

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
TOGETHER WITH INDEPENDENT LIMITED REVIEW
REPORT AT 30 JUNE 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 unconsolidated statement of financial position of Burgan Bank A.Ş. (“the Bank”) at 30 June 2016 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Fatma Ebru Yücel
Partner, SMMM

İstanbul, 12 August 2016

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

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

Address : Maslak Mahallesi, Eski Büyükdere Caddesi, No:13 34485 Sarıyer/İstanbul
Telephone : 0 212 371 37 37
Fax : 0 212 371 42 42
Web site : www.burgan.com.tr
E-mail : bilgi@burgan.com.tr

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

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

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

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 GHOSSEIN
Member of the
Audit Committee

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

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

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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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

SECTION ONE

GENERAL INFORMATION

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

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an "investment bank" with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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

GENERAL INFORMATION (Continued)

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

The Bank's registered capital ceiling is 1 million TL. There are no changes to the Bank's shareholder structure.

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

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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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

GENERAL INFORMATION (Continued)

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

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

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

(*)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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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

GENERAL INFORMATION (Continued)

IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES:

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

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

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

As of 30 June 2016, the Bank has 51 branches operating in Turkey (31 December 2015: 56). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 June 2016, the Bank has 1.015 (31 December 2015: 1.022) employees.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance sheet (Statement of financial position)
- II. Statement of off balance sheet contingencies and commitments
- III. Statement of income
- IV. Statement of income and expense items accounted under shareholders' equity
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flow

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

BURGAN BANK A.Ş.

UNCONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)

AT 30 JUNE 2016 AND 31 DECEMBER 2015

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

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	172.678	1.068.449	1.241.127	147.885	946.187	1.094.072
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	97.477	43.201	140.678	47.077	37.403	84.480
2.1	Trading Financial Assets		97.477	43.201	140.678	47.077	37.403	84.480
2.1.1	Government Debt Securities		28.145	3.427	31.572	7.263	2.569	9.832
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		67.018	38.720	105.738	37.656	34.610	72.266
2.1.4	Other Marketable Securities		2.314	1.054	3.368	2.158	224	2.382
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	100.106	329.642	429.748	87.094	107.918	195.012
IV.	MONEY MARKETS		-	-	-	-	-	-
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	224.817	276.876	501.693	269.040	380.474	649.514
5.1	Share Certificates		6.849	-	6.849	6.849	-	6.849
5.2	Government Debt Securities		214.168	222.660	436.828	258.441	279.985	538.426
5.3	Other Marketable Securities		3.800	54.216	58.016	3.750	100.489	104.239
VI.	LOANS	I-e	4.338.803	4.808.554	9.147.357	3.727.581	4.458.500	8.186.081
6.1	Loans		4.243.291	4.808.554	9.051.845	3.636.333	4.458.500	8.094.833
6.1.1	Loans to Bank's Risk Group		75	-	75	84	5	89
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		4.243.216	4.808.554	9.051.770	3.636.249	4.458.495	8.094.744
6.2	Loans under Follow-up		171.982	-	171.982	210.305	-	210.305
6.3	Specific Provisions (-)		76.470	-	76.470	119.057	-	119.057
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	228.908	-	228.908	228.722	-	228.722
10.1	Unconsolidated Financial Subsidiaries		228.908	-	228.908	228.722	-	228.722
10.2	Unconsolidated non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	I-i	-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-financial Joint Ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	I-j	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	I-k	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)		56.257	-	56.257	58.027	-	58.027
XV.	INTANGIBLE ASSETS (Net)		39.408	-	39.408	42.609	-	42.609
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		39.408	-	39.408	42.609	-	42.609
XVI.	INVESTMENT PROPERTY (Net)	I-l	-	-	-	-	-	-
XVII.	TAX ASSET		3.394	-	3.394	655	-	655
17.1	Current Tax Asset		3.394	-	3.394	-	-	-
17.2	Deferred Tax Asset		-	-	-	655	-	655
XVIII.	ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-n	29.983	-	29.983	6.685	-	6.685
18.1	Held for Resale		29.983	-	29.983	6.685	-	6.685
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	I-o	98.688	2.682	101.370	72.998	13.461	86.459
TOTAL ASSETS			5.417.525	6.530.452	11.947.977	4.730.038	5.944.796	10.674.834

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)

AT 30 JUNE 2016 AND 31 DECEMBER 2015

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

I. BALANCE SHEET	Note (Section Five)	(30/06/2016)			(31/12/2015)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	2.740.584	4.490.871	7.231.455	1.877.718	4.817.890	6.695.608
1.1 Deposits of Bank's Risk Group		32.657	37.561	70.218	9.955	98.168	108.123
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	42.086	25.612	67.698	46.703	29.918	76.621
III. BORROWINGS	II-c	36.954	1.918.446	1.955.400	37.466	1.689.362	1.726.828
IV. MONEY MARKETS		146.104	186.980	333.084	129.967	265.819	395.786
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		146.104	186.980	333.084	129.967	265.819	395.786
V. MARKETABLE SECURITIES ISSUED (Net)	II-d	73.640	-	73.640	-	-	-
5.1 Bills		73.640	-	73.640	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS							
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		25.421	60.888	86.309	37.885	31.755	69.640
VIII. OTHER LIABILITIES	II-e	116.698	6.246	122.944	82.848	2.253	85.101
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	81.741	63.022	144.763	77.592	59.435	137.027
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		20.569	-	20.569	23.564	-	23.564
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		14.722	19.557	34.279	15.347	20.619	35.966
XIII. TAX LIABILITY	II-i	24.196	-	24.196	21.696	-	21.696
13.1 Current Tax Liability		20.345	-	20.345	21.696	-	21.696
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/ (Loss)		-	-	-	(46.285)	-	(46.285)
16.4.2 Current Year Income/ (Loss)		20.119	-	20.119	52.169	-	52.169
TOTAL LIABILITIES		4.320.291	7.627.686	11.947.977	3.340.366	7.334.468	10.674.834

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED OFF-BALANCE SHEETS COMMITMENTS AT

30 JUNE 2016 AND 31 DECEMBER 2015

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

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)		7.017.746	13.974.151	20.991.897	6.930.497	12.989.086	19.919.583
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	Profingancing 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	627.672	251.900	879.572	717.279	275.640	992.919
2.1	Irrevocable Commitments		627.672	251.900	879.572	717.279	275.640	992.919
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		162.261		162.261	168.409		168.409
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		5.666.654	12.681.841	18.348.495	5.581.546	11.800.963	17.382.509
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		5.315.569	11.655.789	16.971.358	5.332.966	11.064.771	16.397.737
3.2.1	Forward Foreign Currency Buy/Sell Transactions		566.396	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		112.289	592.480	704.769	174.456	488.812	663.268
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		2.891.860	7.608.791	10.500.651	2.969.773	7.078.635	10.048.408
3.2.2.1	Foreign Currency Swap-Buy		1.097.071	2.215.497	3.312.568	1.023.004	1.912.070	2.935.074
3.2.2.2	Foreign Currency Swap-Sell		1.354.789	1.933.524	3.288.313	1.506.769	1.449.699	2.956.468
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							
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		28.830.010	15.974.574	44.804.584	24.307.387	14.098.416	38.405.803
IV.	ITEMS HELD IN CUSTODY		1.545.543	133.481	1.679.024	1.208.992	117.865	1.326.857
4.1	Customer Fund and Portfolio Balances							
4.2	Investment Securities Held in Custody		531.904	17.510	549.414	260.179	18.910	279.089
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							
4.8	Custodians							
V.	PLEDGES RECEIVED		27.284.467	15.828.111	43.112.578	23.097.445	13.968.187	37.065.632
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	677.707	8.807	686.514
5.4	Warranty							
5.5	Immovable		7.939.027	5.408.809	13.347.836	5.359.812	4.083.800	9.443.612
5.6	Other Pledged Items		499.013	2.244.465	2.743.478	297.303	1.777.405	2.074.708
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)		35.847.756	29.948.725	65.796.481	31.237.884	27.087.502	58.325.386

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

GÜNEY BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.

Maslak Mahallesi Estimasyon Caddesi No:27
Daire:54-57-59 Kat:2-3 Etiler/Şişli/İSTANBUL
Ticaret Sicil No:479920
Mersis No:08000000000000000000000000000000

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

**BURGAN BANK A.Ş.
UNCONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2016 AND 30 JUNE 2015**

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

III.	INCOME STATEMENT INCOME AND EXPENSE ITEMS	Note (Section Five)	Revised		Revised	
			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	547.348	384.971	280.222	198.482
I.1	Interest on Loans		402.208	315.800	209.891	164.113
I.2	Interest Received from Reserve Requirements		4.769	1.184	2.324	729
I.3	Interest Received from Banks		1.172	2.105	934	1.475
I.4	Interest Received from Money Market Transactions		4.482	4.702	2.440	1.756
I.5	Interest Received from Marketable Securities Portfolio		19.739	16.269	9.655	6.287
I.5.1	Trading Financial Assets		2.097	944	1.397	218
I.5.2	Financial Assets at Fair Value through Profit or Loss		-	-	-	-
I.5.3	Available-for-sale Financial Assets		17.642	15.325	8.258	6.069
I.5.4	Held-to-maturity Investments		-	-	-	-
I.6	Financial Lease Income		-	-	-	-
I.7	Other Interest Income	IV-k	114.978	44.911	54.978	24.122
II.	INTEREST EXPENSE (-)	IV-b	372.761	237.628	193.657	122.040
2.1	Interest on Deposits (-)		187.037	141.220	94.947	72.972
2.2	Interest on Funds Borrowed (-)		39.785	28.241	23.414	14.676
2.3	Interest Expense on Money Market Transactions (-)		7.454	6.153	3.730	2.362
2.4	Interest on Securities Issued (-)		2.914	-	2.163	-
2.5	Other Interest Expenses (-)	IV-k	135.571	62.014	69.403	32.030
III.	NET INTEREST INCOME (I - II)		174.587	147.343	86.565	76.442
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		9.397	9.729	5.275	4.012
4.1	Fees and Commissions Received		12.567	14.338	6.872	5.673
4.1.1	Non-cash Loans		6.866	5.372	3.546	2.704
4.1.2	Other	IV-k	5.701	8.966	3.326	2.969
4.2	Fees and Commissions Paid (-)		3.170	4.609	1.597	1.661
4.2.1	Non-cash Loans (-)		10	6	5	4
4.2.2	Other (-)	IV-k	3.160	4.603	1.592	1.657
V.	DIVIDEND INCOME		328	54	-	54
VI.	TRADING INCOME / (LOSS) (Net)	IV-c	8.747	9.760	4.311	6.743
6.1	Trading Gains/(Losses) on Securities		7.018	2.858	2.232	225
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		(2.427)	(11.807)	(749)	(1.525)
6.3	Foreign Exchange Gains/(Losses)		4.156	18.709	2.828	8.043
VII.	OTHER OPERATING INCOME	IV-d	5.048	4.556	2.635	2.618
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		198.107	171.442	98.786	89.869
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-e	35.978	36.652	14.113	22.904
X.	OTHER OPERATING EXPENSES (-) (*)	IV-f	134.489	109.095	68.478	51.683
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		27.640	25.695	16.195	15.282
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-	-	-
XIII.	CONSOLIDATED BASED ON EQUITY METHOD INCOME/(LOSS) ON NET MONETARY POSITION		315	10.744	2.007	2.400
XIV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	IV-g	27.955	36.439	18.202	17.682
XV.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-h	7.836	5.871	4.314	4.613
16.1	Current Tax Provision (-)		2.360	-	(3.391)	-
16.2	Deferred Tax Provision (-)		5.476	5.871	7.705	4.613
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		-	-	-	-
XI.	INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
XX.	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 UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENTS OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016 AND 30 JUNE 2015

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	30/06/2016	Revised 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.

GÜNEY BAĞIMSIZ DENETİM ve SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.
Maslak Mahallesi Eski Büyükdere Caddesi No:27
Daire:54-57-59 Kat:6-3- Sarıyer/İSTANBUL
Ticaret Sicil No:479920
Mersis No:0834003838000017

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

BURGAN BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 JUNE 2015
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Cancellation 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 AFS and Discontinued Operations	Shareholders' Equity
I.	Prior Period End Balance(31/12/2014)	900.000	-	-	-	11.423	-	7.151	(2.290)	6.809	-	1.160	13.187	-	-	-	937.440
II.	Corrections according to TAS 8	-	-	-	-	6.974	-	44.084	(202)	11.015	(46.285)	-	-	-	-	-	15.586
2.1	Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Amendments in Accounting Policies	-	-	-	-	6.974	-	44.084	(202)	11.015	(46.285)	-	-	-	-	-	15.586
III.	New Balance (I + II)	900.000	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	953.026
IV.	Changes in the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	(2.812)	-	-	-	-	(2.812)
V.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.563
VI.	Hedging Reserves (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.563
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign Investment for Purpose of Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation Differences of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation Differences of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of the Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Adjustment to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current Year Income or Loss	-	-	-	-	-	-	16.863	251	30.568	-	-	-	-	-	-	30.568
XX.	Profit Distribution	-	-	-	-	710	-	-	-	(17.824)	-	-	-	-	-	-	-
20.1	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to Reserves	-	-	-	-	710	-	16.863	251	(17.824)	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (III+...+XX)	900.000	-	-	-	19.107	-	68.098	(2.241)	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.

GÜNEY BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ
MALLI MÜŞAVİRLİK A.Ş.
Mevlânâ Hanım Sokakı Esentepe Mahallesi No:27
Daire:5 Kat:3 Şişli/Beşiktaş/İSTANBUL
Tic Sicil No:275900
Vergi Sicil No:275900
Mersis No:081000030026000011

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

BURGAN BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 JUNE 2016
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Cancellation Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Shareholders' Equity
I.	Prior Period End Balance(31/12/2015)	900.000	-	-	-	19.107	-	68.098	(2.547)	52.169	(46.285)	(2.378)	15.122	-	9.216	-	1.012.502
II.	Changes in the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	10.322	-	-	-	-	10.322
V.	Hedging Reserves (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	(14.204)	-	(14.204)
VI.	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Foreign Investment for Purpose of Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation Differences of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Revaluation Differences of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Foreign Exchange Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	(129)	-	-	-	-	(129)
XIV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	12.2 Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Adjustment to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI.	Current Year Income or Loss	-	-	-	-	-	-	4.813	-	20.119	46.285	-	-	-	-	-	20.119
XXII.	Profit Distribution	-	-	-	-	-	-	-	-	(52.169)	-	-	-	-	-	-	(52.169)
XXIII.	Dividend Paid	-	-	-	-	1.071	-	-	-	-	-	-	-	-	-	-	-
XXIV.	Transfers to Reserves	-	-	-	-	1.071	-	4.813	-	-	-	-	-	-	-	-	-
XXV.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXVI.	Period End Balance (I+...+XXV)	900.000	-	-	-	20.178	-	72.911	(2.547)	20.119	-	7.815	15.122	-	(4.988)	-	1.028.610

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30 JUNE 2016

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

VI. CASH FLOW STATEMENT	Note	(30/06/2016)	Revised (30/06/2015)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		27.122	8.602
1.1.1 Interest Received		566.846	320.792
1.1.2 Interest Paid		(364.873)	(227.193)
1.1.3 Dividend Received		328	54
1.1.4 Fees and Commissions Received		12.660	10.195
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		43.185	37.414
1.1.7 Payments to Personnel and Service Suppliers		(68.012)	(63.696)
1.1.8 Taxes Paid		(3.394)	(860)
1.1.9 Other		(159.618)	(68.104)
1.2 Changes in Operating Assets and Liabilities		(430.981)	(547.312)
1.2.1 Net (Increase)/Decrease in Trading Securities		(21.156)	38.049
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net (Increase)/Decrease in Due from Banks		(124.624)	(245.924)
1.2.4 Net (Increase)/Decrease in Loans		(957.179)	(1.216.527)
1.2.5 Net (Increase)/Decrease in Other Assets		(63.625)	20.429
1.2.6 Net Increase/(Decrease) in Bank Deposits		(27.206)	(107.609)
1.2.7 Net Increase/(Decrease) in Other Deposits		556.239	380.377
1.2.8 Net Increase/(Decrease) in Funds Borrowed		222.539	727.201
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		(15.969)	(143.308)
I. Net Cash Provided from Banking Operations		(403.859)	(538.710)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		120.280	449.779
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		(28.607)	(8.179)
2.4 Disposals of Property and Equipment		3.760	838
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(158.015)	(83.498)
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		506.360	-
3.1 Cash Obtained from Funds Borrowed and Securities Issued		581.360	-
3.2 Cash Used for Repayment Of Funds Borrowed and Securities Issued		(75.000)	-
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		33.599	6.251
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		256.380	(82.680)
VI. Cash and Cash Equivalents at Beginning of the Period		552.162	502.753
VII. Cash and Cash Equivalents at end of the Period		808.542	420.073

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

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

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention as modified in accordance with inflation adjustments until 31 December 2004, except for the financial assets and liabilities which are carried at fair value.

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

Accounting policies and procedures, tracked during the preparation of financial statements, are determined and applied in accordance with regulations, communique, declarations and circulars published related to accounting and financial reporting principles by Banking Regulation and Supervision Authority (BRSA) and the principles existing in scope of TAS/TFRS if there are no specific arrangement made by the BRSA. The aforementioned accounting policies are coherent with those applied in financial statements prepared related to accounting period ending on 31 December 2015 except for the amendment which is explained under "Remarks regarding amendments in demonstration of financial statements and accounting policies".

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued):

The Bank adjusted related statements in accordance with the TAS 8 Accounting Policies, Turkish Accounting Standard regarding Amendments and Errors in Accounting Estimates in its 30 June 2016 financial statements and income statement through making rearrangements with respect to amendments in TAS 27 Separate Financial Statements Standard. The impact of adjustment records are summarized as follows:

	30 June 2015 Announced	Adjustments	Restated
Total Assets	9.620.775	26.330	9.647.105
Subsidiaries (Net)	202.193	26.330	228.523
Total Liabilities	9.620.775	26.330	9.647.105
Shareholder's Equity	960.015	26.330	986.345
Capital Reserves	14.808	49	14.857
Income Reserves	25.383	61.822	87.205
Profit of Loss	19.824	(35.541)	(15.717)
-Accumulated Profit/Loss	-	(46.285)	(46.285)
-Period Net Profit/Loss	19.824	10.744	30.568
Income Statement			
Dividend Income	54	-	54
Income/(loss) from Investments Accounted Based on Equity Method	-	10.744	10.744

Additional paragraph for convenience translation into English:

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

ACCOUNTING POLICIES (Continued)

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

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

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

As of 30 June 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.

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

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

As of 30 June 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 Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Hedging Funds", whereas the amount concerning ineffective parts is associated with income statement.

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

ACCOUNTING POLICIES (Continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS(Continued):

b. Held-to-maturity financial assets:

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

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

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

c. Loans and receivables:

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

d. Available-for-sale financial assets:

Financial assets available-for-sale consist of financial assets other than "Loans and receivables", "Held-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.

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

As of 30 June 2016, the Bank has no goodwill (31 December 2015: None).

b. Other intangible assets

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

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

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ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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

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

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

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ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

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

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

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ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

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

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

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

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

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

b. Deferred tax:

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

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

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ACCOUNTING POLICIES (Continued)

XIX. EXPLANATIONS ON BORROWINGS:

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

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

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 June 2016, the Bank has no government grants (31 December 2015: None).

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

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ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

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

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

XXV. EXPLANATIONS ON RELATED PARTIES:

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

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

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

XXVIII. RECLASSIFICATIONS:

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON EQUITY:

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

As of 30 June 2016 Bank's total capital has been calculated as TL 1.927.807, Capital adequacy ratio is 18,19%. As of 31 December 2015, Bank's total capital amounted to TL 1.468.393, Capital adequacy ratio was 15,97% 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	15.298	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	23.588	39.314
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	46.605	
Total Common Equity Tier 1 Capital	989.724	

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

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

I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 30 June 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 (-)	15.726	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	973.998	
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)	1.928.250	
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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(Continued)**

I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 30 June 2016	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	1.927.807	
Total risk weighted amounts	10.596.054	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	9,34	
Tier I Capital Adequacy Ratio	9,19	
Capital Adequacy Ratio	18,19	
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	4,84	
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	13.391	
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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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (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	87.389
Reserves	24.338
Claims recognized in equity as per TAS	52.169
Profit	52.169
Current Year Income	
Prior Years Income	
Provisions for possible risks	
Bonus Shares from Investment in Associates, Subsidiaries and Joint Ventures that are not recognized in profit	1.063.896
Seed Capital Before Deductions	
Deductions From Seed Capital	51.394
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 (-)	14.972
Leasehold improvements (-)	16.923
Goodwill or other intangible assets and deferred tax liability related to these items (-)	
Net deferred tax asset/liability (-)	
Shares obtained contrary to the 4th clause of the 56th article of the Law (-)	
Direct and indirect investments in the seed capital made by the Bank (-)	
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% or more of the seed capital of the bank (-)	
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	
Portion of offering mortgage service rights exceeding 10% of the seed capital (-)	
Portion of deferred tax assets based on temporary differences exceeding 10% of the seed capital (-)	
Amount exceeding 15% of the seed capital pursuant to Provisional Article 2 of the Regulation on the Equity of Banks (-)	
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	
Exceeding amount resulting from offering mortgage service rights (-)	
Exceeding amount resulting from deferred tax assets based on temporary differences (-)	
Other items defined by BRSA (-)	
Amount to be discounted from the seed capital in the case that adequate additional principal capital or supplementary capital is not available (-)	83.289
Total Deductions From Seed Capital	980.607
Total Seed Capital	
ADDITIONAL CORE CAPITAL	
Capital amount and related premiums corresponding to preference shares that are not included to seed capital	
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2015)	
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2015)	
Additional Core Capital before Deductions	
DEDUCTIONS FROM ADDITIONAL CORE CAPITAL	
Direct and indirect investments in the additional core capital made by the Bank (-)	
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	
Other items defined by BRSA (-)	
Amount to be discounted from the additional principal capital in the case that adequate supplementary capital is not available (-)	
Total Deductions From Additional Core Capital	
Total Additional Core Capital	
DEDUCTIONS FROM CORE CAPITAL	
Portion of goodwill and other intangible assets and the deferred tax liabilities related to these which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	25.384
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	955.223
SUPPLEMENTARY CAPITAL	
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2015)	
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied before 1.1.2015) (*)	436.237
Sources pledged to the bank by shareholders to be used in capital increases of the bank	
General Provisions	77.497
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	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 avoidance 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	1.468.393
Amounts Below the Exceeding Limits in the Discount Principles	
Amounts resulting from the net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated	
Amounts resulting from the net long positions of investment made in seed capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated	
Amount resulting from offering mortgage service rights	
Amount resulting from deferred tax assets based on temporary differences	14.830

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

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(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 incompliances with article number 7 and 8 of “Own fund regulation”	None	None

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

II. EXPLANATIONS ON RISK MANAGEMENT:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of the date 30 June 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) (*)	9.775.222	8.574.564	782.018
2	Standardised approach (SA)	9.775.222	8.574.564	782.018
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	137.391	32.911	10.991
5	Standardised approach for counterparty credit risk (SA-CCR)	137.391	32.911	10.991
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	131.422	147.713	10.514
17	Standardised approach (SA)	131.422	147.713	10.514
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	552.019	442.050	44.162
20	Basic indicator approach	552.019	442.050	44.162
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)	10.596.054	9.197.238	847.685

(*)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 BANK
(Continued)

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Credit Quality of Assets

		The gross amount (TAS valued) which are prepared through legal consolidated financial charts		Provisions / amortization and impairment	Net value(a+b+c)
		Defaulted	Non-defaulted		
1	Loans	171.982	9.052.906	158.957	9.065.931
2	Debt securities	-	529.784	343	529.441
3	Off-balance sheet exposures	4.830	2.205.803	6.996	2.203.637
4	Total	176.812	11.788.493	166.296	11.799.009

3. Changes in Stock of Defaulted Loans and Debt Securities

1	Defaulted loans and debt securities at the end of the previous reporting period	229.152
2	Loans and debt securities that have defaulted since the last reporting period	66.139
3	Returned to non-defaulted status	-
4	Write-offs (-)	70.950
5	Other changes	(47.529)
6	At the end of the reporting period's defaulted credits and debt instruments amount (1+2-3-4+5)	176.812

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	8.805.926	260.005	257.403	6.179	6.179	-	-
2	Debt securities	529.441	-	-	-	-	-	-
3	Total	9.335.367	260.005	257.403	6.179	6.179	-	-
4	Defaulted	98.194	-	-	-	-	-	-

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

	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	1.808.315	-	1.826.868	-	647.900	35,5%
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Exposures to public sector entities	-	29	-	6	6	96,7%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	779.806	197.508	785.999	144.983	273.163	29,3%
7	Exposures to corporates	6.069.028	1.846.206	6.062.552	1.008.293	6.637.311	93,9%
8	Retail exposures	151.415	103.691	150.268	40.051	134.199	70,5%
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	95.512	-	95.512	-	92.799	97,2%
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	425.436	194.773	425.437	38.955	444.775	95,8%
17	Investments in equities	-	-	-	-	-	-
18	Total	12.129.751	2.437.999	12.132.956	1.274.425	9.889.572	73,8%

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(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	531.068	-	-	-	1.295.800	-	-	-	-	-	1.826.868
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	186.946	-	344.411	-	343.517	47.175	-	8.935	-	-	930.984
7 Exposures to corporates	167.519	-	215.253	-	14.915	175.608	-	6.494.648	2.901	-	7.070.844
8 Retail exposures	9.727	-	2.221	-	-	93	178.277	-	-	-	190.318
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	-	77.359	6.366	-	95.512
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	-	-	-	-	-	-	444.772	-	-	464.390
18 Total	941.752	-	564.008	463.451	1.654.232	1.913.112	178.277	7.683.282	9.267	-	13.407.381

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

7. Analysis of Counterparty Credit Risk 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)					590.020	220.401
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						

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	590.020	23.041
4	Total subject to the CVA capital charge	590.020	23.041

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II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

Risk Weights	0%	10%	20%	50%	75%	100%	150%	Diğer	Toplam kredi riski
Classes of Risks									
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	246.207	-	-	-	-	146.146
Corporates	-	-	1	8.490	-	59.471	-	-	63.716
Retail portfolios	-	-	-	-	14.052	-	-	-	10.539
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	254.697	14.052	59.471	-	-	220.401

10. Current Collaterals for Counterparty Credit Risk

	Collaterals for derivatives				Collaterals of other transactions	
	Collaterals taken		Collaterals given		Collaterals taken	Collaterals given
	Reserved	Not reserved	Reserved	Not Reserved		
Cash – domestic currency	-	-	-	-	146.104	-
Cash – foreign currency	-	-	-	-	186.946	-
Government bonds / bills - domestic	-	-	-	-	-	-
Government bonds / bills - other	-	-	-	-	-	-
Public institutions bonds / bills	-	-	-	-	-	-
Corporate bonds / bills	-	-	-	-	-	-
Stock	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	333.050	-

11. Credit Derivatives: None.

12. Central Counterparty Risk: None.

13. Securitisation Explanations: None.

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

II. EXPLANATIONS ON RISK MANAGEMENT (Continued):

14. Market Risk Standardised Approach

		RWA
Outright products		
1	Interest rate risk (general and specific)	56.926
2	Equity risk (general and specific)	-
3	Foreign exchange risk	72.471
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus method	2.025
7	Scenario approach	-
8	Securitisation	-
9	Total	131.422

III. EXPLANATIONS ON CURRENCY RISK:

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

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

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

	EUR		USD	
	30 June 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 3,2244	TL 3,1904	TL 2,9266	TL 2,9123

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

	EUR		USD	
	30 June 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 BANK (Continued)

III. EXPLANATIONS ON CURRENCY RISK (Continued):

Information on currency risk of the Bank:

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

	EUR	USD	Other FC	Total
30 June 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	124.908	176.729	28.005	329.642
Financial Assets at Fair Value Through Profit or Loss (*)	16.027	13.770	1.687	31.484
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	1.391	1.288	3	2.682
Total Assets	2.961.411	4.308.070	40.464	7.309.945
Liabilities				
Bank Deposits	16.424	5.722	-	22.146
Foreign Currency Deposits	967.631	3.465.144	35.950	4.468.725
Funds From Interbank Money Market	-	186.980	-	186.980
Funds Borrowed From Other Financial Institutions	347.447	2.437.653	-	2.785.100
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	25.455	35.158	275	60.888
Hedging Derivative Financial Liabilities	2.070	1.327	-	3.397
Other Liabilities (*)	10.803	16.109	1.747	28.659
Total Liabilities	1.369.830	6.148.093	37.972	7.555.895
Net On-balance Sheet Position	1.591.581	(1.840.023)	2.492	(245.950)
Net Off-balance Sheet Position	(1.551.682)	1.960.001	(1.984)	406.335
Financial Derivative Assets	691.939	3.794.464	106.547	4.592.950
Financial Derivative Liabilities	2.243.621	1.834.463	108.531	4.186.615
Non-Cash Loans (**)	418.258	602.536	19.616	1.040.410
31 December 2015				
Total Assets (*)	2.493.236	4.191.622	39.760	6.724.618
Total Liabilities (*)	1.272.672	5.961.072	35.835	7.269.579
Net On-balance Sheet Position	1.220.564	(1.769.450)	3.925	(544.961)
Net Off-balance Sheet Position	(1.214.624)	1.794.333	(2.978)	576.731
Financial Derivative Assets	746.900	3.412.745	79.103	4.238.748
Financial Derivative Liabilities	1.961.524	1.618.412	82.081	3.662.017
Non-Cash Loans (**)	320.947	570.585	20.951	912.483

(*)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; there is no foreign currency indexed loans received in the current period (31 December 2015: None). Besides this, in assets “Income Accruals of Derivative Financial Instruments” amounting to TL 11.717 (31 December 2015: TL 4.623), in liabilities “Expense Accruals of Derivative Financial Instruments” amounting to 3.381 TL (31 December 2015: TL 6.494), “General Provisions” amounting to TL 43.465 (31 December 2015: TL 38.816), free provision 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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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

IV. EXPLANATIONS ON INTEREST RATE RISK:

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

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

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

30 June 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	-	-	-	-	212.361	1.241.127
Due From Banks	408.347	-	-	-	-	21.401	429.748
Financial Assets at Fair Value Through Profit/Loss (*)	77.303	21.918	30.987	27.174	7.975	2.314	167.671
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	89.353	75.142	53.475	81.807	195.068	6.848	501.693
Loans	3.257.032	2.456.924	1.848.046	1.432.731	58.173	95.512	9.148.418
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	459.320	459.320
Total Assets	4.860.801	2.553.984	1.932.508	1.541.712	261.216	797.756	11.947.977
Liabilities							
Bank Deposits	-	16.040	-	-	-	6.739	22.779
Other Deposits	4.088.805	2.399.855	311.971	19.435	-	388.610	7.208.676
Funds From Interbank Money Market	240.555	92.529	-	-	-	-	333.084
Miscellaneous Payables	-	-	-	-	-	86.309	86.309
Marketable Securities Issued	-	73.640	-	-	-	-	73.640
Funds Borrowed From Other Financial Institutions	589.999	1.646.831	574.358	10.866	-	-	2.822.054
Other Liabilities (*) (**)	35.814	16.061	15.020	12.660	1.367	1.320.513	1.401.435
Total Liabilities	4.955.173	4.244.956	901.349	42.961	1.367	1.802.171	11.947.977
Balance Sheet Long Position	-	-	1.031.159	1.498.751	259.849	-	2.789.759
Balance Sheet Short Position	(94.372)	(1.690.972)	-	-	-	(1.004.415)	(2.789.759)
Off-balance Sheet Long Position	21.173	-	20.985	35.667	-	-	77.825
Off-balance Sheet Short Position	-	(4.281)	-	-	-	-	(4.281)
Total Position	(73.199)	(1.695.253)	1.052.144	1.534.418	259.849	(1.004.415)	73.544

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

IV. EXPLANATIONS ON 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	-	-	-	-	81.072	1.094.072
Due From Banks	177.503	-	-	-	-	17.509	195.012
Financial Assets at Fair Value Through Profit/Loss	51.974	7.891	18.420	40.094	4.788	2.158	125.325
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	113.212	115.395	13.385	52.450	348.223	6.849	649.514
Loans	2.792.927	2.424.689	1.681.745	1.178.093	19.052	91.248	8.187.754
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	423.157	423.157
Total Assets	4.148.616	2.547.975	1.713.550	1.270.637	372.063	621.993	10.674.834
Liabilities							
Bank Deposits	43.249	-	-	-	-	7.097	50.346
Other Deposits	3.677.113	2.213.315	239.871	57.956	-	457.007	6.645.262
Funds From Interbank Money Market	395.786	-	-	-	-	-	395.786
Miscellaneous Payables	-	-	-	-	-	69.640	69.640
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	190.667	1.529.136	439.241	6.677	-	-	2.165.721
Other Liabilities (*)	65.665	7.316	17.041	1.731	-	1.256.326	1.348.079
Total Liabilities	4.372.480	3.749.767	696.153	66.364	-	1.790.070	10.674.834
Balance Sheet Long Position	-	-	1.017.397	1.204.273	372.063	-	2.593.733
Balance Sheet Short Position	(223.864)	(1.201.792)	-	-	-	(1.168.077)	(2.593.733)
Off-balance Sheet Long Position	-	-	-	30.119	-	-	30.119
Off-balance Sheet Short Position	(10.372)	(14.314)	(5.534)	-	-	-	(30.220)
Total Position	(234.236)	(1.216.106)	1.011.863	1.234.392	372.063	(1.168.077)	(101)

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

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

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

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	-	8,70
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,69	-	9,82
Loans	4,72	6,07	-	15,20
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,71	-	-	0,18
Other Deposits (*)	1,55	2,48	-	11,41
Funds From Interbank Money Market	-	1,49	-	6,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	10,75
Funds Borrowed From Other Financial Institutions	1,61	3,38	-	6,68

(*) 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	-	9,41
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,86	-	9,39
Loans	4,96	5,84	-	15,56
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,28	3,49	-	0,18
Other Deposits (*)	1,47	2,44	-	11,86
Funds From Interbank Money Market	-	1,46	-	6,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,51	3,00	-	6,68

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

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(Continued)**

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

c. Interest rate risk resulting from banking accounts:

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

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

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

2. The table below presents the economic value differences resulting from fluctuations in interest rates in accordance with the "Regulation on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method" under sections divided into different currencies.

Currency	Applied Shock (+/- x basis point)	Earnings/ Losses	Earnings/ Equities-Losses/ Equities
1. TRY	+500 bp	(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. Equity share position risk resulting from banking accounts:

None.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
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V. EXPLANATIONS ON LIQUIDITY RISK:

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

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

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

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

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

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

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

V. EXPLANATIONS ON LIQUIDITY RISK (Continued):

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

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

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

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

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

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

V. EXPLANATIONS ON 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			969.108	733.956
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	4.510.755	2.872.121	387.387	287.212
3	Stable deposits	1.273.778	-	63.689	-
4	Less stable deposits	3.236.977	2.872.121	323.698	287.212
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.226.281	1.636.008	1.214.310	890.881
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	1.964.539	1.483.426	952.568	738.299
8	Other Unsecured Funding	261.742	152.582	261.742	152.582
9	Secured funding			21.713	21.713
10	Other Cash Outflows	34.070	50.113	34.070	50.113
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	34.070	50.113	34.070	50.113
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	2.011.904	1.008.339	211.744	109.260
16	TOTAL CASH OUTFLOWS			1.869.223	1.359.179
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	1.157.660	338.345	747.933	277.247
19	Other contractual cash inflows	10.723	194.381	10.722	194.381
20	TOTAL CASH INFLOWS	1.168.383	532.726	758.655	471.628
				Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			969.108	733.956
22	TOTAL NET CASH OUTFLOWS			1.110.568	887.551
23	Liquidity Coverage Ratio (%)			87,26	82,69

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

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

V. EXPLANATIONS ON 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			917.772	680.943
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	3.784.086	2.654.663	230.808	164.880
3	Stable deposits	2.952.020	2.011.728	147.601	100.586
4	Less stable deposits	832.066	642.935	83.207	64.294
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.177.569	1.655.223	1.068.793	798.427
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	1.915.553	1.483.155	807.073	626.359
8	Other Unsecured Funding	262.016	172.068	261.720	172.068
9	Secured funding			3.085	3.085
10	Other Cash Outflows	31.505	57.381	31.505	57.381
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	31.505	57.381	31.505	57.381
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	1.897.002	962.548	200.694	105.141
16	TOTAL CASH OUTFLOWS			1.534.885	1.128.914
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	773.401	214.207	442.982	154.250
19	Other contractual cash inflows	16.493	391.609	16.493	391.609
20	TOTAL CASH INFLOWS	789.894	605.816	459.475	545.859
				Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			917.772	680.943
22	TOTAL NET CASH OUTFLOWS			1.075.410	583.055
23	Liquidity Coverage Ratio (%)			85,34	116,79

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

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

V. EXPLANATIONS ON LIQUIDITY RISK (Continued):

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

High quality liquid assets of the Bank consist of accounts in Central Bank of Turkey, at a ratio of 87% and securities issued by Undersecretariat of Treasury at a ratio of 10%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 18%, 51% and 21% respectively.

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

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with "Regulation on Calculation of Liquidity Coverage Ratio of Banks" entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information regarding aforementioned cash outflow in 30 June 2016 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 unconsolidated basis as of 31 December 2015 in accordance with "Regulation on Calculation of Liquidity Coverage Ratio of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage rates must be at least 50% for foreign currency assets and liabilities and at least 70% in total assets and liabilities for the period 30 June 2016. Dates and values of lowest and highest foreign currency and total unconsolidated liquidity coverage rates calculated weekly related to the last quarter and average rates are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC+TL	FC	FC + TL
Weekly Arithmetic Average (%)	171,92	105,34	61,39	74,60
Week	15 May 2016	22 May 2016	3 July 2016	8 May 2016

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V. EXPLANATIONS ON 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	19.642	1.221.485	-	-	-	-	-	1.241.127
Due From Banks	21.401	408.347	-	-	-	-	-	429.748
Financial Assets at Fair Value Through Profit or Loss (*)	2.314	68.302	18.101	34.038	34.774	10.142	-	167.671
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	26.671	2.879	54.396	215.831	195.068	6.848	501.693
Loans	-	1.016.708	1.686.724	2.079.925	3.294.846	974.703	95.512	9.148.418
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	-	77.375	1.511	16.191	553	1.970	361.720	459.320
Total Assets	43.357	2.818.888	1.709.215	2.184.550	3.546.004	1.181.883	464.080	11.947.977
Liabilities								
Bank Deposits	6.739	-	16.040	-	-	-	-	22.779
Other Deposits	388.610	4.088.805	2.399.855	311.971	19.435	-	-	7.208.676
Funds Borrowed From Other Financial Institutions	-	444.872	130.329	1.124.650	81.284	1.040.919	-	2.822.054
Funds From Interbank Money Market	-	182.118	-	-	105.542	45.424	-	333.084
Marketable Securities Issued	-	-	73.640	-	-	-	-	73.640
Miscellaneous Payables	-	44.023	4.551	-	-	-	37.735	86.309
Other Liabilities (*) (***)	-	180.464	16.061	22.720	16.511	-	1.165.679	1.401.435
Total Liabilities	395.349	4.940.282	2.640.476	1.459.341	222.772	1.086.343	1.203.414	11.947.977
Net Liquidity Gap	(351.992)	(2.121.394)	(931.261)	725.209	3.323.232	95.540	(739.334)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	172.148	174.452	322.996	(35.393)	(909)	-	633.294
Financial Derivative Liabilities	-	2.612.009	1.366.266	827.085	471.309	64	-	5.276.733
Non-cash Loans	-	(2.439.861)	(1.191.814)	(504.089)	(506.702)	(973)	-	(4.643.439)
Net Off-balance sheet Position	-	(8.208)	(24.211)	(15.163)	(41.935)	69	-	(89.448)
Financial Derivative Assets	-	2.467.712	1.154.880	745.095	353.823	117	-	4.721.627
Financial Derivative Liabilities	-	(2.475.920)	(1.179.091)	(760.258)	(395.758)	(48)	-	(4.811.075)
Non-cash Loans	-	896.694	137.512	360.042	149.091	816	-	1.544.155
31 December 2015								
Total Assets	46.093	2.275.992	1.592.141	1.944.930	3.256.728	1.110.280	448.670	10.674.834
Total Liabilities	464.104	4.353.888	2.369.631	987.190	885.252	438.891	1.175.878	10.674.834
Net Liquidity Gap	(418.011)	(2.077.896)	(777.490)	957.740	2.371.476	671.389	(727.208)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	(8.208)	(24.211)	(15.163)	(41.935)	69	-	(89.448)
Financial Derivative Liabilities	-	2.467.712	1.154.880	745.095	353.823	117	-	4.721.627
Non-cash Loans	-	(2.475.920)	(1.179.091)	(760.258)	(395.758)	(48)	-	(4.811.075)
Non-cash Loans	-	896.694	137.512	360.042	149.091	816	-	1.544.155

(*) 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 and stationary stocks are classified in this column.

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

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(Continued)**

VI. EXPLANATIONS ON 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 6,71% (31 December 2015: 7,10%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in the balance sheet assets.

Disclosure of Leverage ratio template :

	30 June 2016 (*)	31 December 2015 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	11.640.486	10.681.961
(Assets deducted from Core capital)	55.745	50.246
Total risk amount of balance sheet assets	11.584.741	10.631.715
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	60.401	50.623
Potential credit risk amount of derivative financial assets and credit derivatives	50.713	42.712
Total risk amount of derivative financial assets and credit derivatives	111.114	93.335
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	2.744.276	2.561.389
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	2.744.276	2.561.389
Capital and total risk		
Core Capital	968.426	943.139
Total risk amount	14.440.131	13.286.439
Leverage ratio		
Leverage ratio	6,71%	7,10%

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

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(Continued)**

VII. EXPLANATIONS ON HEDGE TRANSACTIONS:

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

The swaps, of which carrying amount is TL 26.993 (31 December 2015: 40.845) derivative financial assets and TL 13.224 derivative financial liabilities (31 December 2015: 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.

VIII. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

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

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

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VIII. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

30 June 2016	Retail Banking	Corporate and Commercial Banking	Treasury	Total Operations of the Bank
Segment Revenue	39.165	129.719	28.895	197.779
Unallocated costs (-)	-	-	-	170.467
Net Operating Income	39.165	129.719	28.895	27.312
Dividend income	-	-	-	328
Income/(loss) from investments accounted based on equity method	-	-	-	315
Profit Before Tax	-	-	-	27.955
Tax Expense (-)	-	-	-	7.836
Net Profit / Loss	-	-	-	20.119
Segment Assets	1.598.388	8.252.543	1.637.726	11.488.657
Investments in associates, subsidiaries and joint ventures	-	-	-	228.908
Unallocated assets	-	-	-	230.412
Total Assets	1.598.388	8.252.543	1.637.726	11.947.977
Segment liabilities	4.727.730	2.538.774	3.309.700	10.576.204
Unallocated liabilities	-	-	-	1.371.773
Total Liabilities	4.727.730	2.538.774	3.309.700	11.947.977

30 June 2015 (*)	Retail Banking	Corporate and Commercial Banking	Treasury	Total Operations of the Bank
Segment Revenue	43.331	115.112	12.945	171.388
Unallocated costs(-)	-	-	-	145.747
Net Operating Profit	43.331	115.112	12.945	25.641
Dividend income	-	-	-	54
Income/(loss) from investments accounted based on equity method	-	-	-	10.744
Profit Before Tax	-	-	-	36.439
Tax expense(-)	-	-	-	5.871
Net Profit / Loss	-	-	-	30.568
31 December 2015				
Segment assets	1.422.695	7.389.370	1.439.612	10.251.677
Investments in associates, subsidiaries and joint ventures	-	-	-	228.722
Unallocated assets	-	-	-	194.435
Total Assets	1.422.695	7.389.370	1.439.612	10.674.834
Segment liabilities	3.869.078	2.860.014	2.653.260	9.382.352
Unallocated liabilities	-	-	-	1.292.482
Total Liabilities	3.869.078	2.860.014	2.653.260	10.674.834

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

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

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

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Cash/Foreign currency	11.410	8.208	13.417	12.994
CBRT	161.268	1.060.241	134.468	933.193
Other	-	-	-	-
Total	172.678	1.068.449	147.885	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 ASSETS (Continued):

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

1. 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).
2. Positive differences related to derivative financial instruments held for trading:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Forward Transactions	19.981	2.723	11.203	1.264
Swap Transactions	46.351	20.674	26.320	14.790
Futures Transactions	-	-	-	-
Options	686	15.323	133	18.556
Other	-	-	-	-
Total	67.018	38.720	37.656	34.610

c. Information on banks:

1. Information on banks:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Banks				
Domestic	100.106	308.324	87.094	90.464
Foreign	-	21.318	-	17.454
Headquarters and Branches Abroad	-	-	-	-
Total	100.106	329.642	87.094	107.918

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

As of 30 June 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).

2. 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	6.849	6.849
Quoted on Stock Exchange	-	-
Not Quoted	6.849	6.849
Impairment Provision (-)	-	1.525
Total	501.693	649.514

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

i.

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Restructured or Rescheduled		Loans and Other Receivables (Total)	Restructured or Rescheduled	
		Loans with Restructured Payment Plans	Other		Loans with Restructured Payment Plans	Other
Non-Specialised Loans	8.497.995	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 (*)	7.456.286	6.132	-	483.658	190.356	2.019
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	8.497.995	6.132	-	554.911	192.754	2.019

(*) The Bank also has TL 1.061 factoring loans in the Other account.

ii.

Number of Modifications Made to Extend Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 times	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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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	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 installments	-	-	-
Without installments	2.924	-	2,924
Corporate Credit Cards-FC	27	-	27
With installments	-	-	-
Without installments	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	9.052.906	8.092.006
Total	9.052.906	8.096.506

6. Distribution of domestic and foreign loans:

	30 June 2016	31 December 2015
Domestic Loans	9.052.906	8.096.506
Foreign Loans	-	-
Total	9.052.906	8.096.506

7. Loans given to associates and subsidiaries;

	30 June 2016	31 December 2015
Direct Loans given to associates and subsidiaries	-	-
Indirect Loans given to associates and subsidiaries	-	-
Total	-	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Specific provisions provided against loans:

	30 June 2016	31 December 2015
Loans and Other Receivables with Limited Collectability	1.808	4.112
Loans and Other Receivables with Doubtful Collectability	15.945	11.489
Uncollectible Loans and Other Receivables	58.717	103.456
Total	76.470	119.057

9. Information on non-performing loans (Net):

i. Information on non-performing loans restructured or rescheduled and other receivables:

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
30 June 2016			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	4.644	3.924
31 December 2015			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	1.245	4.671

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Prior Period End Balance	37.718	39.205	133.382
Additions (+)	61.823	4.890	7.599
Transfers from Other Categories of Non performing Loans (+)	-	70.094	37.990
Transfers to Other Categories of Non-performing Loans (-)	70.094	37.990	-
Collections (-)	15.788	10.244	15.653
Write-offs (-) (*)	-	2.477	68.473
Corporate and Commercial Loans	-	2.476	68.261
Consumer Loans	-	-	87
Credit Cards	-	1	125
Other	-	-	-
Balance at the End of the Period	13.659	63.478	94.845
Specific Provision (-)	1.808	15.945	58.717
Net Balance on Balance Sheet	11.851	47.533	36.128

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
30 June 2016			
Period-End Balance	-	121	454
Specific Provision (-)	-	60	191
Net Balance on balance sheet	-	61	263
31 December 2015			
Period-End Balance	121	2.340	3.651
Specific Provision (-)	24	1.168	3.388
Net Balance on balance sheet	97	1.172	263

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	11.851	47.533	36.128
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)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	33.606	27.716	29.926
Loans Given to Real Persons and Legal Persons (Gross)	37.718	39.205	133.382
Specific Provision Amount (-)	4.112	11.489	103.456
Loans Given to Real Persons and Legal Persons (Net)	33.606	27.716	29.926
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

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

f. Information on held-to-maturity investments:

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

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. Information on unconsolidated subsidiaries:

None (31 December 2015: None).

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

None (31 December 2015: None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	1.207.820	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.

5. 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.

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

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

6. 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

7. Subsidiaries quoted on stock exchange:

None (31 December 2015: None).

i. Information on joint ventures:

None (31 December 2015: None).

j. Information on lease receivables (net):

None (31 December 2015: None).

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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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

m. Information on deferred tax asset:

As of 30 June 2016, the Bank has netted-off the calculated deferred tax asset of TL 14.917 (31 December 2015: TL 12.640) and deferred tax liability of TL 18.768 (31 December 2015: TL 11.985) in accordance with "TAS 12" and has recorded a net deferred tax liability of TL 3.851 (31 December 2015: TL 655 net deferred tax asset) 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
Provision for Legal Cases	6.072	4.652	1.214	930
Provisions for Possible Risks	24.778	27.936	4.956	5.587
Reserve for Employee Rights	20.569	12.614	4.114	2.523
Unearned Revenue	20.565	17.303	4.113	3.461
Other	2.598	694	520	139
Deferred Tax Assets	74.582	63.199	14.917	12.640
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	25.425	26.929	5.085	5.386
Valuation Differences of Derivative Instruments	51.314	32.996	10.263	6.599
Other	17.100	-	3.420	-
Deferred Tax Liabilities	93.839	59.925	18.768	11.985
Deferred Tax Assets/(Liabilities) (Net)	(19.257)	3.274	(3.851)	655

Movement of deferred tax asset/ liabilities is presented below:

	30 June 2016	31 December 2015
Balance as of 1 January	655	11.793
Current year deferred tax income/(expense) (net)	(5.476)	(9.350)
Deferred tax charged to equity (net)	970	(1.788)
Balance at the End of the Period	(3.851)	655

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

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

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

The Bank has assets held for resale amounting to TL 29.983 (31 December 2015: TL 6.685) and has no discontinued operations.

Prior Period	30 June 2016	31 December 2015
Cost	7.196	11.673
Accumulated Depreciation (-)	511	736
Net Book Value	6.685	10.937
Current Period		
Net book value at beginning of the period	6.685	10.937
Additions	25.395	2.508
Disposals (-), net	1.957	6.504
Impairment (-)	5	-
Depreciation (-)	135	256
Cost	30.540	7.196
Accumulated Depreciation (-)	557	511
Closing Net Book Value	29.983	6.685

o. Information on other assets:

As of 30 June 2016, other assets amount to TL 101.370 (31 December 2015: TL 86.459) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 30 June 2016:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	20.411	-	66.410	1.367.738	206.395	110.763	64.823	-	1.836.540
Foreign Currency Deposits	266.288	-	212.508	3.204.415	643.315	66.148	76.051	-	4.468.725
Residents in Turkey	229.584	-	211.933	3.169.087	638.912	64.538	32.070	-	4.346.124
Residents Abroad	36.704	-	575	35.328	4.403	1.610	43.981	-	122.601
Public Sector Deposits	33.283	-	-	-	-	-	-	-	33.283
Commercial Deposits	67.267	-	223.738	288.640	39.676	20.070	44.391	-	683.782
Other Institutions Deposits	1.361	-	6.581	114.719	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	395.349	-	525.277	4.975.512	926.248	202.051	207.018	-	7.231.455

ii. 31 December 2015:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	17.464	-	43.275	934.636	76.602	42.099	48.034	-	1.162.110
Foreign Currency Deposits	340.659	-	175.192	3.526.447	562.193	67.020	96.671	-	4.768.182
Residents in Turkey	313.528	-	174.687	3.507.803	547.211	64.898	53.637	-	4.661.764
Residents Abroad	27.131	-	505	18.644	14.982	2.122	43.034	-	106.418
Public Sector Deposits	14.195	-	-	-	-	-	-	-	14.195
Commercial Deposits	78.425	-	71.465	281.151	37.777	55.905	56.059	-	580.782
Other Institutions Deposits	6.264	-	9.141	70.312	108	110	34.058	-	119.993
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	7.097	-	43.249	-	-	-	-	-	50.346
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	100	-	43.249	-	-	-	-	-	43.349
Foreign Banks	6.997	-	-	-	-	-	-	-	6.997
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	464.104	-	342.322	4.812.546	676.680	165.134	234.822	-	6.695.608

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(Continued)**

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

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 June 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 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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

b. Information on trading derivative financial liabilities:

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

Derivative Financial Liabilities Held for Trading	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Forward Transactions	8.666	2.455	8.427	4.441
Swap Transactions	33.414	7.880	38.220	7.792
Futures Transactions	-	-	-	-
Options	4	15.277	56	17.685
Other	2	-	-	-
Total	42.086	25.612	46.703	29.918

c. Information on borrowings:

1. Information on banks and other financial institutions:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	36.954	62.683	37.466	69.130
From Foreign Banks, Institutions and Funds	-	1.855.763	-	1.620.232
Total	36.954	1.918.446	37.466	1.689.362

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	-	1.665.689	-	1.399.127
Total	36.954	1.918.446	37.466	1.689.362

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

The Bank's main funding sources are deposits and borrowings. As of 30 June 2016, deposits and borrowings from Bank's risk group comprise 1% (31 December 2015: 2%) of total deposits. Besides this, Borrowings from Bank's risk group comprise 56% (31 December 2015: 54%) of subordinated and other borrowings.

d. Information on marketable securities issued:

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

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

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

e. Information on other foreign liabilities:

Other liabilities amounting to TL 122.944 (31 December 2015: TL 85.101) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

f. Information on lease payables (net):

None (31 December 2015: None).

g. Information on hedging derivative financial liabilities:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	9.827	3.397	15.132	-
Foreign Net Investment Hedge	-	-	-	-
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 Bank is required to pay a specific amount to the employees who have been working more than one year, when employment is terminated due to obligatory reasons or they retire, when they have fulfilled 25 working years (women 20) and are eligible for retirement (for women 58 years, for men 60 years), when they have been called up for military service or when they die. After the amendment of legislation on 23 May 2002, some of the transition process articles related to the working period before retirement were enacted.

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

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES(Continued)

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

	30 June 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

Movement of reserve for employment termination benefits during the period:

	30 June 2016	31 December 2015
As of January 1	8.823	7.862
Service cost	2.766	1.460
Interest cost	-	665
Settlement cost	-	508
Actuarial loss/gain	-	585
Benefits paid (-)	1.476	2.257
Total	10.113	8.823

In addition, as of 30 June 2016 the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL 10.456 (31 December 2015: TL 14.741).

3. Other provisions:

i. Information on provisions for possible risks:

	30 June 2016	31 December 2015
Provisions for potential risks (*)	24.778	27.936
Total	24.778	27.936

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

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 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.

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(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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 is netted off, there is no corporate tax provision of the Bank (31 December 2015: TL 2.892).

2. Information on taxes payable:

	30 June 2016	31 December 2015
Corporate Tax Payable	-	2.892
Taxation of Marketable Securities	8.928	7.152
Property Tax	148	168
Banking Insurance Transaction Tax	5.867	6.180
Value Added Tax Payable	225	533
Other	2.569	2.525
Total	17.737	19.450

3. Information on premium payables:

	30 June 2016	31 December 2015
Social Security Premiums-Employee	960	827
Social Security Premiums-Employer	1.447	1.246
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	67	58
Unemployment Insurance-Employer	134	115
Other	-	-
Total	2.608	2.246

4. As of 30 June 2016, the Bank has netted-off the calculated deferred tax asset of TL 14.917 (31 December 2015: TL 12.640) and deferred tax liability of TL 18.768 (31 December 2015: TL 11.985) in accordance with "TAS 12" and has recorded a net deferred tax liability of TL 3.851 (31 December 2015: TL 655 net deferred tax asset) 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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(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO 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.

Information about subordinated loans:

	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

l. 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.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES(Continued)

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

None.

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

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

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

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

8. Information on marketable securities valuation reserve:

	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:

According to the General Assembly meeting decision on 31 March 2016, the profit of 2015 which to TL 52.169 (TAS 27) 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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(Continued)**

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	30 June 2016	31 December 2015
Foreign currency buy/sell commitments	344.961	495.701
Commitments for cheques	306.629	299.665
Loan limit commitments	162.261	168.409
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	879.572	992.919

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	30 June 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 Bank has non-cash loans classified as non-performing loans, amounting to TL 4.729. As of 30 June 2016, the Bank has recorded a TL 2.130 provision regarding these risks.

b. Information on contingent assets and contingent liabilities:

As of 30 June 2016, the total amount of legal cases against the Bank is TL 43.720 (31 December 2015: TL 34.582) and the 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 Gökpınar Tax Administration, negative declaratory action has been claimed at "Denizli Tax Authority" and "Denizli Civil Court of General Jurisdiction" for cancellation of the payment order of TL 25.459, which was notified to the Bank. The transactions have been stopped with obtaining injunction in response to 15% collateral. The law cases in local courts have resulted in favor of the Bank. The cases are at the appeal phase. As a result, the Bank did not book any provision.

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

FITCH (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

CÖNEY BAĞIÇCI BAŞKANLIĞI VE YATIRIM MENAJERLİĞİ
MALİ HİZMETLER A.Ş.
Maslak Mahallesi Esitli Büyükdere Caddesi No:17
Daire:54-57-59 Kat:2-3/1 Beşiktaş/İSTANBUL
Ticaret Sicil No: 29920
Merkezi Sicil No: 29920
Mersis No:0-4550-9032-6000017

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IV. EXPLANATIONS AND NOTES RELATED TO 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	168.624	11.929	156.621	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	267.619	134.589	219.788	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	999	162	2.044	50
From Foreign Banks	-	11	-	11
Headquarters and Branches Abroad	-	-	-	-
Total	999	173	2.044	61

3. Information on interest income on marketable securities:

	30 June 2016		30 June 2015	
	TL	FC	TL	FC
From Trading Financial Assets	1.929	168	936	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	12.315	7.424	14.841	1.428

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

	30 June 2016	30 June 2015
Interest Received From Investments in Associates and Subsidiaries	248	40

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 June 2016		30 June 2015	
	TL	FC	TL	FC
Banks	1.145	34.328	1.604	26.637
The CBRT	-	-	-	-
Domestic Banks	1.140	521	1.589	478
Foreign Banks	5	33.807	15	26.159
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	4.312	-	-
Total (*)	1.145	38.640	1.604	26.637

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

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

	30 June 2016	30 June 2015
Interest Paid to Investment in Associates and Subsidiaries	1.217	567

3. Interest expense on issued marketable securities:

	30 June 2016	30 June 2015
Interest expense on issued marketable securities	2.914	-

4. Information on interest rate and maturity structure of deposits:

Current Period	Demand Deposit	Time Deposit					Accum. Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
Turkish Currency								
Bank Deposits	4	271	-	-	-	-	-	275
Savings Deposits	-	3.349	72.095	7.975	4.547	3.352	-	91.318
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	5.465	19.238	2.804	3.112	2.781	-	33.400
Other Deposits	-	157	4.132	248	79	2.281	-	6.897
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	4	9.242	95.465	11.027	7.738	8.414	-	131.890
Foreign Currency								
Foreign Currency Account	-	1.520	43.737	7.551	1.035	1.285	-	55.128
Bank Deposits	-	19	-	-	-	-	-	19
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	1.539	43.737	7.551	1.035	1.285	-	55.147
Sum Total	4	10.781	139.202	18.578	8.773	9.699	-	187.037

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(Continued)**

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

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

	30 June 2016	30 June 2015
Income	7.507.711	6.363.046
Capital Market Transactions	9.496	5.704
Derivative Financial Transactions	10.276	26.168
Foreign Exchange Gains	7.487.939	6.331.174
Loss (-)	7.498.964	6.353.286
Capital Market Transactions	2.478	2.846
Derivative Financial Transactions	12.703	37.975
Foreign Exchange Loss	7.483.783	6.312.465
Net Income/Loss	8.747	9.760

d. Information on other operating income:

As of 30 June 2016, the Bank's other operating income is TL 5.048 (30 June 2015: TL 4.556). TL 1.014 (30 June 2015: TL 441) amount of the other operating income is composed of the profit from sales of the fixed assets that were classified as Asset Held for Resale.

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

	30 June 2016	30 June 2015
Specific Provisions for Loans and Other Receivables	13.927	27.833
III. Group Loans and Receivables	3.539	2.385
IV. Group Loans and Receivables	634	8.812
V. Group Loans and Receivables	9.754	16.636
General Provision Expenses	15.325	6.320
Provision Expense for Possible Risks	6.726	2.499
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	35.978	36.652

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(Continued)**

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

f. Information related to other operating expenses:

	30 June 2016	30 June 2015
Personnel Expenses	68.012	63.696
Reserve For Employee Termination Benefits (*)	3.766	2.591
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	4.373	3.575
Impairment Expenses of Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	3.806	3.280
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	41.222	39.062
Operational Lease Expenses	13.484	13.311
Maintenance Expenses	652	432
Advertising Expenses	303	204
Other Expense	26.783	25.115
Loss on Sales of Assets	258	58
Other (**)	12.912	(3.343)
Total	134.489	109.095

(*) As of 30 June 2016, "the employee vacation fee provision expense" is TL 1.000 (30 June 2015: TL 627).

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

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(Continued)**

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

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

The Bank has no discontinued operations. The Bank's net in profit before taxes from continuing operations is TL 27.955 (30 June 2015: TL 36.439 profit before tax).

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

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

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

As of 30 June 2016, the Bank has TL 2.360 current tax expense amounting and deferred tax expense amounting to TL 5.476.

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

The Bank has TL 4.717 deferred tax income from temporary differences and no tax expense from carried financial loss and TL 10.193 deferred tax expense from closed temporary differences amounting to net TL 5.476 deferred tax expense.

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

As of 30 June 2016, the Bank has TL 5.476 deferred tax expense arising from temporary differences and there is no deferred tax expense from carried financial loss belongs to the prior period.

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

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

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

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

None.

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

None.

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(Continued)**

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

k. Information on other income and expenses:

1. Interest income amounts to TL 547.348 (30 June 2015: TL 384.971) and TL 114.978 (30 June 2015: TL 44.911) of this amount is classified as "Other Interest Income" in the income statement of Bank in the current period.

	30 June 2016	30 June 2015
Other Interest Income		
Interest Income Related to Derivative Transactions	114.004	44.118
Other	974	793
Total	114.978	44.911

2. Interest expense amounts to TL 372.761 (30 June 2015: TL 237.628), TL 135.571 (30 June 2015: TL 62.014) of this amount is classified as "Other Interest Expense" in the income statement of Bank in the current period.

	30 June 2016	30 June 2015
Other Interest Expense		
Interest Expense Related to Derivative Transactions	125.090	61.461
Other	10.481	553
Total	135.571	62.014

3. As of 30 June 2016, the Bank's fee and commission income amounts to TL 12.567 (30 June 2015: TL 14.338) and TL 5.701 (30 June 2015: TL 8.966) the related amount is classified under "Other fee and commission income" account.

	30 June 2016	30 June 2015
Other Fee and Commissions Received		
Insurance Commissions	759	713
Account Operating Fees	696	995
Transfer Commissions	582	650
Credit Card and POS Transaction Commissions	576	3.608
Commissions from Correspondent Banks	206	184
Commissions on Investment Fund Services	76	42
Ortak Nokta Trade Commissions	50	60
Letter of Credit Commissions	6	14
Other	2.750	2.700
Total	5.701	8.966

4. As of 30 June 2016, Bank's fee and commission expense amounts to TL 3.170 (30 June 2015: TL 4.609) and TL 3.160 (30 June 2015: TL 4.603) 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
Commissions Granted to Correspondent Banks	401	344
EFT Commissions	344	304
Ortak Nokta Trade Commissions	206	114
Transfer Commissions	59	72
Other	438	294
Total	3.160	4.603

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

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

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

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

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

30 June 2016:

Banks' Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	23.519	-	219	89	8.753
Balance at the End of the Period	-	32.399	-	217	75	8.818
Interest and Commission Income Received	248	18	-	-	3	-

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

31 December 2015:

Banks' Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	2.166	18.079	-	-	24	26.972
Balance at the End of the Period	-	23.519	-	219	89	8.573
Interest and Commission Income Received	40	15	-	-	1	-

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

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

Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	84.098	25.708	6.184	21.433	17.841	13.257
End of the Period	39.167	84.098	5.885	6.184	25.166	17.841
Interest Expense on Deposits	1.217	567	-	-	635	378

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for trading purposes						
Beginning of the Period (**)	92.529	19.779	-	-	-	-
Balance at the end of the period (**)	202.735	92.529	-	-	-	-
Total Profit/Loss	3.085	-	-	-	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

(**)The information in table above shows the total amount of "buy".

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

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

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

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

	Total Risk Group	Share in Financial Statements (%)
Borrowings	1.589.494	56,32
Deposit	70.218	0,97
Non-cash loans	41.434	2,35
Banks and Other Institutions	1.061	0,25
Loans	75	-

As of 30 June 2016, the Bank has realized interest expense amounting to TL 25.553 (30 June 2015: TL 17.316) on loans borrowed from the direct shareholders of the Bank.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

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

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

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

According to the Joint Expense Sharing Agreement with the Bank and its subsidiaries; the Bank has TL 166 (30 June 2015: 151) as other operating income and has TL 6 (30 June 2015: None) as other operating expense. From Burgan Finansal Kiralama A.Ş., and TL 24 (30 June 2015: TL 138) from Burgan Yatırım Menkul Değerler A.Ş. as other operating income and TL 117 as other commission expense (30 June 2015:None).

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Bank's risk group and the amount composes 0,38% (31 December 2015: 0,33%) of the Bank'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 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 Bank is included.

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 9.861 (30 June 2015: TL 9.048) which include total gross salary, travel, meal, health, life insurance and other expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

SECTION SIX

EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

The unconsolidated financial statements as of 30 June 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 unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

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%.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

EXPLANATION RELATED TO INTERIM ACTIVITY REPORT (Continued)

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

The Central Bank of Turkey has narrowed interest rate corridor through reducing marginal funding rate gradually in line with postponement of timing of next interest rate hike of FED and continuing supporting positions of other global central banks. Marginal funding rate has been reduced to 8,75% with a drop of 200 basis points in March-July period while overnight borrowing rate and weekly repo rate has been left stable at 7,25% and 7,5% levels respectively. Weighted funding rate has declined at a lower rate with a drop of 100 basis point to 8% in the same period.

National political developments and their reflections on risk premium and credit score will be monitored closely in the following period. Country score of Turkey has been taken into negative monitoring by Moody's and a possible downgrade shall mean a downfall from "investible" level. On the other hand, the power of global economic growth, timing of interest rate hike of FED and policy positions of other leading central banks will be monitored.

Unconsolidated balance sheet size of our Bank dated 30 June 2016 is TL 11.947.977 while its unconsolidated total deposit has reached to TL 7.231.455. Burgan Bank has maintained its continuous support to its customers in this period and its total unconsolidated net cash credits and factoring receivables have been realized as TL 9.148.418. Our unconsolidated capital adequacy ratio has been increase to 18,19% while our unconsolidated equity has been realized as TL 1.028.610. Our bank has gained a net profit of TL 20.119 in the second quarter of 2016. We will continue to render our services in 17 cities through deepening our relations with our current customers besides new customer gaining.

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

Ali Murat DİNÇ
Member of Board of Directors and General Manager

Mehmet N. ERTEN
Chairman of Board of Directors

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

EXPLANATION RELATED TO 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
Ermine Pınar Kuriş	Retail Banking	10.12.2013	Doctorate	16
Suat Kerem Söztüğüzel	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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

EXPLANATION RELATED TO INTERIM ACTIVITY REPORT (Continued)

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

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

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

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

IV. 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

EXPLANATION RELATED TO INTERIM ACTIVITY REPORT (Continued)

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

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.

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	11.947.977	10.674.834	11,9
Credits and Factoring Receivables (Net)	9.148.418	8.187.754	11,7
Securities	529.784	654.879	(19,1)
Deposits	7.231.455	6.695.608	8,0
Debts having credit characteristics	3.155.138	2.561.507	23,2
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	18,19%	15,97 %	13,9

	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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

EXPLANATION RELATED TO 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 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.

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	9.148	1.585.576	0,58
Customer Deposits	7.231	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