.292	2.898.320	415.773	-	5.108.808
Balance Sheet Short Position	-	(3.774.759)	-	-	-	(1.334.049)	(5.108.808)
Off-balance Sheet Long Position	472.094	530.325	581.813	-	-	-	1.584.232
Off-balance Sheet Short Position	-	-	-	(1.436.608)	(52.217)	-	(1.488.825)
Total Position	1.361.517	(3.244.434)	1.487.105	1.461.712	363.556	(1.334.049)	95.407

(*) 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.

31 March 2017	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	1,00	-	4,00
Due From Banks	-	0,87	-	11,65
Financial Assets at Fair Value Through Profit/Loss	4,79	2,96	-	11,18
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,39	-	9,19
Loans	4,86	6,18	-	15,01
Held-to-Maturity Investments	-	5,96	-	-
Liabilities				
Bank Deposits	-	-	-	10,37
Other Deposits (*)	1,78	3,40	-	11,74
Funds From Interbank Money Market	-	2,32	-	8,89
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,02	3,69	-	11,16

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

31 December 2016	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	0,75	-	3,31
Due From Banks	0,01	0,55	-	11,29
Financial Assets at Fair Value Through Profit/Loss	4,79	7,90	-	8,82
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,39	-	9,23
Loans	4,92	6,20	-	15,13
Held-to-Maturity Investments	-	5,96	-	-
Liabilities				
Bank Deposits	-	-	-	8,16
Other Deposits (*)	1,97	3,31	-	11,01
Funds From Interbank Money Market	-	2,27	-	8,27
Miscellaneous Payables	-	-	-	11,25
Marketable Securities Issued	-	-	-	13,69
Funds Borrowed From Other Financial Institutions	1,99	3,59	-	9,47

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

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

c. Interest rate risk resulting from banking accounts:

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

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

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

2. The table below presents the economic value differences 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	(77.973)	(3,5)%
2. TRY	-400 bp	71.954	3,2%
3. EURO	+200 bp	(3.840)	(0,2)%
4. EURO	-200 bp	(631)	-
5. USD	+200 bp	(37.353)	(1,7)%
6. USD	-200 bp	32.293	1,5%
Total (For Negative Shocks)		103.616	4,7%
Total (For Positive Shocks)		(119.166)	(5,4)%

V. SHARE POSITION RISK RESULTING FROM BANKING ACCOUNTS:

None.

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VI. 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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VI. 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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(Continued)**

VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

Liquidity Coverage Ratio:

31 March 2017		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			1.284.958	889.777
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	5.042.460	3.264.363	483.936	326.436
3	Stable deposits	406.187	-	20.309	-
4	Less stable deposits	4.636.273	3.264.363	463.627	326.436
5	Unsecured Funding other than Retail and Small Business Customers Deposits	3.172.408	2.138.504	1.539.187	952.971
6	Operational deposits	1.323.149	1.100.719	330.787	275.180
7	Non-Operational Deposits	1.403.611	830.165	762.752	470.171
8	Other Unsecured Funding	445.648	207.620	445.648	207.620
9	Secured funding			-	-
10	Other Cash Outflows	53.845	46.927	53.845	46.927
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	53.845	46.927	53.845	46.927
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	2.318.788	1.363.813	280.679	176.640
16	TOTAL CASH OUTFLOWS			2.357.647	1.502.974
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	1.467.963	363.695	963.552	262.179
19	Other contractual cash inflows	4.654	312.739	4.654	312.739
20	TOTAL CASH INFLOWS	1.472.617	676.434	968.206	574.918
				Upper Limit Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			1.284.958	889.777
22	TOTAL NET CASH OUTFLOWS			1.389.441	928.056
23	Liquidity Coverage Ratio (%)			92,48	95,88

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

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(Continued)**

VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

31 December 2016		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			1.099.734	808.933
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	4.924.797	2.766.517	472.368	276.652
3	Stable deposits	402.240	-	20.112	-
4	Less stable deposits	4.522.557	2.766.517	452.256	276.652
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.450.021	1.649.165	1.204.964	749.132
6	Operational deposits	968.513	763.732	242.128	190.933
7	Non-Operational Deposits	1.172.483	766.033	653.811	438.799
8	Other Unsecured Funding	309.025	119.400	309.025	119.400
9	Secured funding			11.463	11.463
10	Other Cash Outflows	68.027	120.238	68.027	120.238
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	68.027	120.238	68.027	120.238
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	2.099.187	1.136.828	242.700	138.246
16	TOTAL CASH OUTFLOWS			1.999.522	1.295.731
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	1.155.475	369.360	714.333	288.185
19	Other contractual cash inflows	6.389	108.991	6.389	108.991
20	TOTAL CASH INFLOWS	1.161.864	478.351	720.722	397.176
				Upper Limit Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			1.099.734	808.933
22	TOTAL NET CASH OUTFLOWS			1.278.800	898.555
23	Liquidity Coverage Ratio (%)			86,00	90,03

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

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VI. 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 80% and securities issued by Undersecretariat of Treasury at a ratio of 17%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 19%, 50% and 19% 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 31 March 2017, 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 January 2017 – 31 March 2017	46.927	46.927

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated basis as of 31 December 2016 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 31 March 2017, 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 (%)	157,95	100,47	78,13	88,02
Monthly	31 January 2017	31 January 2017	31 March 2017	31 March 2017

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

VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

31 March 2017	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified (***)	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	21.183	1.372.524	-	-	-	-	-	1.393.707
Due From Banks	32.432	625.690	-	-	-	-	-	658.122
Financial Assets at Fair Value Through Profit or Loss (*)	-	16.363	31.975	58.878	249.324	20.852	-	377.392
Interbank Money Market Placements	-	6.600	-	-	-	-	-	6.600
Available-for-Sale Financial Assets	-	-	60.905	60.766	288.104	98.297	11.568	519.640
Loans	-	1.099.078	1.652.193	2.423.767	4.362.515	1.332.280	136.402	11.006.235
Held-to-Maturity Investments	-	-	-	-	76.222	87.969	-	164.191
Other Assets (**)	-	124.094	62.797	310.627	963.513	90.073	261.337	1.812.441
Total Assets	53.615	3.244.349	1.807.870	2.854.038	5.939.678	1.629.471	409.307	15.938.328
Liabilities								
Bank Deposits	8.572	86.225	-	-	-	-	-	94.797
Other Deposits	345.400	5.912.393	2.289.835	292.034	17.506	-	-	8.857.168
Funds Borrowed From Other Financial Institutions	-	251.369	1.213.319	891.442	952.893	1.333.252	-	4.642.275
Funds From Interbank Money Market	-	261.445	-	-	154.596	36.231	-	452.272
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	191.447	-	-	-	-	115.687	307.134
Other Liabilities (*) (***)	-	124.562	20.357	70.552	82.359	821	1.286.031	1.584.682
Total Liabilities	353.972	6.827.441	3.523.511	1.254.028	1.207.354	1.370.304	1.401.718	15.938.328
Net Liquidity Gap	(300.357)	(3.583.092)	(1.715.641)	1.600.010	4.732.324	259.167	(992.411)	-
Net Off-balance sheet position	-	347.789	92.366	524.059	5.638	771	-	970.623
Financial Derivative Assets	-	3.459.044	817.941	1.269.044	1.140.844	2.201	-	6.689.074
Financial Derivative Liabilities	-	(3.111.255)	(725.575)	(744.985)	(1.135.206)	(1.430)	-	(5.718.451)
Non-cash Loans	-	1.198.942	195.019	510.583	228.139	764	-	2.133.447
31 December 2016								
Total Assets	45.631	2.876.438	1.870.483	2.487.529	5.849.570	1.535.311	429.183	15.094.145
Total Liabilities	461.320	5.929.603	2.419.708	2.642.471	1.122.148	1.155.483	1.363.412	15.094.145
Net Liquidity Gap	(415.689)	(3.053.165)	(549.225)	(154.942)	4.727.422	379.828	(934.229)	-
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	-	1.213.835	176.257	385.465	206.150	529	-	1.982.236

(*) The 1-5 years maturity period of Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 214.738 and the 1-5 years maturity period of Other Liabilities includes hedging derivative financial liabilities amounting to TL 37.123.

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

VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:

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

As of 31 March 2017, leverage ratio of the Bank calculated from the arithmetic average of the three months is 5,11% (31 December 2016: 5,64%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in the balance sheet assets.

Disclosure of Leverage ratio template :

	31 March 2017 (*)	31 December 2016 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	15.996.659	14.403.079
(Assets deducted from Core capital)	65.729	62.384
Total risk amount of balance sheet assets	15.930.930	14.340.695
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	280.744	212.479
Potential credit risk amount of derivative financial assets and credit derivatives	98.726	82.983
Total risk amount of derivative financial assets and credit derivatives	379.470	295.462
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	3.708.466	3.071.949
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	3.708.466	3.071.949
Capital and total risk		
Core Capital	1.020.714	994.248
Total risk amount	20.018.866	17.708.106
Leverage ratio		
Leverage ratio	5,11%	5,64%

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

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GROUP (Continued)**

VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 31 March 2017, 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 214.738 derivative financial assets (31 December 2016: TL 184.186) and TL 37.123 derivative financial liabilities (31 December 2016: TL 29.486), as of balance sheet date, are subjected to hedge accounting as hedging instruments. As a result of mentioned hedging account, the fair value expense in the amount of TL 4.506 (31 December 2016: TL 12.699 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2016: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds	Ineffective Part Accounted in Income Statement (Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	210.297	34.323	24.854	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	4.441	2.800	1.567	-

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TAS 39, the accounting application is ended. In case of deterioration of efficiency, the effective amounts, which are recognized under the equity due to the risk hedge accounting, are eliminated from equities in the periods or periods, when cash flow effects profit and losses (periods, when interest income or expenses are recognized) as re-classification adjustment and then it is re-classified in the profit and loss. There is no amount, which is transferred to income statement due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2016: None).

It is determined in the measurements carried out as of the date of 31 March 2017 that above mentioned cash flow hedging transactions are effective.

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

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

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X. 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 2016 for balance sheet and as at 31 March 2016 for income statements items.

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified(*)	Total Operations of the Bank
31 March 2017					
Net Interest Income	12.844	82.119	11.401	14.327	120.691
Net Fees and Comissions	960	7.974	-	4.608	13.542
Commercial Profit/Loss	2.650	3.881	146	1.482	8.159
Other Operating Income	312	2.507	-	2.687	5.506
Operating Income	16.766	96.481	11.547	23.104	147.898
Operating Costs (-)	14.511	54.589	6.480	43.535	119.115
Net Operating Income	2.255	41.892	5.067	(20.431)	28.783
Dividend Income	-	-	-	-	-
Income/(Loss) from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	2.255	41.892	5.067	(20.431)	28.783
Tax Provisions (-)	451	8.377	1.014	(1.923)	7.919
Net Profit / Loss	1.804	33.515	4.053	(18.508)	20.864
Segment Assets	881.341	11.040.109	2.048.488	1.722.234	15.692.172
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	246.156	246.156
Total Assets	881.341	11.040.109	2.048.488	1.968.390	15.938.328
Segments Liabilities	5.062.000	3.881.696	3.819.260	1.702.615	14.465.571
Unallocated Liabilities	-	-	-	1.472.757	1.472.757
Total Liabilities	5.062.000	3.881.696	3.819.260	3.175.372	15.938.328

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

		Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
31 March 2016 (**)	Retail Banking				
Net Interest Income	8.428	69.911	9.683	12.222	100.244
Net Fees and Commissions	192	3930	0	4.657	8.779
Commercial Profit/Loss	2.181	2.215	40	(792)	3.644
Other Operating Income	113	2205	0	1.509	3.827
Operating Income	10.914	78.261	9.723	17.596	116.494
Operating Costs (-)	8.751	44.308	3.311	50.649	107.019
Net Operating Income	2.163	33.953	6.412	(33.053)	9.475
Dividend Income	-	-	-	328	328
Income/(Loss) from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	2.163	33.953	6.412	(32.725)	9.803
Tax Provisions (-)	433	6790	1283	(4.934)	3.572
Net Profit / Loss	1.730	27.163	5.129	(27.791)	6.231
31 December 2016(**)					
Segment Assets	691.560	10.724.366	1.811.177	1.609.700	14.836.803
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	257.342	257.342
Total Assets	691.560	10.724.366	1.811.177	1.867.042	15.094.145
Segments Liabilities	4.950.035	3.336.482	3.858.095	1.609.702	13.754.314
Unallocated Liabilities	-	-	-	1.339.831	1.339.831
Total Liabilities	4.950.035	3.336.482	3.858.095	2.949.533	15.094.145

(*)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:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Cash/Foreign currency	9.818	11.338	11.498	15.353
CBRT	143.527	1.229.024	149.757	1.142.258
Other	-	-	-	-
Total	153.345	1.240.362	161.255	1.157.611

2. Information on the account of the CBRT:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Demand Unrestricted Amount	143.527	248.788	149.757	224.976
Time Unrestricted Amount	-	23.311	-	-
Time Restricted Amount	-	956.925	-	917.282
Total	143.527	1.229.024	149.757	1.142.258

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, 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 31 March 2017 (31 December 2016: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 31 March 2017 (31 December 2016: 4% and 24% for all foreign currency liabilities).

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

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

- As of 31 March 2017, financial assets at fair value through profit or loss subject to repo transactions: None (31 December 2016:None).
- Positive differences related to trading derivative financial assets:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Forward Transactions	27.934	3.525	14.659	1.638
Swap Transactions	25.412	26.966	38.974	28.761
Futures Transactions	-	-	-	-
Options	874	25.854	588	19.685
Other	7	-	-	-
Total	54.227	56.345	54.221	50.084

c. Information on banks:

- Information on banks:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Banks				
Domestic	457.984	181.006	95.191	226.529
Foreign	2	19.130	25	16.363
Headquarters and Branches Abroad	-	-	-	-
Total	457.986	200.136	95.216	242.892

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

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

As of 31 March 2017, there are TL 63.822 available-for-sale financial assets given as collateral/blocked (31 December 2016: TL 29.408) and those subject to repurchase agreements amounts to TL 271.586 (31 December 2016: TL 314.305).

- Information on available-for-sale financial assets:

	31 March 2017	31 December 2016
Debt Securities	491.508	515.136
Quoted on Stock Exchange	491.508	515.136
Not Quoted	-	-
Share Certificates	30.974	30.410
Quoted on Stock Exchange	19.406	19.748
Not Quoted	11.568	10.662
Impairment Provision (-)	2.842	6.391
Total	519.640	539.155

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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 :

	31 March 2017		31 December 2016	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	1.730	-	-
Corporate Shareholders	-	1.730	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	6.179	-	6.288	-
Total	6.179	1.730	6.288	-

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	10.147.951	-	-	721.882	219.413	1.261
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	380.101	-	-	64.578	2.155	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	357.112	-	-	-	-	-
Consumer Loans	312.733	-	-	22.246	-	-
Credit Cards	4.521	-	-	662	-	-
Other (*)	9.093.484	-	-	634.396	217.258	1.261
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	10.147.951	-	-	721.882	219.413	1.261

(*) The Group also has TL 671 factoring loans in the Other account.

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(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	-	219.413
3,4 or 5 times	-	-
Over 5 times	-	-
Total	-	219.413

iii.

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	-	218.592
6 Months – 12 Months	-	821
1-2 Years	-	-
2-5 Years	-	-
5 Years and Over	-	-
Total	-	219.413

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(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	12.552	311.037	323.589
Real estate loans	-	89.525	89.525
Automotive loans	194	5.670	5.864
Consumer loans	12.358	215.842	228.200
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	1.033	1.033
Real estate loans	-	1.033	1.033
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	3.101	-	3.101
With installments	-	-	-
Without installments	3.101	-	3.101
Individual Credit Cards- FC	116	-	116
With installments	-	-	-
Without installments	116	-	116
Personnel Loans-TL	475	4.695	5.170
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	475	4.695	5.170
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	995	-	995
With installments	-	-	-
Without installments	995	-	995
Personnel Credit Cards-FC	14	-	14
With installments	-	-	-
Without installments	14	-	14
Credit Deposit Account-TL (Real Person)	5.187	-	5.187
Credit Deposit Account-FC (Real Person)	-	-	-
Total	22.440	316.765	339.205

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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	130.158	1.169.608	1.299.766
Real estate loans	-	-	-
Automotive loans	1.304	9.600	10.904
Consumer loans	128.854	1.160.008	1.288.862
Other	-	-	-
Commercial Installments Loans-FC Indexed	13.796	450.196	463.992
Real estate loans	-	-	-
Automotive loans	386	5.710	6.096
Consumer loans	13.410	444.486	457.896
Other	-	-	-
Commercial Installments Loans-FC	2.535	3.189.665	3.192.200
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	2.535	3.189.665	3.192.200
Other	-	-	-
Corporate Credit Cards-TL	946	-	946
With installment	-	-	-
Without installment	946	-	946
Corporate Credit Cards-FC	11	-	11
With installment	-	-	-
Without installment	11	-	11
Credit Deposit Account-TL (Legal Person)	14.584	-	14.584
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	162.030	4.809.469	4.971.499

5. Loans according to types of borrowers:

	31 March 2017	31 December 2016
Public	-	-
Private	10.869.833	10.598.961
Total	10.869.833	10.598.961

6. Distribution of domestic and foreign loans:

	31 March 2017	31 December 2016
Domestic Loans	10.869.833	10.598.961
Foreign Loans	-	-
Total	10.869.833	10.598.961

7. Loans given to investments in associates and subsidiaries:

None (31 December 2016 : None).

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(Continued)**

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

8. Specific provisions provided against loans:

	31 March 2017	31 December 2016
Loans and Other Receivables with Limited Collectability	4.712	14.218
Loans and Other Receivables with Doubtful Collectability	33.429	18.576
Uncollectible Loans and Other Receivables	118.742	112.580
Total	156.883	145.374

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
31 March 2017			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	55	8.874
31 December 2016			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	233	707	7.204

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Prior Period End Balance	55.502	45.693	176.840
Additions (+)	33.752	917	3.560
Transfers from Other Categories of Non-performing Loans (+)	-	45.480	13.184
Transfers to Other Categories of Non-performing Loans (-)	45.480	13.184	-
Collections (-)	6.338	3.762	12.879
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	37.436	75.144	180.705
Specific Provision (-)	4.712	33.429	118.742
Net Balance on Balance Sheet	32.724	41.715	61.963

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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
31 March 2017			
Period-End Balance	15.090	38.645	46.434
Specific Provision (-)	2.787	20.045	26.512
Net Balance on balance sheet	12.303	18.600	19.922
31 December 2016			
Period-End Balance	33.402	16.331	45.129
Specific Provision (-)	11.302	8.096	27.096
Net Balance on balance sheet	22.100	8.235	18.033

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)	32.724	41.715	61.963
Loans Given to Real Persons and Legal Persons (Gross)	23.675	73.102	145.424
Specific Provision Amount (-)	1.991	31.689	95.590
Loans Given to Real Persons and Legal Persons (Net)	21.684	41.413	49.834
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	13.761	2.042	35.281
Specific Provision Amount (-)	2.721	1.740	23.152
Other Loans and Receivables (Net)	11.040	302	12.129
Prior Period (Net)	41.284	27.117	64.260
Loans Given to Real Persons and Legal Persons (Gross)	44.301	43.815	143.101
Specific Provision Amount (-)	12.293	17.709	89.416
Loans Given to Real Persons and Legal Persons (Net)	32.008	26.106	53.685
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	11.201	1.878	33.739
Specific Provision Amount (-)	1.925	867	23.164
Other Loans and Receivables (Net)	9.276	1.011	10.575

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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:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Smilar Securities	-	164.191	-	161.607
Other	-	-	-	-
Total	-	164.191	-	161.607

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

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

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

	31 March 2017	31 December 2016
Government Bond	164.191	161.607
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	164.191	161.607

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

	31 March 2017	31 December 2016
Debt securities	164.191	161.607
Publicly-traded	164.191	161.607
Not publicly-traded	-	-
Provision for impairment	-	-
Total	164.191	161.607

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

	31 March 2017	31 December 2016
Opening balance	161.607	-
Foreign exchange differences in monetary assets	2.584	-
Purchases during the year	-	161.607
Disposals through Sales and Redemptions	-	-
Value decrease equivalent (-)	-	-
Period end balance	164.191	161.607

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(Continued)**

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

g. Information on investments in associates (Net):

None (31 December 2016: 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 2016: None).

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

None. (31 December 2016: 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. still in progress.

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

	Total Assets	Sharehol ders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	1.611.224	170.495	11.129	30.653	-	7.972	1.262	-
2 (*)	189.604	69.574	5.406	3.121	280	(4.360)	(2.954)	-

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

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(Continued)**

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

6. Movement schedules of subsidiaries:

	31 March 2017	31 December 2016
Balance at the beginning of the Period	237.171	228.722
Movements during the Period	2.815	8.449
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase(*)	2.815	8.449
Impairment Provision	-	-
Balance at the end of the Period	239.986	237.171
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99,99%	99,99%

(*) Includes the increases that occurred in the third part referred to footnote I in accordance with TAS 27 related with the equity method accounting.

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

Subsidiaries	31 March 2017	31 December 2016
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	179.983	172.512
Finance Companies	-	-
Other Financial Subsidiaries	60.003	64.659
Total	239.986	237.171

8. Subsidiaries quoted on stock exchange:

None (31 December 2016 : None).

i. Information on joint ventures:

None (31 December 2016 : None).

j. Information on lease receivables (net):

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

	31 March 2017		31 December 2016	
	Gross	Net	Gross	Net
Less than 1 year	530.080	423.969	453.228	360.948
Between 1-4 years	963.187	825.593	876.923	750.732
More than 4 years	211.196	194.198	215.284	198.044
Total	1.704.463	1.443.760	1.545.435	1.309.724

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(Continued)**

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

k. Information on hedging derivative financial assets:

	31 March 2017		31 December 2016	
	TP	FC	TP	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	205.928	8.810	176.246	7.940
Foreign Net Investment Hedge	-	-	-	-
Total	205.928	8.810	176.246	7.940

l. Information on investment property:

None (31 December 2016: None).

m. Information on deferred tax asset:

As of 31 March 2017, the Group has netted-off the calculated deferred tax asset of TL 38.069 (31 December 2016: TL 27.905) and deferred tax liability of TL 50.644 (31 December 2016: TL 33.411) on the basis of company in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 9.640 (31 December 2016: TL 8.290) and deferred tax liability of TL 22.215 (31 December 2016: TL 13.796) in the financial statements.

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

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Carried Financial Loss (*)	52.365	18.160	10.473	3.632
Provision for Legal Cases	9.340	8.445	1.868	1.689
Provisions for Possible Risks	42.139	26.784	8.428	5.357
Reserve for Employee Rights	19.887	17.919	3.977	3.584
Other Provisions	27.613	25.860	5.523	5.172
Valuation difference of derivative financial instruments	259	-	52	-
Unearned Revenue	21.461	21.231	4.292	4.246
Other	17.277	21.124	3.456	4.225
Deferred Tax Assets	190.341	139.523	38.069	27.905
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	28.511	30.748	5.702	6.150
Valuation Differences of Derivative Instruments	211.655	127.710	42.331	25.542
Other	13.059	8.595	2.611	1.719
Deferred Tax Liabilities	253.225	167.053	50.644	33.411
Deferred Tax Assets / (Liabilities) (Net)	(62.884)	(27.530)	(12.575)	(5.506)

(*) Parent Bank’s carried financial loss amount of TL 33.476 is up to 2022, Burgan Yatırım Menkul Değerler A.Ş.’s carried financial loss amount of TL 1.790 is up to 2019, TL 11.323 is up to 2021, TL 5.776 TL is up to 2022, corporations will be able to use it in tax calculations.

Movement of deferred tax asset/ liabilities is presented below:

	31 March 2017	31 December 2016
Balance as of 1 January	(5.506)	9.296
Current year deferred tax income/(expense) (net)	(5.030)	(12.958)
Deferred tax charged to equity (net)	(2.039)	(1.844)
Balance at the End of the Period	(12.575)	(5.506)

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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 51.084 (31 December 2016: TL 45.511) and has no discontinued operations.

	31 March 2017	31 December 2016
Prior Period:		
Cost	46.342	7.206
Accumulated Depreciation (-)	831	511
Net Book Value	45.511	6.695
Current Period		
Net book value at beginning of the period	45.511	6.695
Additions	9.011	41.413
Disposals (-) , net	3.169	2.131
Impairment (-)	78	49
Depreciation (-)	191	417
Cost	52.008	46.342
Accumulated Depreciation (-)	924	831
Closing Net Book Value	51.084	45.511

o. Information on other assets:

As of 31 March 2017, other assets amount to TL 184.670 (31 December 2016: TL 177.863) and does not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 March 2017:

	Demand	With 7 days	Up to 1	1-3	3-6 months -	1 year	1 year	Accum.	Total
		notifications	month	months	months -	and over		Deposit	
Saving Deposits	27.668	-	135.756	1.305.350	32.368	19.191	45.179	-	1.565.512
Foreign Currency Deposits	206.975	-	448.079	4.620.635	491.392	165.469	21.331	-	5.953.881
Residents in Turkey	156.594	-	446.567	4.554.388	490.613	163.345	20.318	-	5.831.825
Residents Abroad	50.381	-	1.512	66.247	779	2.124	1.013	-	122.056
Public Sector Deposits	38.638	-	-	-	-	-	-	-	38.638
Commercial Deposits	69.084	-	157.818	584.501	50.885	36.180	104.456	-	1.002.924
Other Institutions Deposits	3.035	-	2.383	285.259	5.390	146	-	-	296.213
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	8.572	-	86.225	-	-	-	-	-	94.797
The CBRT	-	-	43.111	-	-	-	-	-	43.111
Domestic Banks	83	-	43.114	-	-	-	-	-	43.197
Foreign Banks	8.489	-	-	-	-	-	-	-	8.489
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	353.972	-	830.261	6.795.745	580.035	220.986	170.966	-	8.951.965

ii. 31 December 2016:

	Demand	With 7 days	Up to 1	1-3	3-6 months -	1 year	1 year	Accum.	Total
		notifications	month	months	months -	and over		Deposit	
Saving Deposits	31.555	-	147.467	1.700.052	141.681	24.122	54.300	-	2.099.177
Foreign Currency Deposits	347.743	-	171.874	4.002.789	637.320	158.834	77.070	-	5.395.630
Residents in Turkey	295.967	-	171.424	3.940.283	628.322	156.889	23.584	-	5.216.469
Residents Abroad	51.776	-	450	62.506	8.998	1.945	53.486	-	179.161
Public Sector Deposits	5.453	-	-	1.030	-	-	-	-	6.483
Commercial Deposits	68.310	-	90.563	321.628	54.162	2.369	1.426	-	538.458
Other Institutions Deposits	1.487	-	6.579	120.097	12.294	142	11.527	-	152.126
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	6.772	-	50.023	-	-	-	-	-	56.795
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	78	-	50.023	-	-	-	-	-	50.101
Foreign Banks	6.694	-	-	-	-	-	-	-	6.694
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	461.320	-	466.506	6.145.596	845.457	185.467	144.323	-	8.248.669

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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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Saving Deposits				
Saving Deposits	535.145	568.395	1.030.367	1.530.782
Foreign Currency Savings Deposit	253.765	198.348	3.108.476	2.622.810
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Off-shore Banking Regions’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Total	788.910	766.743	4.138.843	4.153.592

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

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

	31 March 2017	31 December 2016
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	1.467	25.687
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCK” Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	1.467	25.687

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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	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Forward Transactions	27.813	4.788	26.467	5.586
Swap Agreements	33.569	12.161	87.835	11.976
Futures Transactions	-	-	-	-
Options	297	23.313	482	18.493
Other	7	-	-	-
Total	61.686	40.262	114.784	36.055

c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	51.825	360.985	28.601	349.959
From Foreign Banks, Institutions and Funds	26.509	3.110.263	69.972	2.997.576
Total	78.334	3.471.248	98.573	3.347.535

2. Information on maturity structure of borrowings:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Short-term	78.327	643.182	98.573	662.124
Medium and Long-term	7	2.828.066	-	2.685.411
Total	78.334	3.471.248	98.573	3.347.535

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

The Group's main funding sources are deposits and borrowings. As of 31 March 2017, deposits and borrowings from Group's risk group comprise 0,1% (31 December 2016: 0,4%) of total deposits. Besides this, borrowings from Bank's risk group comprise 62% (31 December 2016: 43,1%) of subordinated and other borrowings.

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

d. Information on marketable securities issued:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Bills	-	-	49.288	-
Bonds	-	-	-	-
Asset guaranteed securities	-	-	-	-
Total	-	-	49.288	-

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 106.180 (31 December 2016: TL 67.278) 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:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Hedging Fair Value Risk	-	-	-	-
Hedging Cash Flow Risk	34.056	3.067	27.528	1.958
Hedging Net Investment In Foreign Operations	-	-	-	-
Total	34.056	3.067	27.528	1.958

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

h. Information on provisions:

1. Information on general provisions:

	31 March 2017	31 December 2016
General Provisions	94.686	90.245
Provisions for First Group Loans and Receivables	84.093	80.121
Additional Provision for Loans and Receivables with Extended Maturities (*)	-	-
Provisions for Second Group Loans and Receivables	8.298	7.692
Additional Provision for Loans and Receivables with Extended Maturities	-	-
Provisions for Non-Cash Loans	2.058	1.913
Other	237	519

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

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 January 2017, the payment amount which is one month’s salary for each working year is restricted to TL 4.426,16 (31 December 2016: TL 4.294,21). Employee termination benefits are not funded as there is no funding requirement.

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

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

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(Continued)**

Movement of reserve for employment termination benefits during the period:

	31 March 2017	31 December 2016
As of January 1	10.499	9.934
Service cost	1.876	2.123
Interest cost	-	1.022
Settlement cost	-	1.034
Actuarial loss/gain	-	(226)
Benefits paid (-)	1.499	3.388
Total	10.876	10.499

In addition, as of 31 March 2017 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 9.011 (31 December 2016: TL 19.059).

3. Other provisions:

i. Information on provisions for possible risks:

	31 March 2017	31 December 2016
Provisions for potential risks (*)	42.139	26.784
Total	42.139	26.784

(*) 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 9.340 (31 December 2016: TL 8.445) for lawsuits, TL 2.031 (31 December 2016: TL 2.038) for non-cash loans, TL 1.584 (31 December 2016: TL 1.301) for customer cheques commitments, TL 36 (31 December 2016: TL 143) for credit card loyalty points and TL 228 (31 December 2016: TL 220) for other receivables.

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

As of 31 March 2017, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 3.101 (31 December 2016: TL 14) and is netted from the loan amount in the financial statements.

i. Information on taxes payable:

1. Information on tax provision:

As of 31 March 2017, after prepaid tax amount is netted off, the corporate tax provision of the Bank is TL 2.889 (31 December 2016: TL 236).

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

2. Information on taxes payable:

	31 March 2017	31 December 2016
Corporate Tax Payable	2.889	236
Taxation of Marketable Securities	8.997	9.327
Property Tax	223	137
Banking Insurance Transaction Tax	6.802	6.129
Value Added Tax Payable	257	404
Other	2.911	3.114
Total	22.079	19.347

3. Information on premium payables:

	31 March 2017	31 December 2016
Social Security Premiums-Employee	1.217	2.090
Social Security Premiums-Employer	2.007	2.577
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	79	135
Unemployment Insurance-Employer	158	271
Other	-	-
Total	3.461	5.073

4. As of 31 March 2017, the Group has netted-off the calculated deferred tax asset of TL 38.069 (31 December 2016: TL 27.905) and deferred tax liability of TL 50.644 (31 December 2016: TL 33.411) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 9.640 (31 December 2016: TL 8.290) and deferred tax liability of TL 22.215 (31 December 2016: TL 13.796) in the financial statements.

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

None (31 December 2016: 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.

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	1.092.693	-	1.057.478
Other Foreign	-	-	-	-
Total	-	1.092.693	-	1.057.478

l. Information on shareholders' equity:

1. Presentation of paid-in capital:

	31 March 2017	31 December 2016
Common Stock	900.000	900.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	1.000.000

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

None.

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

None.

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

None.

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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:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.214)	(2.840)	(872)	(6.999)
Foreign Currency Translation Difference	-	-	-	-
Total	(1.214)	(2.840)	(872)	(6.999)

9. Information on tangible assets revaluation reserve:

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

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

The profit of the 2016 , TL 71.673 is not distributed. It is classified as TL 1.164 is legal reserve and TL 70.509 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:

	31 March 2017	31 December 2016
Foreign currency buy/sell commitments	933.729	576.525
Commitments for cheques	325.269	302.867
Loan limit commitments	107.167	105.005
Forward securities commitments	58.295	618
Capital Commitments for subsidiaries	14.997	14.997
Commitments for credit card limits	14.198	17.475
Promotions for the credit cards and their care services	9	14
Total	1.453.664	1.017.501

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

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

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

	31 March 2017	31 December 2016
Letter of guarantees	1.713.049	1.584.427
Letter of credits	318.385	256.635
Bank acceptance loans	91.553	130.717
Other guarantees	10.432	10.429
Factoring guarantees	28	28
Total	2.133.447	1.982.236

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

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Irrevocable letters of guarantee	609.428	391.347	612.453	389.228
Revocable letters of guarantee	16.924	60.763	18.689	58.023
Guarantees given to customs	88.891	29.066	73.964	33.691
Letters of guarantee given in advance	9.605	182.596	9.089	161.826
Other letters of guarantee	14.665	309.764	16.724	210.740
Total	739.513	973.536	730.919	853.508

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

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

	31 March 2017	31 December 2016
Non-cash loans given against cash loans	326.638	229.648
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	326.638	229.648
Other non-cash loans	1.806.809	1.752.588
Total	2.133.447	1.982.236

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

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	711.864	955.834	23.237	17.650
Bank Acceptances	4.280	87.273	-	-
Letters of Credit	-	317.766	-	619
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	28	-	-	-
Other Commitments and Contingencies	-	10.432	-	-
Total	716.172	1.371.305	23.237	18.269

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 4.464. As of 31 March 2017, the Group has recorded a TL 2.031 provision regarding these risks.

b. Investment Funds:

As of 31 March 2017, the Group is the founder of 5 investment funds (31 December 2016: 6) with a total fund value of TL 542 (31 December 2016: TL 11.033) 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. The Group has prepared its financial statements in accordance with going concern. Total amount of retained losses and losses of 2016 has dropped under 1/3 of company capital in financial statements in accordance with the results of the Company as of December 31, 2016. The Company management has decided to the liquidation of funds, founded and managed by the Company itself, and merger of the Company to its Main Partner, Burgan Yatırım Menkul Değerler A.Ş., through fast merger method with respect to decision of Board of Directors dated May 14, 2016 and the aforementioned decision has been submitted to Capital Markets Board on May 17, 2016. The liquidation of funds was approved in accordance with the letter of the Board dated October 21, 2016 and numbered 11058. The liquidation process still in progress.

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

c. Information on contingent assets and contingent liabilities:

As of 31 March 2017, the total amount of legal cases against the Group is TL 48.176 (31 December 2016: TL 46.548) and the Parent Bank sets aside a provision of TL 9.340 (31 December 2016: TL 8.445) 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.

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

FITCH (9 February 2017)

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

MOODY'S (7 April 2017)

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

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans :

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	87.054	3.282	81.801	6.317
Medium/Long-term Loans	70.510	85.769	45.748	57.995
Interest on Loans Under Follow-up	1.600	-	450	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	159.164	89.051	127.999	64.312

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

2. Information on interest income on banks:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	6.265	124	201	88
From Foreign Banks	-	3	-	9
Headquarters and Branches Abroad	-	-	-	-
Total	6.265	127	201	97

3. Information on marketable securities:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
From Trading Financial Assets	1.364	38	1.113	114
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	8.519	2.207	5.332	4.052
From Held-to-Maturity Investments	-	1.867	-	-
Total	9.883	4.112	6.445	4.166

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

None (31 March 2016: None).

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

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

b. Information on interest expense:

1. Information on interest expense on borrowings:

	31 March 2017		31 December 2016	
	TL	FC	TL	FC
Banks	1.095	39.040	4.038	21.235
The CBRT	-	-	-	-
Domestic Banks	1.095	274	4.033	253
Foreign Banks	-	38.766	5	20.982
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	3.184	-	-
Total (*)	1.095	42.224	4.038	21.235

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

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

None (31 March 2016: None).

3. Information on interest expense on issued securities

	31 March 2017	31 December 2016
Interest expense on issued securities	1.436	2.362

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	-	76	-	-	-	-	-	76
Savings Deposits	-	3.701	45.292	1.931	481	1.405	-	52.810
Public Deposits	-	-	13	-	-	-	-	13
Commercial Deposits	-	4.044	11.854	1.147	366	1.030	-	18.441
Other Deposits	-	113	5.090	175	4	210	-	5.592
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	-	7.934	62.249	3.253	851	2.645	-	76.932
FC								
Foreign Currency Account	-	1.357	35.497	3.780	1.052	464	-	42.150
Bank Deposits	-	51	-	-	-	-	-	51
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	1.408	35.497	3.780	1.052	464	-	42.201
Sum Total	-	9.342	97.746	7.033	1.903	3.109	-	119.133

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

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

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

	31 March 2017	31 December 2016
Income	6.237.107	3.313.799
Capital Market Transactions	4.988	15.954
Derivative Financial Transactions	15.599	9.415
Foreign Exchange Gains	6.216.520	3.288.430
Loss (-)	6.228.948	3.310.155
Capital Market Transactions	2.579	10.219
Derivative Financial Transactions	15.040	14.605
Foreign Exchange Loss	6.211.329	3.285.331
Net Income/Loss	8.159	3.644

d. Information on other operating income:

As of 31 March 2017, the Group’s other operating income is TL 5.506 (31 March 2016: TL 3.827). TL 1.248 (31 March 2016: TL 131) 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:

	31 March 2017	31 December 2016
Specific Provisions for Loans and Other Receivables	11.785	18.154
III. Group Loans and Receivables	2.847	4.253
IV. Group Loans and Receivables	3.312	401
V. Group Loans and Receivables	5.626	13.500
General Provision Expenses	2.260	7.040
Provision Expense for Possible Risks	14.425	1.261
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	28.470	26.455

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

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

f. Information related to other operating expenses:

	31 March 2017	31 December 2016
Personnel Expenses	43.166	40.603
Reserve For Employee Termination Benefits (*)	2.893	2.144
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	3.146	2.515
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	2.923	2.287
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	78	-
Depreciation Expenses of Assets Held for Resale	191	55
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	31.509	26.004
Operational Lease Expenses	7.529	7.394
Maintenance Expenses	766	802
Advertising Expenses	206	255
Other Expense	23.008	17.553
Loss on Sales of Assets	2	-
Other	6.737	6.956
Total	90.645	80.564

(*) As of 31 March 2017, the employee vacation fee provision income is TL 1.017 (31 March 2016: TL 521).

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 28.783 (31 March 2016: TL 9.803 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 31 March 2017, the Group has current tax expense amounting to TL 2.889 and deferred tax expense amounting to TL 5.030.

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

The Group has TL 7.029 deferred tax income from temporary differences, TL 6.841 deferred tax income from carried financial loss, TL 18.900 deferred tax expense and income due to temporary differences closed to net TL 5.030 deferred tax expense.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(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 31 March 2017, the Group has TL 11.871 deferred tax expense arising from temporary differences and TL 6.841 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 31 March 2017, the Group's interest income amounts to TL 361.169 (31 March 2016: TL 290.847) and TL 59.625 (31 March 2016: TL 63.426) of the related amount is classified as "Other Interest Income" account in income statement.

	31 March 2017	31 December 2016
Other Interest Income		
Interest Income Related to Derivative Transactions	55.322	59.596
Other	4.303	3.830
Total	59.625	63.426

2. As of 31 March 2017, the Group's interest expense amount to TL 240.478 (31 March 2016: TL 190.603) and TL 67.489 (31 March 2016: TL 66.282) of the related amount is classified "Other Interest Expense" account in income statement.

	31 March 2017	31 December 2016
Other Interest Expense		
Interest expense related to derivative transactions	61.810	64.240
Other	5.679	2.042
Total	67.489	66.282

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(Continued)**

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

3. As of 31 March 2017, the Group’s fee and commission income amounts to TL 15.545 (31 March 2016: TL 11.262) and TL 11.119 (31 March 2016: TL 7.951) of the related amount is classified under “Other fee and commission income” account.

	31 March 2017	31 December 2016
Other Fee and Commissions Received		
Investment Consultancy Fees	3.792	50
Insurance Commissions	994	560
Account Operating Fees	468	342
Commissions on Investment Fund Services	227	103
Transfer Commissions	212	303
Commissions From Brokerage Activity-Leveraged Trading	168	327
Commissions from Correspondent Banks	133	46
Credit Card and POS Transaction Commission	109	1.604
Ortak Nokta Commissions	22	23
Letter of Credit Commissions	2	2
Other	4.992	4.591
Total	11.119	7.951

4. As of 31 March 2017, Group’s fee and commission expense amounts to TL 2.003 (31 March 2016: TL 2.483) and TL 1.852 (31 March 2016: TL 2.371) of the related amount is classified under “Other fee and commission expense” account.

	31 March 2017	31 December 2016
Other Fee and Commissions Given		
Credit Card Transaction Commission	734	928
Commissions Granted to Correspondent Banks	332	193
EFT Commissions	202	168
Stock Exchange Contribution Expenses	191	557
Ortak Nokta Clearing Commissions	91	101
Transfer Commissions	29	30
Other	273	394
Total	1.852	2.371

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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 2016 for balance sheet and as at 31 March 2016 for income statements items.

31 March 2017:

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	-	27.908	-	-	113	68.425
Balance at the End of the Period	-	28.450	-	1.730	132	76.319
Interest and Commission Income Received	-	-	-	-	7	-

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

31 December 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	-	27.908	-	-	113	68.425
Interest and Commission Income Received	-	-	-	-	1	-

(*) 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	-	-	5.656	6.184	26.005	17.841
End of the Period	-	-	8.043	5.656	1.807	26.005
Interest Expense on Deposits	-	-	-	-	297	302

(*) 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	2.877.852	61,99
Non-cash loans	106.499	4,99
Deposit	9.850	0,11
Loans	132	-
Banks and Other Financial Institutions	80	-

As of 31 March 2017, the Group has realized interest expense amounting to TL 30.708 (31 March 2016: TL 14.035) 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 0,81% (31 March 2016: 0,32%) of the Group's total cash and non-cash loans.

As of 31 March 2017 there are no purchase-sales transactions on any assets including real-estate with the risk group consisting the Parent Bank.

As of 31 March 2017 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the 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 9.416 (31 March 2016: TL 8.630) which include total gross salary, travel, meal, health, life insurance and other expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

The consolidated financial statements as of 31 March 2017 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 12 May 2017 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**

Global economic activity has gained momentum in the fourth quarter of 2016. Leading indicators suggest a significant recovery in developed economies, particularly United States, and a moderate recovery in developing and emerging countries. Cyclical recovery in inventory accumulation and solid consumption growth and assumption of a looser fiscal policy stance fuelled optimism in financial markets and consumer confidence. IMF projects global economic growth as 3.5% in 2017, up from 3.1% in 2016. In line with the increase in commodity prices, headline inflation accelerated recently, while core inflation rises gradually. These developments also fed expectations that Fed may normalise the monetary policy at a faster pace than expected. Fed hiked the Federal Funds Rate by 25bps to 0.75-1.00% in March, and provided its guidance of an additional 50bps hike in the remainder of the year. On the other hand, ECB is expected to continue with accommodative monetary policy in 2017.

In Turkey, domestic politics and geopolitical developments continue to be the focal point. In January, the Parliament has passed a constitutional amendment which includes a switch to Presidential system. The constitutional amendment has been approved with 51.4% support in the referendum on April 16.

Following 1.3% yoy contraction in the 3rd quarter, Turkish economy posted a higher than expected 3.5% yoy growth in the fourth quarter, driven mainly by private consumption. Thus, Turkish economy grew by 2.9% yoy in 2016. The contribution of private consumption and total investments has been limited in 2016 due to volatility in global financial markets as well as unfavourable developments in domestic politics, including the coup attempt on July 15. On the other hand, public expenditures accelerated rapidly in 2016, adding 1pp to the total GDP growth. Tourism revenues dropped by US\$8bn in 2016 on the back of political tension with Russia and security concerns in Turkey. Hence, the contribution of net exports has been negative in 2016. Industrial production has expanded by 1.8% yoy in the first two months of 2017. Yet, leading indicators such as PMI, exports performance, capacity utilisation, and confidence indexes suggest that economic growth will continue to be strong in the first quarter of 2017. The government has recently introduced a set of measures to stimulate economic activity including an extended loan facility through Credit Guarantee Fund, incentives to expand employment, and tax cuts on consumer durables.

Exports have started to recover remarkably since the beginning of the year. After 0.9% yoy contraction in 2016, exports increased by 9% yoy in the first quarter of 2017. The recovery in EU economies as well as weaker Turkish Liras have boosted exports in recent months, particularly in automotive sectors. On the other hand, imports rose 8% yoy in the first quarter due to energy imports. Global oil prices increased to US\$50-55 range in 2017, from an average of US\$43 per barrel in 2016. Thus, energy imports were up by 39% in the first three months of the year. Tourism revenues continue to decline in annual terms despite the recovery in tourist arrivals from Russia. Current account deficit slightly widened to US\$33.7bn as of February, from US\$32.6bn by end-2016. Current account deficit-to-GDP ratio is expected to deteriorate to 4.5% by end-2017, from 3.8% in 2016.

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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)**

Inflation has accelerated sharply since the beginning of the year on the back of the pass-through from weaker Turkish Lira as well as upward trend in food and oil prices. Headline inflation rose to 11.3% as of March, from 8.5% by end-2016. Core inflation stands at one-year high of 9.5% as of March. According to the expectations survey conducted by the CBT, year-end inflation expectations rose to 9.2%, while 2-year ahead inflation expectations climbed to 7.7%, the highest level since the introduction of the series in 2003.

Under this framework, the CBT has tightened the monetary policy stance through Late Liquidity Window (LLW) rate and Marginal Funding (MFR) rate. The CBT hiked the LLW by 225bp to 12.25% and the MFR by 75bps to 9.25% since the beginning of the year. Thus, the average weighted funding rate jumped by 350bp to 11.75% as of end-April.

Following Moody’s downgrade in September 2016, the credit rating agency Fitch cut Turkey’s sovereign rating to BB+, ie non-investment status, in January. Thus, Turkey’s sovereign rating by all credit rating agencies stand at non-investment grade.

In the upcoming period, the focus will be on the strength of global economy, the policy actions of the new US administration, the pace of normalisation of the monetary policy in US and critical elections in European countries. In Turkey, political environments after the referendum as well as CBT’s policy stance and any steps of the government on economic reform agenda and will be watched closely.

Consolidated balance sheet size of our bank dated 31 March 2017 is TL 15.938.328 while consolidated deposit total is TL 8.951.965. Burgan Bank has maintained its support to customers uninterruptedly and consolidated net cash loans with leasing and factoring receivables total is realized as TL 12.449.995. In 2017, as a result of our attention on credit risk management and strong collateral structure, nonperforming loans to total cash loans ratio is 2.2, which is below the level of the Turkish banking sector average. Our consolidated equities have realized as TL 1.121.745 while our consolidated capital adequacy ratio has risen up to 15,28%. Our Bank has made a net profit of TL 20.864 in the first quarter of 2017. 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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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

II. NAMES, SURNAMES, DUTY TERMS, FIELDS OF RESPONSIBILITIES, EDUCATIONAL BACKGROUNDS 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. EVALUATIONS OF AUDIT COMMITTEE REGARDING INTERNAL CONTROL, INTERNAL AUDIT AND OPERATION OF RISK MANAGEMENT SYSTEMS AND INFORMATION ON THEIR ACTIVITIES WITHIN THE ACCOUNTING PERIOD

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

V. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD

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. still in progress.

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

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.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

V. 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.

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

	31.03.2017	31.12.2016	Change (%)
Total assets	15.938.328	15.094.145	5,6
Credits and Factoring Receivables (Net)	12.449.995	12.041.346	3,4
Securities	724.345	721.092	0,5
Deposits	8.951.965	8.248.669	8,5
Debts having credit characteristics	5.094.547	4.999.634	1,9
Shareholder's equity	1.121.745	1.092.558	2,7
Guarantee and suretyship	2.133.447	1.982.236	7,6
Capital Adequacy ratio	15,28%	15,84%	(3,6)

	01/01/2017-31/03/2017	01/01/2016-31/03/2016
Period Net Profit/(Loss)	20.864	6.231

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

The 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 49 branches including 9 retail, 1 commercial, 1 corporate and 38 mixed banking branches, its internet banking applications and call centre and 992 employees. The Group has a total of 1.037 employees.

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

31 March 2017

TL Million	Burgan Bank	Sector (*)	Share of our Bank (%)
Cash Credits	10.549	1.848.421	0,57
Customer Deposits	8.866	1.612.469	0,55
Branch Number	49	10.754	0,46
Personnel Number	992	196.758	0,50

(*) Reference BRSA and The Banks Associations of Turkey