

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

BURGAN BANK A.Ş.

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

INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the consolidated statement of financial position of Burgan Bank A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") at 30 June 2016 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-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. at 30 June 2016 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the BRSA Accounting and 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.



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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, SMMM
Partner

İstanbul, 12 August 2016

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

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

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

- **Section One** GENERAL INFORMATION ABOUT THE 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 six 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 August 2016

Mehmet N. ERTEN
Chairman of the
Board of Directors

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

Mehmet YALÇIN
Financial Affairs
Vice General Manager

Ahmet CİĞA
Head of Accounting,
Tax, and
Reporting Unit

Halil CANTEKİN
Head of the Audit Committee

Adrian Alejandro
GOSTUSKİ
Member of the Audit
Committee

Osama T. AL GHOUSSEIN
Member of the Audit
Committee

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

Name-Surname / Title : Ahmet CİĞA / Head of Accounting Tax and Reporting Unit
Telephone Number : 0 212 371 34 84
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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

(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 Undergraduate	Chairman of Board of Directors	
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:		Operation, IT and Private Banking Senior Vice General Manager	Undergraduate
	Robbert J. R. Voogt	Operations & Management	Undergraduate
	Esra Aydın	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.

(*)On the date of 19 May 2016, Group Head of Financial Affairs Tuba Onay Ergelen was assigned to on other duty and in 20 May 2016, Mehmet Yalçın has been appointed as a Vice General Manager of Financial Affairs.

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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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

GENERAL INFORMATION (Continued)

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

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

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

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

As of 30 June 2016, the Parent Bank has 51 branches operating in Turkey (31 December 2015: 56). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 June 2016, the Group has 1.160 (31 December 2015: 1.164) employees.

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

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated balance sheet (Statement of financial position)
- II. Consolidated off-balance sheet commitments
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**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 30 JUNE 2016 AND 31 DECEMBER 2015**

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

I. BALANCE SHEET	Note (Section Five)	(30/06/2016)			(31/12/2015)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. CASH AND BALANCES WITH CENTRAL BANK	I-a	172.679	1.068.449	1.241.128	147.888	946.187	1.094.075
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	121.930	42.999	164.929	72.578	37.310	109.888
2.1 Trading Financial Assets		121.930	42.999	164.929	72.578	37.310	109.888
2.1.1 Government Debt Securities		44.384	3.427	47.811	27.938	2.569	30.507
2.1.2 Share Certificates		960	-	960	-	-	-
2.1.3 Trading Derivative Financial Assets		60.356	38.518	98.874	37.598	34.517	72.115
2.1.4 Other Marketable Securities		16.230	1.054	17.284	7.042	224	7.266
2.2 Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	I-c	110.443	338.389	448.832	87.166	107.967	195.133
IV. MONEY MARKETS		22.334	-	22.334	22.195	-	22.195
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		21.935	-	21.935	22.195	-	22.195
4.3 Receivables from Reverse Repurchase Agreements		399	-	399	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	228.614	276.876	505.490	272.856	380.474	653.330
5.1 Share Certificates		11.567	-	11.567	11.567	-	11.567
5.2 Government Debt Securities		214.168	222.660	436.828	258.441	279.985	538.426
5.3 Other Marketable Securities		2.879	54.216	57.095	2.848	100.489	103.337
VI. LOANS	I-e	4.422.594	4.808.554	9.231.148	3.806.299	4.458.500	8.264.799
6.1 Loans		4.312.575	4.808.554	9.121.129	3.702.571	4.458.500	8.161.071
6.1.1 Loans to Bank's Risk Group		75	-	75	84	5	89
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		4.312.500	4.808.554	9.121.054	3.702.487	4.458.495	8.160.982
6.2 Loans under Follow-up		209.976	-	209.976	240.615	-	240.615
6.3 Specific Provisions (-)		99.957	-	99.957	136.887	-	136.887
VII. FACTORING RECEIVABLES	I-e	253	808	1.061	856	817	1.673
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-g	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	I-h	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	I-i	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-j	307.341	792.360	1.099.701	305.404	623.323	928.727
12.1 Financial Lease Receivables		417.957	897.315	1.315.272	407.352	712.029	1.119.381
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		110.616	104.955	215.571	101.948	88.706	190.654
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	I-k	26.753	240	26.993	40.809	36	40.845
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		26.753	240	26.993	40.809	36	40.845
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		63.661	-	63.661	63.580	-	63.580
XV. INTANGIBLE ASSETS (Net)		42.840	-	42.840	45.737	-	45.737
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		42.840	-	42.840	45.737	-	45.737
XVI. INVESTMENT PROPERTY (Net)	I-l	-	-	-	-	-	-
XVII. TAX ASSET		15.073	-	15.073	9.541	-	9.541
17.1 Current Tax Asset		3.530	-	3.530	245	-	245
17.2 Deferred Tax Asset	I-m	11.543	-	11.543	9.296	-	9.296
XVIII. ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-n	29.983	-	29.983	6.695	-	6.695
18.1 Held for Resale		29.983	-	29.983	6.695	-	6.695
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-o	126.288	68.078	194.366	88.376	48.523	136.899
TOTAL ASSETS		5.690.786	7.396.753	13.087.539	4.969.980	6.603.137	11.573.117

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

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

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

I. BALANCE SHEET	Note (Section Five)	(30/06/2016)			(31/12/2015)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	2.714.969	4.477.320	7.192.289	1.872.349	4.739.162	6.611.511
1.1 Deposits of Bank's Risk Group		7.042	24.010	31.052	4.586	19.440	24.026
1.2 Other		2.707.927	4.453.310	7.161.237	1.867.763	4.719.722	6.587.485
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	38.324	25.596	63.920	46.703	29.613	76.316
III. BORROWINGS	II-c	208.404	2.703.343	2.911.747	140.264	2.381.984	2.522.248
IV. MONEY MARKETS		263.792	186.980	450.772	172.258	265.819	438.077
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		99.463	-	99.463	42.291	-	42.291
4.3 Funds Provided Under Repurchase Agreements		164.329	186.980	351.309	129.967	265.819	395.786
V. MARKETABLE SECURITIES ISSUED (Net)	II-d	122.581	-	122.581	49.255	-	49.255
5.1 Bills		73.640	-	73.640	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		48.941	-	48.941	49.255	-	49.255
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		36.516	100.121	136.637	92.320	66.902	159.222
VIII. OTHER LIABILITIES	II-e	116.705	6.246	122.951	82.853	2.253	85.106
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	II-f	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-g	9.827	3.397	13.224	15.132	-	15.132
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		9.827	3.397	13.224	15.132	-	15.132
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	II-h	86.862	63.022	149.884	81.733	59.435	141.168
12.1 General Loan Loss Provision		46.450	43.465	89.915	38.681	38.816	77.497
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		23.991	-	23.991	26.817	-	26.817
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		16.421	19.557	35.978	16.235	20.619	36.854
XIII. TAX LIABILITY	II-i	28.270	-	28.270	23.687	-	23.687
13.1 Current Tax Liability		24.419	-	24.419	23.687	-	23.687
13.2 Deferred Tax Liability		3.851	-	3.851	-	-	-
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	-	866.654	866.654	-	438.893	438.893
XVI. SHAREHOLDERS' EQUITY	II-l	1.023.040	5.570	1.028.610	1.013.359	(857)	1.012.502
16.1 Paid-in Capital		900.000	-	900.000	900.000	-	900.000
16.2 Capital Reserves		9.832	5.570	15.402	20.270	(857)	19.413
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Reserve		(82)	7.897	7.815	(1.521)	(857)	(2.378)
16.2.4 Tangible Assets Revaluation Reserve		15.122	-	15.122	15.122	-	15.122
16.2.5 Intangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.6 Investment Property Revaluation Reserve		-	-	-	-	-	-
16.2.7 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Reserves (Effective portion)		(2.661)	(2.327)	(4.988)	9.216	-	9.216
16.2.9 Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		(2.547)	-	(2.547)	(2.547)	-	(2.547)
16.3 Profit Reserves		93.089	-	93.089	87.205	-	87.205
16.3.1 Legal Reserves		20.178	-	20.178	19.107	-	19.107
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		72.911	-	72.911	68.098	-	68.098
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		20.119	-	20.119	5.884	-	5.884
16.4.1 Prior Years' Income or (Loss)		-	-	-	(46.285)	-	(46.285)
16.4.2 Current Year Income or (Loss)		20.119	-	20.119	52.169	-	52.169
16.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		4.649.290	8.438.249	13.087.539	3.589.913	7.983.204	11.573.117

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT
30 JUNE 2016 AND 31 DECEMBER 2015**

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

II. OFF-BALANCE SHEET		Note (Section Five)	(30/06/2016)			(31/12/2015)		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		6.835.383	13.732.178	20.567.561	6.824.401	12.871.473	19.695.874
I.	GUARANTEES AND WARRANTIES	III-a-2-3	723.420	1.040.410	1.763.830	631.672	912.483	1.544.155
1.1	Letters of Guarantee		718.867	746.963	1.465.830	628.292	596.943	1.225.235
1.1.1	Guarantees Subject to State Tender Law		8.954	9.759	18.713	7.486	26.218	33.704
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		709.913	737.204	1.447.117	620.806	570.725	1.191.531
1.2	Bank Acceptances		4.525	110.954	115.479	3.352	93.928	97.280
1.2.1	Import Letter of Acceptance		4.525	110.954	115.479	3.352	93.928	97.280
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	171.740	171.740	-	195.057	195.057
1.3.1	Documentary Letters of Credit		-	171.740	171.740	-	195.057	195.057
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Pre-financing 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		-	10.753	10.753	-	26.555	26.555
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	III-a-1	587.672	251.900	839.572	677.279	275.640	952.919
2.1	Irrevocable Commitments		587.672	251.900	839.572	677.279	275.640	952.919
2.1.1	Asset Purchase and Sales Commitments		140.869	251.900	392.769	220.061	275.640	495.701
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits		122.261	-	122.261	128.409	-	128.409
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		306.629	-	306.629	299.665	-	299.665
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		17.892	-	17.892	25.825	-	25.825
2.1.10	Promotion Commitments for Credit Cards and Banking Services		21	-	21	19	-	19
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		-	-	-	3.300	-	3.300
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		5.524.291	12.439.868	17.964.159	5.515.450	11.683.350	17.198.800
3.1	Hedging Derivative Financial Instruments		351.085	1.026.052	1.377.137	248.580	736.192	984.772
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		351.085	1.026.052	1.377.137	248.580	736.192	984.772
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		5.173.206	11.413.816	16.587.022	5.266.870	10.947.158	16.214.028
3.2.1	Forward Foreign Currency Buy/Sell Transactions		566.390	866.621	1.433.017	374.864	949.719	1.324.583
3.2.1.1	Forward Foreign Currency Transactions-Buy		454.107	274.141	728.248	200.408	460.907	661.315
3.2.1.2	Forward Foreign Currency Transactions-Sell		112.283	592.480	704.763	174.456	488.812	663.268
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		2.737.014	7.366.818	10.103.832	2.902.323	6.961.022	9.863.345
3.2.2.1	Foreign Currency Swap-Buy		1.034.104	2.075.729	3.109.833	988.804	1.853.741	2.842.545
3.2.2.2	Foreign Currency Swap-Sell		1.262.910	1.831.319	3.094.229	1.493.519	1.390.415	2.863.934
3.2.2.3	Interest Rate Swap-Buy		220.000	1.729.885	1.949.885	220.000	1.858.433	2.078.433
3.2.2.4	Interest Rate Swap-Sell		220.000	1.729.885	1.949.885	220.000	1.858.433	2.078.433
3.2.3	Foreign Currency, Interest rate and Securities Options		1.857.313	3.180.377	5.037.690	1.988.329	3.036.417	5.024.746
3.2.3.1	Foreign Currency Options-Buy		879.620	1.640.112	2.519.732	985.139	1.524.640	2.509.779
3.2.3.2	Foreign Currency Options-Sell		977.693	1.540.265	2.517.958	1.003.190	1.511.777	2.514.967
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		12.483	-	12.483	1.354	-	1.354
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		29.406.874	16.176.775	45.583.649	24.767.132	14.305.360	39.072.492
IV.	ITEMS HELD IN CUSTODY		1.928.675	133.481	2.062.156	1.600.255	117.865	1.718.120
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		915.036	17.510	932.546	621.314	18.910	640.224
4.3	Cheques Received for Collection		919.504	100.896	1.020.400	843.730	83.272	927.002
4.4	Commercial Notes Received for Collection		94.135	15.075	109.210	105.083	15.683	120.766
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	30.128	-	30.128
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		27.478.199	16.030.312	43.508.511	23.165.927	14.175.131	37.341.058
5.1	Marketable Securities		1.043	-	1.043	1,043	-	1,043
5.2	Guarantee Notes		18.073.596	8.167.040	26.240.636	16.761.580	8.098.175	24.859.755
5.3	Commodity		771.788	7.797	779.585	777.707	8.807	686.514
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		8.045.778	5.529.965	13.575.743	5.399.915	4.197.673	9.597.588
5.6	Other Pledged Items		585.994	2.325.510	2.911.504	325.682	1.870.476	2.196.158
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	12.982	12.982	950	12.364	13.314
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		36.242.257	29.908.953	66.151.210	31.591.533	27.176.833	58.768.366

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

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

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

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

III.	INCOME STATEMENT	Note (Section Five)	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015	01/04/2016- 30/06/2016	01/04/2015- 30/06/2015
I.	INTEREST INCOME	IV-a	600.751	423.890	309.904	218.484
1.1	Interest on Loans		401.960	315.760	209.649	164.081
1.2	Interest Received from Reserve Requirements		4.769	1.184	2.324	729
1.3	Interest Received from Banks		1.985	3.021	1.687	1.579
1.4	Interest Received from Money Market Transactions		4.504	4.702	2.452	1.756
1.5	Interest Received from Marketable Securities Portfolio		20.882	17.280	10.271	6.807
1.5.1	Trading Financial Assets		3.240	1.955	2.013	738
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-	-	-
1.5.3	Available-for-sale Financial Assets		17.642	15.325	8.258	6.069
1.5.4	Held-to-maturity Investments		-	-	-	-
1.6	Financial Lease Income		41.634	32.402	21.930	17.283
1.7	Other Interest Income		125.017	49.541	61.591	26.249
II.	INTEREST EXPENSE (-)	IV-b	401.572	252.808	210.969	129.853
2.1	Interest on Deposits (-)		185.820	140.653	94.574	72.597
2.2	Interest on Funds Borrowed (-)		58.566	42.041	33.293	21.537
2.3	Interest Expense on Money Market Transactions (-)		12.347	6.470	6.907	2.388
2.4	Interest on Securities Issued (-)		5.776	1.467	3.414	1.363
2.5	Other Interest Expenses (-)		139.063	62.177	72.781	31.968
III.	NET INTEREST INCOME (I - II)		199.179	171.082	98.935	88.631
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		18.898	25.536	10.119	9.128
4.1	Fees and Commissions Received		23.788	33.200	12.526	12.056
4.1.1	Non-cash Loans		6.848	5.357	3.537	2.695
4.1.2	Other		16.940	27.843	8.989	9.361
4.2	Fees and Commissions Paid (-)		4.890	7.664	2.407	2.928
4.2.1	Non-cash Loans (-)		249	301	137	153
4.2.2	Other (-)		4.641	7.363	2.270	2.775
V.	DIVIDEND INCOME		627	542	299	542
VI.	TRADING INCOME / (LOSS) (Net)	IV-c	8.168	11.094	4.524	7.231
6.1	Trading Gains/(Losses) on Securities		9.224	2.479	3.489	2.364
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		(3.101)	(13.744)	2.089	(3.995)
6.3	Foreign Exchange Gains/(Losses)		2.045	22.359	(1.054)	8.862
VII.	OTHER OPERATING INCOME	IV-d	9.441	7.548	5.614	4.117
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		236.313	215.802	119.491	109.649
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-e	41.705	38.282	15.250	24.651
X.	OTHER OPERATING EXPENSES (-)(*)	IV-f	165.532	138.466	84.968	66.679
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		29.076	39.054	19.273	18.319
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-	-	-
XIII.	CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	IV-g	29.076	39.054	19.273	18.319
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-h	8.957	8.486	5.385	5.250
16.1	Current Tax Provision (-)		6.383	3.821	(1.196)	1.919
16.2	Deferred Tax Provision (-)		2.574	4.665	6.581	3.331
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV- XVI)	IV-i	20.119	30.568	13.888	13.069
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	20.119	30.568	13.888	13.069
	Earnings / (Loss) per share (1.000 nominal in TL full)		0.224	0.340	0.154	0.145

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

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	30/06/2016	30/06/2015
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	12.903	(3.515)
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	-	-
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	(17.755)	6.954
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	(129)	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	970	(688)
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	(4.011)	2.751
XI. CURRENT PERIOD INCOME/LOSS	20.119	30.568
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	3.630	1.189
11.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4 Other	16.489	29.379
XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	16.108	33.319

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 JUNE 2015**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Notes (Section Five)	Paid-in Capital	Adjustment to Share Capital	Shares Cancellation	Share Premium	Share 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	Reserving Reserves	Valuation Difference of AHS and Discontinued Operations	Shareholders' Equity
PRIOR PERIOD 30/06/2015																			
I.	Prior Period End Balance (31/12/2014)	II-1	900.000	-	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	953.026
II.	Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I + II)		900.000	-	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	953.026
Changes in the Period																			
IV.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	-	(2.812)	-	-	-	(2.812)	-
VI.	Reserving Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.563	5.563	-
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.563	5.563	-
6.2	Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	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		-	-	-	-	-	-	-	16.863	251	30.568	(17.824)	-	-	-	-	-	30.568
XX.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to Reserves		-	-	-	-	-	-	-	16.863	251	(17.824)	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+...+XX)			900.000	-	-	-	-	19.107	-	68.098	(2.241)	30.568	(46.285)	(1.652)	13.187	-	5.563	-	986.345

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 JUNE 2016**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
CURRENT PERIOD 30/06/2016	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital 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/Minority Interest	Total Shareholders' Equity
I. Prior Period End Balance (31/12/2015)	II-1	900.000	-	-	19.107	-	68.098	(2.547)	52.169	(46.285)	(2.378)	15.122	-	9.216	-	1.012.502	1.012.502
Changes in the Period																	
II. Increase/Decrease due to the Merger																	
III. Marketable Securities Valuation Differences											10.322					10.322	10.322
IV. Hedging Reserves (Effective Portion)														(14.204)		(14.204)	(14.204)
4.1 Cash Flow Hedge														(14.204)		(14.204)	(14.204)
4.2 Foreign Investment Hedge																	
V. Revaluation Differences of Tangible Assets																	
VI. Revaluation Differences of Intangible Assets																	
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures																	
VIII. Foreign Exchange Difference																	
IX. Changes due to the Disposal of Assets																	
X. Changes due to the Reclassification of the Assets																	
XI. Effects of Changes in Equity of Investments in Associates											(129)					(129)	(129)
XII. Capital Increase																	
12.1 Cash																	
12.2 Internal Resources																	
XIII. Share Premium																	
XIV. Share Cancellation Profits																	
XV. Adjustment to Share Capital																	
XVI. Other																	
XVII Current Year Income or Loss																	
XVIII Profit Distribution																	
18.1 Dividend Paid										46.285							
18.2 Transfers to Reserves										46.285							
18.3 Other																	
Period End Balance (I...XVIII)		900.000	-	-	20.178	-	72.911	(2.547)	20.119	-	7.815	15.122	-	(4.988)	-	1.028.610	1.028.610

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

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

BURGAN BANK A.Ş.

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
30 JUNE 2016 AND 2015**

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	30/06/2016	30/06/2015
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		21.532	23.565
1.1.1 Interest received		624.979	359.610
1.1.2 Interest paid		(394.133)	(239.639)
1.1.3 Dividend received		627	542
1.1.4 Fees and commissions received		22.248	26.002
1.1.5 Other income		-	-
1.1.6 Collections from previously written-off loans and other receivables		46.402	40.004
1.1.7 Payments to personnel and service suppliers		(84.343)	(79.985)
1.1.8 Taxes paid		(3.530)	(935)
1.1.9 Other		(190.718)	(82.034)
1.2 Changes in operating assets and liabilities		(424.172)	(599.870)
1.2.1 Net (increase)/decrease in trading securities		(27.698)	50.533
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net increase/(decrease) in due from banks		(144.109)	(234.907)
1.2.4 Net (increase)/decrease in loans		(971.127)	(1.230.380)
1.2.5 Net (increase)/decrease in other assets		(260.748)	(28.806)
1.2.6 Net (increase)/decrease in bank deposits		(27.206)	(107.609)
1.2.7 Net increase/(decrease) in other deposits		601.170	310.496
1.2.8 Net increase/(decrease) in funds borrowed		383.934	778.618
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		21.612	(137.815)
I. Net cash provided from banking operations		(402.640)	(576.305)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		117.675	448.485
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		(31.212)	(10.293)
2.4 Disposals of property and equipment		3.760	838
2.5 Cash paid for purchase of investments available-for-sale		(158.015)	(82.678)
2.6 Cash obtained from sale of investments available-for-sale		303.142	540.618
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		506.027	-
3.1 Cash obtained from funds borrowed and securities issued		581.027	-
3.2 Cash used for repayment of funds borrowed and securities issued		(75.000)	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		34.933	6.251
V. Net (increase)/decrease in cash and cash equivalents (I+II+III+IV)		255.995	(121.569)
VI. Cash and cash equivalents at beginning of the period		574.482	633.150
VII. Cash and cash equivalents at end of the period		830.477	511.581

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 30 JUNE 2016

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

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

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

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

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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

ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION:

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

None.

Additional paragraph for convenience translation into English:

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

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

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

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

As of 30 June 2016, foreign currency denominated balances are translated into TL using the exchange rates of TL 2,8848 and TL 3,2078 and TL for USD and EURO respectively.

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

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

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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

ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

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

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

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

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

b. Held-to-maturity financial assets:

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

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

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

c. Loans and receivables:

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

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

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-tomaturity", "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 30 June 2016.

b. Other intangible assets

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued):

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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

Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognized. Liabilities arising from the leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group realizes financial leasing transactions in the capacity of "lessor" by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group. The asset subject to financial leasing is disclosed as net financial leasing receivable in the balance sheet. The interest income is determined in a way to form a fixed revenue return ratio using net investment method related to leased asset of the lessor, and the portion of interest income which does not take part in the related term is followed under unearned interest income account.

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

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

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ACCOUNTING POLICIES (Continued)

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

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

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

XVIII. EXPLANATIONS ON TAXATION :

a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% for 2016 (2015: 20%). The corporate tax rate is calculated on the total income after adjusting for certain

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ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON TAXATION (Continued):

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.

XIX. EXPLANATIONS ON BORROWINGS:

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

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ACCOUNTING POLICIES (Continued)

XIX. EXPLANATIONS ON BORROWINGS (Continued):

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

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 June 2016 and 31 December 2015, the Group has no government grants.

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

	30 June 2016	30 June 2015
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	20.119	30.568
Weighted Average Number of Issued Ordinary Shares (Thousand)	90.000.000	90.000.000
Earnings Per Ordinary Shares (Disclosed in Thousand TL)	0,224	0,340

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.

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ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON EARNINGS PER SHARE (Continued):

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

XXV. EXPLANATIONS ON RELATED PARTIES:

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

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

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

XXVIII. RECLASSIFICATIONS:

None.

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SECTION FOUR

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

I. EXPLANATIONS ON EQUITY:

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

As of 30 June 2016 Bank's total capital has been calculated as TL 1.920.945, Capital adequacy ratio is 16,37%. As of 31 December 2015, Bank's total capital amounted to TL 1.462.534, Capital adequacy ratio was 14,49% calculated pursuant to former regulations.

a. Information about total capital:

	Current Period 30 June 2016	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	93.144	
Gains recognized in equity as per TAS	23.066	
Profit	20.119	
Current Period Profit	20.119	
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	1.036.329	
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	7.719	
Improvement costs for operating leasing	19.158	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	25.390	42.316
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	-	
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	52.267	
Total Common Equity Tier 1 Capital	984.062	

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

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I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 30 June 2016	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	16.926	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital		
Total Additional Tier I Capital		
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	967.136	
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)	865.440	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	89.915	-
Tier II Capital Before Deductions	955.355	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	1.103	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	1.103	
Total Tier II Capital	954.252	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1.921.388	
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	443	-
Other items to be defined by the BRSA (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 30 June 2016	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	1.920.945	
Total risk weighted amounts	11.736.136	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	8,38	
Tier I Capital Adequacy Ratio	8,24	
Capital Adequacy Ratio	16,37	
BUFFERS		
Total buffer requirement	0,625	
Capital conservation buffer requirement	0,625	
Bank specific counter-cyclical buffer requirement	-	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	3,89	
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	24.274	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	89.915	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	89.915	
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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GROUP (Continued)**

I. EXPLANATIONS ON EQUITY (Continued):

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

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

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

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

I. EXPLANATIONS ON EQUITY (Continued):

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)	432.720	432.720
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 incompliance with article number 7 and 8 of "Own fund regulation"	None	None

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

II. EXPLANATIONS ON RISK MANAGEMENT:

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

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

1. Overview of RWA

		Risk Weighted Amounts		Minimum Capital Liability
		Current Period	Prior Period	Current Period
		30 June 2016	31 December 2015	30 June 2016
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	10.790.900	9.359.687	863.272
2	Standardised approach (SA)	10.790.900	9.359.687	863.272
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	146.444	32.911	11.716
5	Standardised approach for counterparty credit risk (SA-CCR)	146.444	32.911	11.716
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	140.891	170.538	11.271
17	Standardised approach (SA)	140.891	170.538	11.271
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	657.901	533.188	52.632
20	Basic indicator approach	657.901	533.188	52.632
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor Adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	11.736.136	10.096.324	938.891

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

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Credit Quality of Assets

		Gross carrying values of (according to TAS)		Allowances/ impairments	Net values (a+b+c)
		Defaulted exposures	Non-defaulted exposures		
1	Loans	209.976	9.122.190	182.444	9.149.722
2	Debt Securities	-	559.978	343	559.635
3	Off-balance sheet exposures	4.830	2.205.803	6.996	2.203.637
4	Total	214.806	11.887.971	189.783	11.912.994

3. Changes In Stock Of Defaulted Loans and Debt Securities

1	Defaulted loans and debt securities at end of the previous reporting period	259.462
2	Loans and debt securities that have defaulted since the last reporting period	77.038
3	Returned to non-defaulted status	-
4	Write-offs (-)	70.950
5	Other changes	(50.744)
6	At the end of the reporting period's defaulted credits and debt instruments amount (1+2-3-4+5)	214.806

4. Credit Risk Mitigation Techniques

		Exposures unsecured: carrying amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	8.889.717	260.005	257.403	6.179	6.179	-	-
2	Debt securities	559.635	-	-	-	-	-	-
3	Total	9.449.352	260.005	257.403	6.179	6.179	-	-
4	Defaulted	112.701	-	-	-	-	-	-

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

5. Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

	Classes of Risk	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	1.816.676	-	1.835.229	-	647.900	35,3%
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Exposures to public sector entities	-	29	-	6	6	100,0%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	821.980	157.508	828.174	136.983	287.792	29,8%
7	Exposures to corporates	7.163.246	1.837.810	7.156.770	999.897	7.727.228	94,7%
8	Retail exposures	238.311	103.691	237.162	40.051	149.567	54,0%
9	Exposures secured by residential property	454.261	27.670	453.219	10.436	162.218	35,0%
10	Exposures secured by commercial real estate	2.345.978	68.122	2.333.101	31.701	1.497.201	63,3%
11	Past-due loans	110.019	-	110.019	-	110.162	100,1%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	310.834	194.773	310.835	38.955	330.173	94,4%
17	Investments in equities	-	-	-	-	-	-
18	Total	13.261.305	2.389.603	13.264.509	1.258.029	10.912.247	75,1%

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(Continued)

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

6. Exposures by Asset Classes and Risk Weights

	Asset classes/ Risk weight	0%	10%	20%	35% Collateralized with real estate mortgage	50% Collateralized with real estate mortgage	50%	75%	100%	150%	200%	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	539.429	-	-	-	1.295.800	-	-	-	-	-	1.835.229
2	Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-	-	6	-	-	6
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	191.859	-	344.411	-	343.609	76.345	-	8.933	-	-	965.157
7	Exposures to corporates	169.701	-	215.253	-	13.326	167.879	-	7.584.371	6.136	-	8.156.666
8	Retail exposures	76.132	-	2.221	-	-	93	198.768	-	-	-	277.214
9	Exposures secured by residential property	155	-	50	463.451	-	-	-	-	-	-	463.656
10	Exposures secured by commercial real estate	26.718	-	2.073	-	-	1.678.450	-	657.562	-	-	2.364.803
11	Past-due loans	1	-	-	-	-	11.786	-	86.155	12.077	-	110.019
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-	-
17	Other assets	19.618	-	-	-	-	-	-	330.170	-	-	349.788
18	Total	1.023.613	-	564.008	463.451	1.652.735	1.934.553	198.768	8.667.197	18.213	-	14.522.538

7. Analysis of Counterparty Credit Risk (CCR) Exposure by Approach

	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives)					
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)				669.868	283.576
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					
6	Total					

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II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

8. Credit Valuation Adjustment (CVA) Capital Charge

	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Total portfolios subject to the Advanced CVA capital charge		
1 (i) Value at Risk (VaR) component (including the 3x multiplier)		
2 (ii) Stressed VaR component (including the 3x multiplier)		
3 All portfolios subject to the Standardised CVA capital charge	669.868	21.657
4 Total subject to the CVA capital charge	669.868	21.657

9. Standardised Approach of CCR Exposures by Regulatory Portfolio and Risk Weights

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory portfolio									
Claims from central governments and central banks	146.586	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	115.213	251.321	-	-	-	-	148.703
Corporates	-	-	1	94	-	69.347	-	-	69.394
Retail portfolios	-	-	-	-	87.306	-	-	-	65.479
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	146.586	-	115.214	251.415	87.306	69.347	-	-	283.576

10. Composition of Collateral for CCR Exposure:

	Collaterals for Derivatives				Collaterals for Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Reserved	Not Reserved	Reserved	Not Reserved		
Cash - domestic currency	-	-	-	-	152.005	-
Cash - foreign currency	-	-	-	-	186.946	-
Government bonds / bills - domestic	-	-	-	-	-	-
Government bonds / bills - other	-	-	-	-	-	-
Public institutions bonds / bills	-	-	-	-	-	-
Corporate bonds / bills	-	-	-	-	-	-
Stock	-	-	-	-	83.364	-
Other collateral	-	-	-	-	-	232
Total	-	-	-	-	422.315	232

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II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

11. Credit Derivatives Exposures: None.

12. Exposures to Central Counterparties (CCP)

		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		3,441
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3	(i) OTC Derivatives		
4	(ii) Exchange-traded Derivatives		
5	(iii) Securities financing transactions		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Pre-funded default fund contributions		
10	Unfunded default fund contributions		
11	Exposures to non-QCCPs (total)		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)		
13	(i) OTC Derivatives		
14	(ii) Exchange-traded Derivatives		
15	(iii) Securities financing transactions		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Pre-funded default fund contributions		
20	Unfunded default fund contributions		

13. Securitization Explanations: None.

14. Market Risk Explanations

		RWA
	Outright products	
1	Interest rate risk (general and specific)	57.687
2	Equity risk (general and specific)	1.920
3	Foreign exchange risk	79.197
4	Commodity risk	63
	Options	
5	Simplified approach	-
6	Delta-plus method	2.025
7	Scenario approach	-
8	Securitisation	-
9	Total	140.892

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
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III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:

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

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

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

	EUR		USD	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
30 June 2016 / 31 December 2015				
Bid rate	TL 3,2078	TL 3,1838	TL 2,8848	TL 2,9181
1. Day bid rate	TL 3,2078	TL 3,1838	TL 2,8848	TL 2,9181
2. Day bid rate	TL 3,2044	TL 3,1776	TL 2,8936	TL 2,9076
3. Day bid rate	TL 3,2262	TL 3,1921	TL 2,9130	TL 2,9084
4. Day bid rate	TL 3,2402	TL 3,2006	TL 2,9365	TL 2,9157
5. Day bid rate	TL 3,2444	TL 3,1904	TL 2,9266	TL 2,9123

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

	EUR		USD	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Arithmetic average-30 days	TL 3,2750	TL 3,1802	TL 2,9178	TL 2,9186

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

III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Information on currency risk of the Group:

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

	EUR	USD	Other FC	Total
30 June 2016				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	3.463	1.064.288	698	1.068.449
Due From Banks	124.948	185.436	28.005	338.389
Financial Assets at Fair Value Through Profit or Loss (*)	16.027	13.568	1.687	31.282
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	276.876	-	276.876
Loans (*)	2.815.588	2.774.913	10.071	5.600.572
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	34	206	-	240
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	560.521	299.914	3	860.438
Total Assets	3.520.581	4.615.201	40.464	8.176.246
Liabilities				
Bank Deposits	16.424	5.722	-	22.146
Foreign Currency Deposits	966.596	3.453.548	35.030	4.455.174
Funds From Interbank Money Market	-	186.980	-	186.980
Funds Borrowed From Other Financial Institutions	741.371	2.828.626	-	3.569.997
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	35.585	64.144	392	100.121
Hedging Derivative Financial Liabilities	2.070	1.327	-	3.397
Other Liabilities (*)	10.803	16.093	1.747	28.643
Total Liabilities	1.772.849	6.556.440	37.169	8.366.458
Net On-balance Sheet Position	1.747.732	(1.941.239)	3.295	(190.212)
Net Off-balance Sheet Position	(1.691.450)	2.062.206	(1.984)	368.772
Financial Derivative Assets	552.171	3.794.464	106.547	4.453.182
Financial Derivative Liabilities	2.243.621	1.732.258	108.531	4.084.410
Non-Cash Loans (**)	418.258	602.536	19.616	1.040.410
31 December 2015				
Total Assets (*)	2.820.654	4.522.491	39.907	7.383.052
Total Liabilities (*)	1.541.273	6.341.765	35.582	7.918.620
Net On-balance Sheet Position	1.279.381	(1.819.274)	4.325	(535.568)
Net Off-balance Sheet Position	(1.272.953)	1.853.617	(2.978)	577.686
Financial Derivative Assets	688.571	3.412.745	79.103	4.180.419
Financial Derivative Liabilities	1.961.524	1.559.128	82.081	3.602.733
Non-Cash Loans (**)	320.947	570.585	20.951	912.483

(*)The above table shows the Bank's foreign currency net position based on main currencies. Foreign currency indexed assets, classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of Net Foreign Currency Position. Due to this, foreign currency indexed loans amounting to TL 791.210 (31 December 2015: TL 784.445) classified as Turkish Lira assets in the 30 June 2016 financial statements are added to the table above and there is no foreign currency indexed loans received in the current period (31 December 2015: None). Besides these, in assets "Income Accruals of Derivative Financial Instruments" amounting to TL 11.717 (31 December 2015: TL 4.530), in liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL 3.381 (31 December 2015: TL 6.189), "General Provisions" amounting to TL 43.465 (31 December 2015: TL 38.816), free provisions amounting to TL 19.375 (31 December 2015: TL 20.436) and "Marketable Securities Valuation Reserve" amounting to TL 5.570 (31 December 2015: TL (857)) are not included in the table above.

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

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IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:

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

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

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

30 June 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	1.028.766	-	-	-	-	212.362	1.241.128
Due From Banks	408.348	-	-	-	-	40.484	448.832
Financial Assets at Fair Value Through Profit/Loss (*)	83.804	36.426	32.322	27.174	7.975	4.221	191.922
Interbank Money Market Placements	22.334	-	-	-	-	-	22.334
Available-for-Sale Financial Assets	89.353	74.221	53.475	81.807	195.068	11.566	505.490
Loans	3.326.316	2.456.924	1.848.046	1.432.731	58.173	110.019	9.232.209
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	41.758	51.676	250.014	667.686	88.568	345.922	1.445.624
Total Assets	5.000.679	2.619.247	2.183.857	2.209.398	349.784	724.574	13.087.539
Liabilities							
Bank Deposits	-	16.040	-	-	-	6.739	22.779
Other Deposits	4.057.056	2.399.855	311.971	19.435	-	381.193	7.169.510
Funds From Interbank Money Market	358.243	92.529	-	-	-	-	450.772
Miscellaneous Payables	-	-	-	-	-	136.637	136.637
Marketable Securities Issued	-	122.581	-	-	-	-	122.581
Funds Borrowed From Other Financial Institutions	722.391	1.810.289	886.203	355.817	3.701	-	3.778.401
Other Liabilities (**)(**)	38.899	16.061	8.156	12.660	1.367	1.329.716	1.406.859
Total Liabilities	5.176.589	4.457.355	1.206.330	387.912	5.068	1.854.285	13.087.539
Balance Sheet Long Position	-	-	977.527	1.821.486	344.716	-	3.143.729
Balance Sheet Short Position	(175.910)	(1.838.108)	-	-	-	(1.129.711)	(3.143.729)
Off-balance Sheet Long Position	19.504	-	22.414	44.558	-	-	86.476
Off-balance Sheet Short Position	-	(4.281)	-	-	-	-	(4.281)
Total Position	(156.406)	(1.842.389)	999.941	1.866.044	344.716	(1.129.711)	82.195

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 26.993 and other liabilities includes hedging derivative financial liabilities amounting to TL 13.224 classified to a related re-pricing periods.

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

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GROUP (Continued)**

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

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

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

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

b. Average interest rates for monetary financial instruments:

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

30 June 2016	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	0,49	-	3,21
Due From Banks	0,02	0,43	-	9,39
Financial Assets at Fair Value Through Profit/Loss	4,79	5,93	-	8,43
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,69	-	9,78
Loans	4,75	6,00	-	15,03
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,71	-	-	0,18
Other Deposits (*)	1,55	2,48	-	11,40
Funds From Interbank Money Market	-	1,49	-	6,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	10,98
Funds Borrowed From Other Financial Institutions	2,38	3,23	-	11,04

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

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

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

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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	(55.654)	(2,9) %
2. TRY	-400 bp	51.170	2,7 %
3. EURO	+200 bp	(6.501)	(0,3) %
4. EURO	-200 bp	(1.124)	(0,1) %
5. USD	+200 bp	(20.369)	(1,1) %
6. USD	-200 bp	11.780	0,6 %
Total (For Negative Shocks)		61.826	3,2 %
Total (For Positive Shocks)		(82.524)	(4,3) %

d. Share position risk resulting from banking accounts:

None.

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V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK:

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

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

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

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

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

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

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

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V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

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

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

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

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

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V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

Liquidity Coverage Ratio:

30 June 2016		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			1.021.785	720.388
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	4.460.797	2.776.593	381.835	277.659
3	Stable deposits	1.284.900	-	64.245	-
4	Less stable deposits	3.175.897	2.776.593	317.590	277.659
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.422.132	1.641.524	1.418.746	929.661
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	1.918.293	1.397.160	914.907	685.297
8	Other Unsecured Funding	503.839	244.364	503.839	244.364
9	Secured funding			24.912	24.912
10	Other Cash Outflows	30.740	52.684	30.740	52.684
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	30.740	52.684	30.740	52.684
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	1.964.979	998.159	207.032	108.222
16	TOTAL CASH OUTFLOWS			2.063.265	1.393.138
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	1.314.181	418.677	819.345	346.281
19	Other contractual cash inflows	22.799	140.231	22.799	140.231
20	TOTAL CASH INFLOWS	1.336.980	558.908	842.144	486.512
				Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			1.021.785	720.388
22	TOTAL NET CASH OUTFLOWS			1.221.121	906.626
23	Liquidity Coverage Ratio (%)			83,68	79,46

(*)The arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratio's are used. The number of days which are used in calculation of the average is 65.

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

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

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

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

V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

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

High quality liquid assets of the Parent Bank consist of accounts in Central Bank of Turkey at a ratio of 86% and securities issued by Undersecretariat of Treasury at a ratio of 12%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 16%, 46% and 28% respectively.

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

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with "Regulation on Calculation of Liquidity Coverage Ratio of Banks" entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. As of 30 June 2016, information regarding aforementioned cash outflow are as follows:

Date Range	Liabilities depending upon Possibility of Change in Fair Values of derivative transactions and Other Liabilities	
	FC	FC + TL
01 January 2016 – 30 June 2016	30.012	30.012

Liquidity coverage rates are calculated weekly for consolidated basis and monthly for non-consolidated basis as of 31 December 2015 in accordance with "Regulation on Calculation of Liquidity Coverage Ratio of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. As of 30 June 2016, liquidity coverage rates must be at least 50% for foreign currency assets and liabilities and at least 70% in total assets and liabilities. Dates and values of lowest and highest foreign currency and total non-consolidated liquidity coverage rates calculated weekly related to the last quarter and average rates are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC + TL	FC	FC + TL
Monthly Arithmetic Average (%)	161,56	95,37	60,74	71,56
Monthly	31 May 2016	31 May 2016	30 June 2016	30 June 2016

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GROUP (Continued)

V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

30 June 2016	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified (***)	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	19.643	1.221.485	-	-	-	-	-	1.241.128
Due From Banks	40.484	408.348	-	-	-	-	-	448.832
Financial Assets at Fair Value Through Profit or Loss (*)	2.314	68.302	31.578	33.322	44.357	10.142	1.907	191.922
Interbank Money Market Placements	-	22.334	-	-	-	-	-	22.334
Available-for-Sale Financial Assets	-	26.671	2.879	54.396	214.910	195.068	11.566	505.490
Loans	-	1.085.992	1.686.724	2.079.925	3.294.846	974.703	110.019	9.232.209
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	75.761	143.093	53.187	266.205	673.165	90.538	143.675	1.445.624
Total Assets	138.202	2.976.225	1.774.368	2.433.848	4.227.278	1.270.451	267.167	13.087.539
Liabilities								
Bank Deposits	6.739	-	16.040	-	-	-	-	22.779
Other Deposits	381.193	4.057.056	2.399.855	311.971	19.435	-	-	7.169.510
Funds Borrowed From Other Financial Institutions	-	577.264	293.787	1.436.495	426.235	1.044.620	-	3.778.401
Funds From Interbank Money Market	-	299.806	-	-	105.542	45.424	-	450.772
Marketable Securities Issued	-	-	73.640	-	48.941	-	-	122.581
Miscellaneous Payables	-	49.442	4.551	-	-	-	82.644	136.637
Other Liabilities (*) (***)	-	179.907	17.872	22.720	16.511	-	1.169.849	1.406.859
Total Liabilities	387.932	5.163.475	2.805.745	1.771.186	616.664	1.090.044	1.252.493	13.087.539
Net Liquidity Gap	(249.730)	(2.187.250)	(1.031.377)	662.662	3.610.614	180.407	(985.326)	-
Net Off-balance sheet position	-	173.775	174.452	322.591	(34.391)	(908)	-	635.519
Financial Derivative Assets	-	2.473.873	1.366.266	809.055	436.691	65	-	5.085.950
Financial Derivative Liabilities	-	(2.300.098)	(1.191.814)	(486.464)	(471.082)	(973)	-	(4.450.431)
Non-cash Loans	-	959.212	136.854	449.131	218.549	84	-	1.763.830
31 December 2015								
Total Assets	86.874	2.445.233	1.641.329	2.130.661	3.843.578	1.177.865	247.577	11.573.117
Total Liabilities	460.185	4.355.341	2.442.017	1.171.264	1.434.063	454.832	1.255.415	11.573.117
Net Liquidity Gap	(373.311)	(1.910.108)	(800.688)	959.397	2.409.515	723.033	(1.007.838)	-
Net Off-balance sheet position	-	(8.216)	(24.211)	(13.178)	(43.907)	69	-	(89.443)
Financial Derivative Assets	-	2.420.093	1.154.880	713.830	340.179	117	-	4.629.099
Financial Derivative Liabilities	-	(2.428.309)	(1.179.091)	(727.008)	(384.086)	(48)	-	(4.718.542)
Non-cash Loans	-	896.694	137.512	360.042	149.091	816	-	1.544.155

(*) The 1-5 years maturity period of Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 26.993 and the 1-5 years maturity period of Other Liabilities includes hedging derivative financial liabilities amounting to TL 13.224.

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

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

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VI. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:

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

As of 30 June 2016, leverage ratio of the Bank calculated from the arithmetic average of the three months is 6,22% (31 December 2015: 6,77%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in the balance sheet assets.

Disclosure of Leverage ratio template :

	30 June 2016 (*)	31 December 2015 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	12.727.352	11.551.398
(Assets deducted from Core capital)	61.591	55.558
Total risk amount of balance sheet assets	12.665.761	11.495.840
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	56.340	50.178
Potential credit risk amount of derivative financial assets and credit derivatives	47.319	41.649
Total risk amount of derivative financial assets and credit derivatives	103.660	91.827
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	2.704.276	2.521.389
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	2.704.276	2.521.389
Capital and total risk		
Core Capital	962.580	954.874
Total risk amount	15.473.697	14.109.057
Leverage ratio		
Leverage ratio	6,22%	6,77%

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

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VII. EXPLANATIONS ON HEDGE TRANSACTIONS:

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

The swaps, of which carrying amount is TL 26.993 derivative financial assets(31 December 2015: TL 40.845) and TL 13.224 derivative financial liabilities (31 December 2015: TL 15.132), as of balance sheet date, are subjected to hedge accounting as hedging instruments. As a result of mentioned hedging account, the fair value expense in the amount of TL 14.204 (30 June 2015: TL 5.563 fair value income) the fair value expense after tax is recognized under the equity in the current period. Ineffective part is not available (30 June 2015: None).

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

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

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

VIII. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

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

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

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

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

	Retail Banking	Corporate and Commercial Banking	Treasury	Other (*)	Total Operations of the Group
30 June 2016					
Segment revenue	39.165	129.529	28.895	38.097	235.686
Unallocated costs(-)	-	-	-	36.770	207.237
Net Operating Profit	39.165	129.529	28.895	1.327	28.449
Dividend income	-	-	-	-	627
Income/(loss) from investments accounted based on equity method	-	-	-	-	-
Profit Before Tax	-	-	-	-	29.076
Tax expense(-)	-	-	-	-	8.957
Net Profit / Loss	-	-	-	-	20.119
Segment assets	1.598.388	8.252.543	1.637.726	1.368.470	12.857.127
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	230.412
Total Assets	1.598.388	8.252.543	1.637.726	1.368.470	13.087.539
Segment liabilities	4.727.730	2.487.967	3.309.700	1.368.470	11.893.867
Unallocated liabilities	-	-	-	-	1.193.672
Total Liabilities	4.727.730	2.487.967	3.309.700	1.368.470	13.087.539

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GROUP (Continued)**

VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

	Retail Banking	Corporate and Commercial Banking	Treasury	Other(*)	Total Operations of the Group
30 June 2015					
Segment revenue	43.331	114.823	12.945	44.161	215.260
Unallocated costs (-)	-	-	-	31.001	176.748
Net Operating Profit	43.331	114.823	12.945	13.160	38.512
Dividend income	-	-	-	-	542
Income/(loss) from investments accounted based on equity method	-	-	-	-	-
Profit Before Tax	-	-	-	-	39.054
Tax expense (-)	-	-	-	-	8.486
Net Profit/Loss	-	-	-	-	30.568
31 December 2015					
Segment assets	1.422.695	7.389.370	1.439.612	1.127.005	11.378.682
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	194.435
Total Assets	1.422.695	7.389.370	1.439.612	1.127.005	11.573.117
Segment liabilities	3.869.078	2.774.442	2.653.260	1.127.005	10.423.785
Unallocated liabilities	-	-	-	-	1.149.332
Total Liabilities	3.869.078	2.774.442	2.653.260	1.127.005	11.573.117

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

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

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Cash/Foreign currency	11.411	8.208	13.420	12.994
CBRT	161.268	1.060.241	134.468	933.193
Other	-	-	-	-
Total	172.679	1.068.449	147.888	946.187

2. Information on the account of the CBRT:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Demand Unrestricted Amount	161.268	198.997	134.468	197.171
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	861.244	-	736.022
Total	161.268	1.060.241	134.468	933.193

3. Information on reserve requirements:

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

The reserve rates for TL liabilities vary between 5% and 11,5% for TL deposits and other liabilities according to their maturities as of 30 June 2016 (31 December 2015: 5% and 11,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2016 (31 December 2015: 5% and 25% 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 30 June 2016, financial assets at fair value through profit or loss subject to repo transactions are TL 202 (31 December 2015:None).
- Positive differences related to trading derivative financial assets:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Forward Transactions	19.981	2.723	11.203	1.264
Swap Transactions	39.689	20.472	26.262	14.697
Futures Transactions	-	-	-	-
Options	686	15.323	133	18.556
Other	-	-	-	-
Total	60.356	38.518	37.598	34.517

c. Information on banks:

- Information on banks:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Banks				
Domestic	110.443	317.071	87.166	90.513
Foreign	-	21.318	-	17.454
Headquarters and Branches Abroad	-	-	-	-
Total	110.443	338.389	87.166	107.967

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

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

As of 30 June 2016, there are TL 25.648 available-for-sale financial assets given as collateral/blocked (31 December 2015: TL 70.153) and those subject to repurchase agreements amounts to TL 407.003 (31 December 2015: TL 470.878).

- Information on available-for-sale financial assets:

	30 June 2016	31 December 2015
Debt Securities	494.844	644.190
Quoted on Stock Exchange	217.968	262.191
Not Quoted	276.876	381.999
Share Certificates	10.646	10.665
Quoted on Stock Exchange	-	-
Not Quoted	10.646	10.665
Impairment Provision (-)	-	1.525
Total	505.490	653.330

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

e. Explanations on loans:

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

	30 June 2016		31 December 2015	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	217	-	219
Corporate Shareholders	-	217	-	219
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	5.578	-	4.896	-
Total	5.578	217	4.896	219

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

i.

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Restructured or Rescheduled		Loans and Other Receivables (Total)	Restructured or Rescheduled	
		Loans with Restructured Payment Plans	Other		Loans with Restructured Payment Plans	Other
Non-Specialised Loans	8.567.279	6.132	-	554.911	192.754	2.019
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	511.662	-	-	62.782	2.398	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	352.230	-	-	-	-	-
Consumer Loans	171.635	-	-	7.522	-	-
Credit Cards	6.182	-	-	949	-	-
Other (*)	7.525.570	6.132	-	483.658	190.356	2.019
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	8.567.279	6.132	-	554.911	192.754	2.019

(*) The Group also has TL 1.061 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	6.041	192.754
3,4 or 5 times	91	-
Over 5 times	-	-
Total	6.132	192.754

iii.

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	6.132	155.862
6 Months – 12 Months	-	10.380
1-2 Years	-	1.541
2-5 Years	-	7.742
5 Years and Over	-	17.229
Total	6.132	192.754

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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	7.341	158.656	165.997
Real estate loans	-	61.147	61.147
Automotive loans	-	650	650
Consumer loans	7.341	96.859	104.200
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	1.121	1.121
Real estate loans	-	1.121	1.121
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	3.255	-	3.255
With installments	-	-	-
Without installments	3.255	-	3.255
Individual Credit Cards- FC	125	-	125
With installments	-	-	-
Without installments	125	-	125
Personnel Loans-TL	503	4.275	4.778
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	503	4.275	4.778
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	783	-	783
With installments	-	-	-
Without installments	783	-	783
Personnel Credit Cards-FC	17	-	17
With installments	-	-	-
Without installments	17	-	17
Credit Deposit Account-TL (Real Person)	7.261	-	7.261
Credit Deposit Account-FC (Real Person)	-	-	-
Total	19.285	164.052	183.337

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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	59.343	971.842	1.031.185
Real estate loans	-	-	-
Automotive loans	2.350	16.691	19.041
Consumer loans	56.993	955.151	1.012.144
Other	-	-	-
Commercial Installments Loans-FC Indexed	20.716	320.601	341.317
Real estate loans	-	-	-
Automotive loans	-	6.868	6.868
Consumer loans	20.716	313.733	334.449
Other	-	-	-
Commercial Installments Loans-FC	-	1.910.498	1.910.498
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	1.910.498	1.910.498
Other	-	-	-
Corporate Credit Cards-TL	2.924	-	2.924
With installment	-	-	-
Without installment	2.924	-	2.924
Corporate Credit Cards-FC	27	-	27
With installment	-	-	-
Without installment	27	-	27
Credit Deposit Account-TL (Legal Person)	29.425	-	29.425
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	112.435	3.202.941	3.315.376

5. Loans according to types of borrowers:

	30 June 2016	31 December 2015
Public	-	4.500
Private	9.122.190	8.158.244
Total	9.122.190	8.162.744

6. Distribution of domestic and foreign loans:

	30 June 2016	31 December 2015
Domestic Loans	9.122.190	8.162.744
Foreign Loans	-	-
Total	9.122.190	8.162.744

7. Loans given to investments in associates and subsidiaries:

None (31 December 2015 : None).

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(Continued)**

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
30 June 2016			
Period-End Balance	4.957	6.889	26.723
Specific Provision (-)	943	1.201	21.594
Net Balance on balance sheet	4.014	5.688	5.129
31 December 2015			
Period-End Balance	2.240	18.544	15.638
Specific Provision (-)	376	4.717	8.157
Net Balance on balance sheet	1.864	13.827	7.481

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period (Net)	15.865	53.160	40.994
Loans Given to Real Persons and Legal Persons (Gross)	13.659	63.478	94.845
Specific Provision Amount (-)	1.808	15.945	58.717
Loans Given to Real Persons and Legal Persons (Net)	11.851	47.533	36.128
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	4.957	6.768	26.269
Specific Provision Amount (-)	943	1.141	21.403
Other Loans and Receivables (Net)	4.014	5.627	4.866
Prior Period (Net)	35.325	38.035	30.368
Loans Given to Real Persons and Legal Persons (Gross)	37.718	39.205	133.382
Specific Provision Amount (-)	4.112	11.489	103.456
Loans Given to Real Persons and Legal Persons (Net)	33.606	27.716	29.926
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2.119	16.204	11.987
Specific Provision Amount (-)	400	5.885	11.545
Other Loans and Receivables (Net)	1.719	10.319	442

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Ticaret Sicil No: 479920
Mersis No: 0-4350-3032-600051

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(Continued)**

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

f. Information on held-to-maturity investments:

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

None (31 December 2015: None).

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

None (31 December 2015: None).

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

None (31 December 2015: None).

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

None (31 December 2015: None).

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

None (31 December 2015: None).

g. Information on investments in associates (Net):

None (31 December 2015: None).

h. Information on subsidiaries (Net):

1. Capital adequacy situation of major subsidiaries:

The Parent Bank does not need any capitals arising from subsidiaries who inserted capital adequacy standard ratio.

2. Information on unconsolidated subsidiaries:

None. (31 December 2015: None).

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

None. (31 December 2015: None).

4. Information on consolidated subsidiaries:

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

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(Continued)**

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	1.207.820	144.642	1.098	46.187	-	7.250	11.721	-
2 (*)	211.457	84.351	6.410	7.981	1.143	(6.935)	(977)	-

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

6. Movement schedules of subsidiaries:

	30 June 2016	31 December 2015
Balance at the beginning of the Period	228.722	217.779
Movements during the Period	186	10.943
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase(*)	186	10.943
Impairment Provision	-	-
Balance at the end of the Period	228.908	228.722
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99,99%	99,99%

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

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

Subsidiaries	30 June 2016	31 December 2015
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	154.128	137.315
Finance Companies	-	-
Other Financial Subsidiaries	74.780	91.407
Total	228.908	228.722

8. Subsidiaries quoted on stock exchange:

None (31 December 2015 : None).

i. Information on joint ventures:

None (31 December 2015 : None).

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

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

j. Information on lease receivables (net):

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

	30 June 2016		31 December 2015	
	Gross	Net	Gross	Net
Less than 1 year	423.985	343.447	346.715	277.631
Between 1-4 years	710.668	600.695	628.910	530.139
More than 4 years	180.619	155.559	143.756	120.957
Total	1.315.272	1.099.701	1.119.381	928.727

k. Information on hedging derivative financial assets:

	30 June 2016		31 December 2015	
	TP	FC	TP	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	26.753	240	40.809	36
Foreign Net Investment Hedge	-	-	-	-
Total	26.753	240	40.809	36

l. Information on investment property:

None (31 December 2015: None).

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(Continued)**

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

m. Information on deferred tax asset:

As of 30 June 2016, the Group has netted-off the calculated deferred tax asset of TL 27.127 (31 December 2015: TL 21.767) and deferred tax liability of TL 19.435 (31 December 2015: TL 12.471) on the basis of company in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 11.543 (31 December 2015: TL 9.296) and deferred tax liability of TL 3.851 (31 December 2015: None) in the financial statements.

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

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Carried Financial Loss (*)	24.940	21.007	4.988	4.201
Provision for Legal Cases	6.072	4.652	1.214	930
Provisions for Possible Risks	25.737	28.824	5.147	5.765
Reserve for Employee Rights	23.991	15.867	4.799	3.174
Other Provisions	23.391	19.932	4.678	3.987
Unearned Revenue	20.565	17.303	4.113	3.461
Other	10.936	1.246	2.188	249
Deferred Tax Assets	135.632	108.831	27.127	21.767
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	27.672	29.237	5.534	5.847
Valuation Differences of Derivative Instruments	51.314	32.996	10.263	6.599
Other	18.194	123	3.638	25
Deferred Tax Liabilities	97.180	62.356	19.435	12.471
Deferred Tax Assets / (Liabilities) (Net)	38.452	46.475	7.692	9.296

(*) The Group's financial losses carried forward amounting to TL 5.673 is usable in the corporate tax calculations until 2017, TL 8.879 until 2018, TL 6.401 until 2020 and TL 3.987 until 2021.

Movement of deferred tax asset/ liabilities is presented below:

	30 June 2016	31 December 2015
Balance as of 1 January	9.296	17.188
Current year deferred tax income/(expense) (net)	(2.574)	(6.066)
Deferred tax charged to equity (net)	970	(1.826)
Balance at the End of the Period	7.692	9.296

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(Continued)**

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 29.983 (31 December 2015: TL 6.695) and has no discontinued operations.

Prior Period:	30 June 2016	31 December 2015
Cost	7.206	11.683
Accumulated Depreciation (-)	511	736
Net Book Value	6.695	10.947
Current Period:		
Net book value at beginning of the period	6.695	10.947
Additions	25.395	2.508
Disposals (-) , net	1.967	6.504
Impairment (-)	5	-
Depreciation (-)	135	256
Cost	30.540	7.206
Accumulated Depreciation (-)	557	511
Closing Net Book Value	29.983	6.695

o. Information on other assets:

As of 30 June 2016, other assets amount to TL 194.366 (31 December 2015: TL 136.899) and does not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 30 June 2016:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months - 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	20.411	-	66.410	1.367.738	206.395	110.763	64.823	- 1.836.540
Foreign Currency Deposits	259.630	-	205.615	3.204.415	643.315	66.148	76.051	- 4.455.174
Residents in Turkey	222.926	-	205.040	3.169.087	638.912	64.538	32.070	- 4.332.573
Residents Abroad	36.704	-	575	35.328	4.403	1.610	43.981	- 122.601
Public Sector Deposits	33.283	-	-	-	-	-	-	- 33.283
Commercial Deposits	66.507	-	221.100	286.927	19.172	20.070	44.391	- 658.167
Other Institutions Deposits	1.362	-	6.581	114.718	36.862	5.070	21.753	- 186.346
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	6.739	-	16.040	-	-	-	-	- 22.779
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	88	-	16.040	-	-	-	-	- 16.128
Foreign Banks	6.651	-	-	-	-	-	-	- 6.651
Special Financial Institutions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	387.932	-	515.746	4.973.798	905.744	202.051	207.018	- 7.192.289

ii. 31 December 2015:

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

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

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Saving Deposits				
Saving Deposits	538.020	418.844	1.298.520	743.266
Foreign Currency Savings Deposit	204.903	198.352	2.478.495	2.807.719
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	742.923	617.196	3.777.015	3.550.985

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

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

	30 June 2016	31 December 2015
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	23.910	17.299
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 "TCK" Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	23.910	17.299

b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning trading derivative financial liabilities:

Trading Derivative Financial Liabilities	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Forward Transactions	8.666	2.455	8.427	4.441
Swap Agreements	29.652	7.864	38.220	7.487
Futures Transactions	-	-	-	-
Options	4	15.277	56	17.685
Other	2	-	-	-
Total	38.324	25.596	46.703	29.613

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

c. Information on borrowings:

1. Information on banks and other financial institutions:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	208.404	73.052	140.264	79.499
From Foreign Banks, Institutions and Funds	-	2.630.291	-	2.302.485
Total	208.404	2.703.343	140.264	2.381.984

2. Information on maturity structure of borrowings:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Short-term	36.954	252.757	37.466	290.235
Medium and Long-term	171.450	2.450.586	102.798	2.091.749
Total	208.404	2.703.343	140.264	2.381.984

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

The Group's main funding sources are deposits and borrowings. As of 30 June 2016, deposits and borrowings from Group's risk group comprise 0,4% (31 December 2015: 0,4%) of total deposits. Besides this, borrowings from Bank's risk group comprise 55,36% (31 December 2015: 57%) of subordinated and other borrowings.

d. Information on marketable securities issued:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Bills	48.941	-	49.255	-
Bonds	73.640	-	-	-
Asset guaranteed securities	-	-	-	-
Total	122.581	-	49.255	-

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 122.951 (31 December 2015: TL 85.106) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

f. Information on lease payables (net):

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

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(Continued)**

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

g. Information on hedging derivative financial liabilities:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Hedging Fair Value Risk	-	-	-	-
Hedging Cash Flow Risk	9.827	3.397	15.132	-
Hedging Net Investment In Foreign Operations	-	-	-	-
Total	9.827	3.397	15.132	-

h. Information on provisions:

1. Information on general provisions:

	30 June 2016	31 December 2015
General Provisions	89.915	77.497
Provisions for First Group Loans and Receivables	71.008	57.222
Additional Provision for Loans and Receivables with Extended Maturities	307	767
Provisions for Second Group Loans and Receivables	15.267	16.853
Additional Provision for Loans and Receivables with Extended Maturities	9.700	11.174
Provisions for Non-Cash Loans	3.579	3.246
Other	61	176

2. Information on reserve for employment termination benefits:

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

The payment amount which is one month's salary for each working year is restricted to TL 4.092,53 (31 December 2015: TL 3.541,37). Employee termination benefits are not funded as there is no funding requirement.

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

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

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

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

h. Information on provisions (Continued):

Movement of reserve for employment termination benefits during the period:

	30 June 2016	31 December 2015
As of January 1	9.934	9.071
Service cost	3.044	1.718
Interest cost	-	665
Settlement cost	-	508
Actuarial loss/gain	-	585
Benefits paid (-)	1.527	2.613
Total	11.451	9.934

In addition, as of 30 June 2016 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 12.540 (31 December 2015: TL 16.883).

3. Other provisions:

i. Information on provisions for possible risks:

	30 June 2016	31 December 2015
Provisions for potential risks (*)	25.737	28.824
Total	25.737	28.824

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

ii. Information on other provisions:

The Group set aside under other provisions amounting to TL 6.072 (31 December 2015: TL 4.652) for lawsuits, TL 2.130 (31 December 2015: TL 1.941) for non-cash loans, TL 1.076 (31 December 2015: TL 1.192) for customer cheques commitments, TL 42 (31 December 2015: TL 62) for credit card loyalty points and TL 181 (31 December 2015: TL 183) for other receivables.

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

As of 30 June 2016, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 8.398 (31 December 2015: TL 3.128) and is netted from the loan amount in the financial statements.

i. Information on taxes payable:

1. Information on tax provision:

As of 30 June 2016, after prepaid tax amounted 4.572 is netted off, the corporate tax provision of the Bank is TL 1.811 (31 December 2015: 3.567).

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

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

i. Information on taxes payable (Continued):

2. Information on taxes payable:

	30 June 2016	31 December 2015
Corporate Tax Payable	1.811	3.567
Taxation of Marketable Securities	8.928	7.154
Property Tax	148	168
Banking Insurance Transaction Tax	6.056	6.208
Value Added Tax Payable	265	629
Other	4.195	3.378
Total	21.403	21.104

3. Information on premium payables:

	30 June 2016	31 December 2015
Social Security Premiums-Employee	1.280	1.099
Social Security Premiums-Employer	1.524	1.303
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	71	61
Unemployment Insurance-Employer	141	120
Other	-	-
Total	3.016	2.583

4. As of 30 June 2016, the Group has netted-off the calculated deferred tax asset of TL 27.127 (31 December 2015: TL 21.767) and deferred tax liability of TL 19.435 (31 December 2015: TL 12.471) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 11.543 (31 December 2015: TL 9.296) and deferred tax liability of TL 3.851 (31 December 2015: None) in the financial statements.

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

None (31 December 2015: None).

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

k. Information on subordinated loans:

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

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

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

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	866.654	-	438.893
Other Foreign	-	-	-	-
Total	-	866.654	-	438.893

1. Information on shareholders' equity:

1. Presentation of paid-in capital:

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

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	1.000.000

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

None.

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

None.

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

None.

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(Continued)**

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

I. Information on shareholders' equity (Continued):

6. Information on capital by considering the Parent Bank's profitability, prior period indicators on liquidity and uncertainty on these indicators:

The interest, liquidity, and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank within several risk limits and legal limits.

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

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

8. Information on marketable securities valuation reserve:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(82)	7.897	(1.521)	(857)
Foreign Currency Translation Difference	-	-	-	-
Total	(82)	7.897	(1.521)	(857)

9. Information on tangible assets revaluation reserve:

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

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

The date of 30 June 2016, the profit of the 2015 (TL 52.169) is not distributed. It is classified as TL 1.071 is legal reserve, TL 4.813 is extraordinary reserve and TL 46.285 is absorbed from losses of previous period.

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

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	30 June 2016	31 December 2015
Foreign currency buy/sell commitments	344.961	495.701
Commitments for cheques	306.629	299.665
Loan limit commitments	122.261	128.409
Forward securities commitments	47.808	-
Commitments for credit card limits	17.892	25.825
Blocked cheques given to customers	-	3.300
Promotions for the credit cards and their care services	21	19
Total	839.572	952.919

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

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

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

	30 June 2016	31 December 2015
Letter of guarantees	1.465.830	1.225.235
Letter of credits	171.740	195.057
Bank acceptance loans	115.479	97.280
Other guarantees	10.753	26.555
Factoring guarantees	28	28
Total	1.763.830	1.544.155

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

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Irrevocable letters of guarantee	544.298	356.117	528.011	311.264
Guarantees given to customs	21.788	50.411	24.858	30.931
Revocable letters of guarantee	110.591	15.478	51.280	30.677
Letters of guarantee given in advance	17.405	167.157	9.069	116.668
Other letters of guarantee	24.785	157.800	15.074	107.403
Total	718.867	746.963	628.292	596.943

GÜNEY
BAĞIMSIZ DENETİM VE
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK
Maslak Mah. Değirmentepe Cad. No: 11
Daire: 54-57-5 Kat: 5 Sarıyer / İstanbul
Ticaret Sicil No: 47992
Mersis No: 0-4350-2017-00000000000

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(Continued)**

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

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

	30 June 2016	31 December 2015
Non-cash loans given against cash loans	180.819	143.161
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	180.819	143.161
Other non-cash loans	1.583.011	1.400.994
Total	1.763.830	1.544.155

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

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	683.360	739.575	30.821	7.345
Bank Acceptances	4.525	110.954	-	-
Letters of Credit	-	171.248	-	492
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	28	-	-	-
Other Commitments and Contingencies	-	10.753	-	-
Total	687.913	1.032.530	30.821	7.837

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 4.729. As of 30 June 2016, the Group has recorded a TL 2.130 provision regarding these risks.

b. Investment Funds:

As of 30 June 2016, the Group is the founder of 6 investment funds (31 December 2015: 6) with a total fund value of TL 22.031 (31 December 2015: TL 24.248) and these funds are managed by Burgan Portföy Yönetimi A.Ş. The shares of the investment funds established in accordance with the Capital Markets Board Legislation are kept dematerialized by Central Registry Agency Inc.

c. Information on contingent assets and contingent liabilities:

As of 30 June 2016, the total amount of legal cases against the Group is TL 44.460 (31 December 2015: TL 34.582) and the Parent Bank sets aside a provision of TL 6.072 (31 December 2015: TL 4.652) regarding these risks. Due to the delayed reply to e-foreclosure sent by Gökpinar Tax Administration, negative declaratory action has been claimed at "Denizli Tax Authority" and "Denizli Civil Court of General Jurisdiction" for cancellation of the payment order of TL 25.459, which was notified to the Parent Bank. The transactions have been stopped with obtaining injunction in response to 15% collateral. The law cases in local courts have resulted in favor of the Parent Bank. The cases are at the appeal phase. As a result, the Parent Bank did not book any provision.

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(Continued)**

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

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

FITCH (20 July 2016)

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

MOODY'S (5 April 2016)

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

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

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans :

	30 June 2016		30 June 2015	
	TL	FC	TL	FC
Interest Income on Loans(*)				
Short-term Loans	168.376	11.929	156.581	8.182
Medium/Long-term Loans	96.796	122.660	60.477	87.830
Interest on Loans Under Follow-up	2.199	-	2.690	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	267.371	134.589	219.748	96.012

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

2. Information on interest income on banks:

	30 June 2016		30 June 2015	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	1.796	178	2.960	50
From Foreign Banks	-	11	-	11
Headquarters and Branches Abroad	-	-	-	-
Total	1.796	189	2.960	61

3. Information on marketable securities:

	30 June 2016		30 June 2015	
	TL	FC	TL	FC
From Trading Financial Assets	3.072	168	1.947	8
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	10.386	7.256	13.905	1.420
From Held-to-Maturity Investments	-	-	-	-
Total	13.458	7.424	15.852	1.428

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

None (31 December 2015: None).

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(Continued)**

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

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 June 2016		30 June 2015	
	TL	FC	TL	FC
Banks	8.451	45.803	6.744	35.297
The CBRT	-	-	-	-
Domestic Banks	8.446	521	6.729	478
Foreign Banks	5	45.282	15	34.819
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	4.312	-	-
Total (*)	8.451	50.115	6.744	35.297

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

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

None (30 June 2015: None).

3. Information on interest expense on issued securities

	30 June 2016	30 June 2015
Interest expense on issued securities	5.776	1.467

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	4	271	-	-	-	-	-	275
Savings Deposits	-	3.349	72.095	7.975	4.547	3.352	-	91.318
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	4.592	19.238	2.804	3.112	2.781	-	32.527
Other Deposits	-	157	4.132	248	79	2.281	-	6.897
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	4	8.369	95.465	11.027	7.738	8.414	-	131.017
FC								
Foreign Currency Account	-	1.176	43.737	7.551	1.035	1.285	-	54.784
Bank Deposits	-	19	-	-	-	-	-	19
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	1.195	43.737	7.551	1.035	1.285	-	54.803
Sum Total	4	9.564	139.202	18.578	8.773	9.699	-	185.820

GÜNEY
BAĞIMSIZ DENETİM VE
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK
Maslak Mah. F.İ. Bulvarı No: 46
Kat: 5/54-57-59 Kağıthane / İstanbul
Ticaret Sicil No: 479920
Ticaret Sicil No: 479920
Ticaret Sicil No: 479920

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

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

	30 June 2016	30 June 2015
Income	7.525.103	6.381.134
Capital Market Transactions	26.702	21.643
Derivative Financial Transactions	10.046	24.416
Foreign Exchange Gains	7.488.355	6.335.075
Loss (-)	7.516.935	6.370.040
Capital Market Transactions	17.478	19.164
Derivative Financial Transactions	13.147	38.160
Foreign Exchange Loss	7.486.310	6.312.716
Net Income/Loss	8.168	11.094

d. Information on other operating income:

As of 30 June 2016, the Group's other operating income is TL 9.441 (30 June 2015: TL 7.548). TL 1.014 (30 June 2015: TL 441) of the amount of the other operating income is composed of profit from sales of the fixed assets that were classified as "Asset Held for Resale" of the Parent Bank.

e. Provision expenses related to loans and other receivables:

	30 June 2016	30 June 2015
Specific Provisions for Loans and Other Receivables	19.584	28.992
III. Group Loans and Receivables	4.217	3.811
IV. Group Loans and Receivables	909	9.197
V. Group Loans and Receivables	14.458	15.984
General Provision Expenses	15.325	6.320
Provision Expense for Possible Risks	6.796	2.970
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	41.705	38.282

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(Continued)**

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

f. Information related to other operating expenses:

	30 June 2016	30 June 2015
Personnel Expenses	84.343	79.985
Reserve For Employee Termination Benefits (*)	4.222	2.836
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	5.130	4.252
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	4.504	3.869
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	5	-
Depreciation Expenses of Assets Held for Resale	135	176
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	52.531	48.064
Operational Lease Expenses	14.831	14.814
Maintenance Expenses	1.687	1.271
Advertising Expenses	524	232
Other Expense	35.489	31.747
Loss on Sales of Assets	258	58
Other (**)	14.404	(774)
Total	165.532	138.466

(*) As of 30 June 2016, the employee vacation fee provision income is TL 1.277 (30 June 2015: TL 668).

(**) In the prior period's other component; in consequence of arising a positive law case, provision of TL 13.208 was cancelled.

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

The Group has no discontinued operations. The Group's income before tax from continuing operations is TL 29.076 (30 June 2015: TL 39.054 income before tax).

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

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

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

As of 30 June 2016, the Group has current tax expense amounting to TL 6.383 and deferred tax expense amounting to TL 2.574.

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

The Group has TL 4.717 deferred tax income from temporary differences, TL 787 deferred tax income from carried financial loss, TL 2.930 deferred tax expense and income due to temporary differences closed to net TL 2.574 deferred tax income.

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(Continued)**

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

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

As of 30 June 2016, the Group has TL 1.787 deferred tax expense arising from temporary differences and TL 787 deferred tax income as a result of carried financial loss.

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

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

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

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

None.

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

None.

k. Information on other income and expenses:

1. As of 30 June 2016, the Group's interest income amounts to TL 600.751 (30 June 2015: TL 423.890) and TL 125.017 (30 June 2015: TL 49.541) of the related amount is classified as "Other Interest Income" account in income statement.

	30 June 2016	30 June 2015
Other Interest Income		
Interest Income Related to Derivative Transactions	114.004	44.118
Other	11.013	5.423
Total	125.017	49.541

2. As of 30 June 2016, the Group's interest expense amount to TL 401.572 (30 June 2015: TL 252.808) and TL 139.063 (30 June 2015: TL 62.177) of the related amount is classified "Other Interest Expense" account in income statement.

	30 June 2016	30 June 2015
Other Interest Expense		
Interest expense related to derivative transactions	125.090	61.461
Other	13.973	716
Total	139.063	62.177

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

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

3. As of 30 June 2016, the Group's fee and commission income amounts to TL 23.788 (30 June 2015: TL 33.200) and TL 16.940 (30 June 2015: TL 27.843) of the related amount is classified under "Other fee and commission income" account.

	30 June 2016	30 June 2015
Other Fee and Commissions Received		
Commissions From Brokerage Activity-Leveraged Trading	3.650	8.198
Commissions From Brokerage Activity in Istanbul Stock Exchange	3.333	839
Commissions From Brokerage Activity in Turkish Derivative Exchange	3.242	7.307
Insurance Commissions	1.277	1.072
Account Operating Fees	696	995
Transfer Commissions	582	650
Credit Card and POS Transaction Commission	576	3.608
Commissions from Correspondent Banks	206	184
Commissions on Investment Fund Services	103	515
Investment Consultancy Fees	85	557
Ortak Nokta Commissions	50	60
Letter of Credit Commissions	6	14
Other	3.134	3.844
Total	16.940	27.843

4. As of 30 June 2016, Group's fee and commission expense amounts to TL 4.890 (30 June 2015: TL 7.664) and TL 4.641 (30 June 2015: TL 7.363) of the related amount is classified under "Other fee and commission expense" account.

	30 June 2016	30 June 2015
Other Fee and Commissions Given		
Credit Card Transaction Commission	1.712	3.475
Stock Exchange Contribution Expenses	1.014	1.142
Commissions Granted to Correspondent Banks	401	344
EFT Commissions	344	304
Ortak Nokta Clearing Commissions	206	114
Transfer Commissions	59	72
Other	905	1.912
Total	4.641	7.363

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

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

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

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

30 June 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	-	32.399	-	217	75	8.818
Interest and Commission Income Received	-	-	-	-	3	-

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

31 December 2015:

Groups' Risk Group (*) Loans and Other Receivables	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period	-	18.079	-	-	24	26.972
Balance at the End of the Period	-	23.519	-	219	89	8.753
Interest and Commission Income Received	-	-	-	-	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	-	-	6.184	21.433	17.841	13.257
End of the Period	-	-	5.886	6.184	25.166	17.841
Interest Expense on Deposits	-	-	-	-	635	378

(*) 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	2.091.614	55,36
Non-cash loans	41.434	2,35
Deposit	31.052	0,43
Banks and Other Financial Institutions	1.061	0,24
Loans	75	-

As of 30 June 2016, the Group has realized interest expense amounting to TL 36.089 (30 June 2015: TL 26.063) 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 0,38% (31 December 2015: 0,33%) of the Group's total cash and non-cash loans.

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

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

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 13.311 (30 June 2015: TL 7.476) which include total gross salary, travel, meal, health, life insurance and other expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

The consolidated financial statements as of 30 June 2016 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young Global Limited) and the auditor's independent limited review report dated 12 August 2016 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESMENTS FOR THE INTERIM ACTIVITIES AND EXPECTATIONS ON FUTURE

Concerns related to global economic growth, which is in a tendency to build up gradually, have increased again as a result of exiting decision of UK from European Union in line with the referendum made on June, 23. The outcome of the referendum has also increased economic, political and corporate expectations with respect to developed European economies. Global growth expectation for 2016 and 2017 has been updated as 3,1% and 3,4% respectively with 0,1 point drop in World Economic Outlook report published by IMF. In such an environment, expectations with respect to next interest rate hike of FED have been postponed to the end of 2016 while there occurs an expectation that other central banks shall exhibit a more supporting policy position.

The economy of Turkey has increased in line with expectations at a ratio of 4,8% in the first quarter of year compared to the same period of previous year. The main engine of the growth is still domestic demand and private consumption and public consumption has increased 6,9% and 10,9% respectively. On the other hand, private investments have regressed at a ratio of 0,3%. Growth coefficient of net export has realized as negative in second quarter with the impact of 7,5% increase in good and service import instead of 2,4% increase in good and service export. Advance data indicates that GDP growth can slow down in second quarter compared to former quarter. Quarterly moving average of industrial production which was at 4,7% level at the end of March, has regressed to %3,1 as of May. Purchasing managers index has also decreased to the lowest level of last 7 years which is now 47,4. Although reliability indexes of consumer and real sector have followed a parallel route during the second quarter, a small deterioration is expected in both of them during the second half of the year because of domestic and overseas developments happened recently. This situation can generate a downstream risk on the expectations of GDP growth estimations which is around 3,5% level on average.

On the other hand, external equilibration has continued during the second quarter. Cumulative current account deficits for 12 months has regressed to 27.2 billion USD as of May. It is observed that this improvement has been affected by the decline in energy import. Export performance is still weak with the narrowing of export made to Russia and Iraq instead of acceleration of export to EU. Import is declining on annual basis because of low levels of energy prices and domestic demand growth. On the other hand, the contribution of tourism revenue is declining and limiting the improvement in current account deficits with the narrowing in tourism sector. It is expected that current account deficits to national income ratio will be around 4,5% at the end of 2016.

Inflation rate, increased up to 9,6% at the beginning of 2016, has regressed down to 6,6% in April and May with the adjustments made in food prices and the stability of Turkish Lira. However, it has raised up to 7,6% with the increase in food prices. Core inflation has regressed to 8,7% with one point drop in the same period. It is expected that annual inflation will be around 8% with the ending of base effect and positive course in food inflation. In this context, year-end inflation estimations indicate a ratio around 8%.

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

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

<u>Name</u>	<u>Duty</u>	<u>Date of Assignment</u>	<u>Educational Background</u>	<u>Banking and Managership Experience (Year)</u>
<i>Chairman and Members of Board of Directors:</i>				
Mehmet Nazmi Erten	Chairman	29.01.2014	Bachelor's degree	29
Faisal M.A. Al Radwan	Deputy Chairman	29.01.2014	Bachelor's degree	23
Eduardo Eguren Linsen	Member	20.12.2012	Bachelor's degree	25
Majed E.A.A. Al Ajeel	Member	20.12.2012	Post graduate	22
Adrian Alejandro Gostuski	Member	21.12.2012	Post graduate	35
Mehmet Alev Göçmez	Member	23.01.2013	Post graduate	33
Halil Cantekin	Member	30.03.2015	Bachelor's degree	31
Osama T. Al Ghoussein	Member	25.06.2014	Bachelor's degree	33
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>General Manager</i>				
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>Deputy General Managers:</i>				
Robbert J. R. Voogt	Operation, IT and Private Banking Senior Deputy General Manager	23.09.2013	Bachelor's degree	15
Esra Aydın	Operation & Management Services	01.08.2007	Bachelor's degree	16
Mutlu Akpara	Treasury, Capital Markets and Financial Institutions	08.08.2007	Post graduate	11
Hüseyin Cem Öge	Corporate Banking	22.08.2007	Post graduate	13
Cihan Vural	Internal systems	03.11.2008	Bachelor's degree	13
Rasim Levent Ergin	Human Resources	01.11.2012	Post graduate	17
Emine Pınar Kuriş	Retail Banking	10.12.2013	Doctorate	16
Suat Kerem Sözügüzel	Commercial & SME banking	01.04.2014	Bachelor's degree	17
Hasan Hüseyin Uyar	Credits	01.04.2014	Post graduate	27
Mehmet Yalçın	Financial Affairs	20.05.2016	Bachelor's degree	19

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

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

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

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

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

IV. INFORMATION ON HUMAN RESOURCES IMPLEMENTATIONS

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

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

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

VI. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD

90 days maturity bond issued having a nominal value of TL75.000.000 has been amortized on 3 March 2016 by the Bank in order to be sold qualified investors without offering to public in scope of TL 300.000.000 ceiling of issuance in accordance with Board approval of CMB dated 14 September 2015 and numbered 18/879 and bond issuance having 93 days maturity with a nominal value of TL 75.000.000 has been made on 1 June 2016 within the same ceiling of issuance. Issuance, made through Burgan Yatırım Menkul Değerler A.Ş. is going to be amortized on 2 September 2016.

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

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

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

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.

Burgan Wealth Limited Dubai, which is subsidiary of Burgan Yatırım Menkul Değerler A.Ş. (100% owned), has started its activities and included in financial statements of Burgan Yatırım Menkul Değerler A.Ş. with full consolidation method in financial statements dated 30 June 2016.

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

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

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

	30.06.2016	31.12.2015	Change (%)
Total assets	13.087.539	11.573.117	13,1
Credits and Factoring Receivables (Net)	10.331.910	9.195.199	12,4
Securities	559.978	679.536	(17,6)
Deposits	7.192.289	6.611.511	8,8
Debts having credit characteristics	4.351.754	3.399.218	28,0
Shareholder's equity	1.028.610	1.012.502	1,6
Guarantee and suretyship	1.763.830	1.544.155	14,2
Capital Adequacy ratio	14,50%	14,49%	(10)

	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015	01/04/2016- 30/06/2016	01/04/2015- 30/06/2015
Period Net Profit/(Loss)	20.119	30.568	13.888	13.069

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

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

The Parent Bank, gives corporate, commercial, small enterprise, individual, factoring with private banking and financial leasing with its affiliates and banking products and services having a high added value in investment banking fields thanks to its total 51 branches including 6 retail, 1 commercial, 1 corporate and 43 mixed banking branches, its internet banking applications and call centre and 1.015 employees. The Group has a total of 1.160 employees.

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

30 June 2016

TL Million	Burgan Bank	Sector (*)	Share of our Bank (%)
Cash Credits	10.547	1.585.576	0,67
Customer Deposits	7.192	1.387.272	0,52
Branch Number	51	11.029	0,46
Personnel Number	1.015	199.397	0,51

(*) Reference BRSA and The Banks Associations of Turkey