

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

## **BURGAN BANK A.Ş.**

**PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
TOGETHER WITH INDEPENDENT LIMITED REVIEW REPORT  
AT 31 MARCH 2016**

## **INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**

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

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

### ***Introduction***

We have reviewed the consolidated statement of financial position of Burgan Bank A.Ş. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) at 31 March 2016 and the related consolidated income statement, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### ***Scope of Review***

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

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Burgan Bank A.Ş. at 31 March 2016 and of the results of its operations and its cash flows for the three-month-period then ended in all aspects in accordance with the BRSA Accounting and Reporting Legislation.

### ***Report on other regulatory requirements arising from legislation***

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

**Additional paragraph for convenience translation to English:**

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

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

Fatma Ebru Yücel  
SMMM, Partner

İstanbul, 13 May 2016

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

**THE CONSOLIDATED INTERIM FINANCIAL REPORT OF  
BURGAN BANK A.Ş. AS OF 31 MARCH 2016**

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

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

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

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

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

13 May 2016

Mehmet N. ERTEN  
Chairman of the  
Board of Directors

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

Tuba Onay ERGELEN  
Finance Group Head

Ahmet CİĞA  
Head of Accounting,  
Tax, and  
Reporting Unit

Halil Cantekin  
Head of the Audit Committee

Adrian Alejandro  
GOSTUSKI  
Member of the Audit  
Committee

Osama T. AL GHOUSSEIN  
Member of the Audit  
Committee

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

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

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

Under the agreement regarding the sale of Eurobank Ergasias S.A.’s Turkey operations to Burgan Bank K.P.S.C.(formerly named as Burgan Bank S.A.K), 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. (formerly named as Burgan Bank S.A.K) 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. (formerly named as Burgan Bank S.A.K) in 21 December 2012.

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

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**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**GENERAL INFORMATION (Continued)**

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

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

Founded in 1977, Burgan Bank K.P.S.C. (formerly named as Burgan Bank S.A.K), 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).

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
<b>Chairman of the Board of Directors:</b>	Mehmet Nazmi Erten	Chairman of Board of Directors	Undergraduate
<b>Board of Directors Members:</b>	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
<b>General Manager:</b>	Ali Murat Dinç	Member and General Manager	Graduate
<b>Vice General Managers:</b>	Robbert J. R. Voogt	Operation, IT and Private Banking Senior Vice General Manager	Undergraduate
	Esra Aydın	Operations & Management Services	Undergraduate
	Mutlu Akpara	Treasury, Capital Market and Financial Institutions	Graduate
	Hüseyin Cem Öge	Corporate Banking	Graduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Emine Pınar Kuriş	Retail Banking	PHD
	Suat Kerem Sözügüzel	Commercial Banking	Undergraduate
	Hasan Hüseyin Uyar	Loans	Graduate
	Tuba Onay Ergelen	Finance Group Head	Undergraduate
<b>Audit Committee:</b>	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Osama T. Al Ghoussein	Member	Undergraduate

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**GENERAL INFORMATION (Continued)**

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

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

Based on the Principal Agreement, the Bank has 1.000.000 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.

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

As of 31 March 2016, the Parent Bank has 51 branches operating in Turkey (31 December 2015: 56). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 March 2016, the Group has 1.125 (31 December 2015: 1.164) employees.

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

None.



## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

- I. Consolidated balance sheet (Statement of financial position)
- II. Consolidated off-balance sheet commitments
- III. Consolidated income statement
- IV. Statement of income and expense items accounted in equity
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- VI. Consolidated statement of cash flows

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

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

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

I. BALANCE SHEET		Note (Section Five)	(31/03/2016)			(31/12/2015)		
			TL	FC	Total	TL	FC	Total
<b>ASSETS</b>								
I.	CASH AND BALANCES WITH CENTRAL BANK	I-a	112.799	986.488	1.099.287	147.888	946.187	1.094.075
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	112.958	50.940	163.898	72.578	37.310	109.888
2.1	Trading Financial Assets		112.958	50.940	163.898	72.578	37.310	109.888
2.1.1	Government Debt Securities		39.921	2.704	42.625	27.938	2.569	30.507
2.1.2	Share Certificates		2.372	-	2.372	-	-	-
2.1.3	Trading Derivative Financial Assets		51.970	46.744	98.714	37.598	34.517	72.115
2.1.4	Other Marketable Securities		18.695	1.492	20.187	7.042	224	7.266
2.2	Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	I-c	30.171	559.587	589.758	87.166	107.967	195.133
IV.	MONEY MARKETS		23.299	-	23.299	22.195	-	22.195
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		23.030	-	23.030	22.195	-	22.195
4.3	Receivables from Reverse Repurchase Agreements		269	-	269	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	175.114	283.400	458.514	272.856	380.474	653.330
5.1	Share Certificates		11.567	-	11.567	11.567	-	11.567
5.2	Government Debt Securities		160.700	217.497	378.197	258.441	279.985	538.426
5.3	Other Marketable Securities		2.847	65.903	68.750	2.848	100.489	103.337
VI.	LOANS	I-e	4.163.723	4.400.556	8.564.279	3.806.299	4.458.500	8.264.799
6.1	Loans		4.042.361	4.400.556	8.442.917	3.702.571	4.458.500	8.161.071
6.1.1	Loans to Bank's Risk Group		107	8	115	84	5	89
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		4.042.254	4.400.548	8.442.802	3.702.487	4.458.495	8.160.982
6.2	Loans under Follow-up		279.909	-	279.909	240.615	-	240.615
6.3	Specific Provisions (-)		158.547	-	158.547	136.887	-	136.887
VII.	FACTORING RECEIVABLES	I-e	724	791	1.515	856	817	1.673
VIII.	HELD-TO-MATURITY SECURITIES (Net)	I-f	-	-	-	-	-	-
8.1	Government Debt Securities		-	-	-	-	-	-
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	I-g	-	-	-	-	-	-
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		-	-	-	-	-	-
9.2.1	Financial Investments in Associates		-	-	-	-	-	-
9.2.2	Non-financial Investments in Associates		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	I-h	-	-	-	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	I-i	-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	I-j	333.553	674.643	1.008.196	305.404	623.323	928.727
12.1	Financial Lease Receivables		444.703	766.273	1.210.976	407.352	712.029	1.119.381
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		111.150	91.630	202.780	101.948	88.706	190.654
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	I-k	25.229	202	25.431	40.809	36	40.845
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		25.229	202	25.431	40.809	36	40.845
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)		62.760	-	62.760	63.580	-	63.580
XV.	INTANGIBLE ASSETS (Net)		43.745	-	43.745	45.737	-	45.737
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		43.745	-	43.745	45.737	-	45.737
XVI.	INVESTMENT PROPERTY (Net)	I-l	-	-	-	-	-	-
XVII.	TAX ASSET	I-m	13.918	-	13.918	9.541	-	9.541
17.1	Current Tax Asset		345	-	345	245	-	245
17.2	Deferred Tax Asset		13.573	-	13.573	9.296	-	9.296
XVIII.	ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-n	19.394	-	19.394	6.695	-	6.695
18.1	Held for Resale		19.394	-	19.394	6.695	-	6.695
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	I-o	90.016	54.428	144.444	88.376	48.523	136.899
<b>TOTAL ASSETS</b>			<b>5.207.403</b>	<b>7.011.035</b>	<b>12.218.438</b>	<b>4.969.980</b>	<b>6.603.137</b>	<b>11.573.117</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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**BURGAN BANK A.Ş.  
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)  
AT 31 MARCH 2016 AND 31 DECEMBER 2015**

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

I.	BALANCE SHEET	Note (Section Five)	(31/03/2016)			(31/12/2015)		
			TL	FC	Total	TL	FC	Total
	<b>LIABILITIES</b>							
<b>I.</b>	<b>DEPOSITS</b>	<b>II-a</b>	<b>2.179.453</b>	<b>4.541.447</b>	<b>6.720.900</b>	<b>1.872.349</b>	<b>4.739.162</b>	<b>6.611.511</b>
1.1	Deposits of Bank's Risk Group		7.458	21.989	29.447	4.586	19.440	24.026
1.2	Other		2.171.995	4.519.458	6.691.453	1.867.763	4.719.722	6.587.485
<b>II.</b>	<b>TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-b</b>	<b>63.135</b>	<b>40.741</b>	<b>103.876</b>	<b>46.703</b>	<b>29.613</b>	<b>76.316</b>
<b>III.</b>	<b>BORROWINGS</b>	<b>II-c</b>	<b>153.770</b>	<b>2.494.563</b>	<b>2.648.333</b>	<b>140.264</b>	<b>2.381.984</b>	<b>2.522.248</b>
<b>IV.</b>	<b>MONEY MARKETS</b>		<b>233.992</b>	<b>90.621</b>	<b>324.613</b>	<b>172.258</b>	<b>265.819</b>	<b>438.077</b>
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		75.801	-	75.801	42.291	-	42.291
4.3	Funds Provided Under Repurchase Agreements		158.191	90.621	248.812	129.967	265.819	395.786
<b>V.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>	<b>II-d</b>	<b>122.798</b>	-	<b>122.798</b>	<b>49.255</b>	-	<b>49.255</b>
5.1	Bills		73.550	-	73.550	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		49.248	-	49.248	49.255	-	49.255
<b>VI.</b>	<b>FUNDS</b>		-	-	-	-	-	-
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>80.856</b>	<b>86.760</b>	<b>167.616</b>	<b>92.320</b>	<b>66.902</b>	<b>159.222</b>
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	<b>II-e</b>	<b>80.516</b>	<b>3.038</b>	<b>83.554</b>	<b>82.853</b>	<b>2.253</b>	<b>85.106</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X.</b>	<b>LEASE PAYABLES (Net)</b>	<b>II-f</b>	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
<b>XI.</b>	<b>HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-g</b>	<b>10.276</b>	<b>2.555</b>	<b>12.831</b>	<b>15.132</b>	-	<b>15.132</b>
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		10.276	2.555	12.831	15.132	-	15.132
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	<b>II-h</b>	<b>74.408</b>	<b>64.232</b>	<b>138.640</b>	<b>81.733</b>	<b>59.435</b>	<b>141.168</b>
12.1	General Loan Loss Provision		41.717	42.321	84.038	38.681	38.816	77.497
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		18.748	-	18.748	26.817	-	26.817
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		13.943	21.911	35.854	16.235	20.619	36.854
<b>XIII.</b>	<b>TAX LIABILITY</b>	<b>II-i</b>	<b>28.869</b>	-	<b>28.869</b>	<b>23.687</b>	-	<b>23.687</b>
13.1	Current Tax Liability		28.869	-	28.869	23.687	-	23.687
13.2	Deferred Tax Liability		-	-	-	-	-	-
<b>XIV.</b>	<b>PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>II-j</b>	-	-	-	-	-	-
14.1	Held for Resale		-	-	-	-	-	-
14.2	Discontinued Operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	<b>II-k</b>	-	<b>848.756</b>	<b>848.756</b>	-	<b>438.893</b>	<b>438.893</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>II-l</b>	<b>1.015.304</b>	<b>2.348</b>	<b>1.017.652</b>	<b>1.013.359</b>	<b>(857)</b>	<b>1.012.502</b>
16.1	Paid-in Capital		900.000	-	900.000	900.000	-	900.000
16.2	Capital Reserves		15.984	2.348	18.332	20.270	(857)	19.413
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Reserve		(608)	4.140	3.532	(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)		4.017	(1.792)	2.225	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		19.107	-	19.107	19.107	-	19.107
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		73.982	-	73.982	68.098	-	68.098
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Income or (Loss)		6.231	-	6.231	5.884	-	5.884
16.4.1	Prior Years' Income or (Loss)		-	-	-	(46.285)	-	(46.285)
16.4.2	Current Year Income or (Loss)		6.231	-	6.231	52.169	-	52.169
16.5	Minority Shares		-	-	-	-	-	-
	<b>TOTAL LIABILITIES</b>		<b>4.043.377</b>	<b>8.175.061</b>	<b>12.218.438</b>	<b>3.589.913</b>	<b>7.983.204</b>	<b>11.573.117</b>

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

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

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

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

II. OFF-BALANCE SHEET		Note (Section Five)	(31/03/2016)			(31/12/2015)		
			TL	FC	Total	TL	FC	Total
<b>A</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>7.409.331</b>	<b>14.415.919</b>	<b>21.825.250</b>	<b>6.824.401</b>	<b>12.871.473</b>	<b>19.695.874</b>
<b>I</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>III-a-2-3</b>	<b>690.871</b>	<b>934.636</b>	<b>1.625.507</b>	<b>631.672</b>	<b>912.483</b>	<b>1.544.155</b>
1.1	Letters of Guarantee		687.491	608.458	1.295.949	628.292	596.943	1.225.235
1.1.1	Guarantees Subject to State Tender Law		5.817	12.809	18.626	7.486	26.218	33.704
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		681.674	595.649	1.277.323	620.806	570.725	1.191.531
1.2	Bank Acceptances		3.352	119.392	122.744	3.352	93.928	97.280
1.2.1	Import Letter of Acceptance		3.352	119.392	122.744	3.352	93.928	97.280
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	198.855	198.855	-	195.057	195.057
1.3.1	Documentary Letters of Credit		-	198.855	198.855	-	195.057	195.057
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		28	-	28	28	-	28
1.8	Other Guarantees		-	7.931	7.931	-	26.555	26.555
1.9	Other Collaterals		-	-	-	-	-	-
<b>II</b>	<b>COMMITMENTS</b>	<b>III-a-1</b>	<b>723.763</b>	<b>450.913</b>	<b>1.174.676</b>	<b>677.279</b>	<b>275.640</b>	<b>952.919</b>
2.1	Irrevocable Commitments		723.763	450.913	1.174.676	677.279	275.640	952.919
2.1.1	Asset Purchase and Sales Commitments		264.609	450.913	715.522	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		126.109	-	126.109	128.409	-	128.409
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		310.257	-	310.257	299.665	-	299.665
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		21.773	-	21.773	25.825	-	25.825
2.1.10	Promotion Commitments for Credit Cards and Banking Services		20	-	20	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		995	-	995	3.300	-	3.300
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>III</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>5.994.697</b>	<b>13.030.370</b>	<b>19.025.067</b>	<b>5.515.450</b>	<b>11.683.350</b>	<b>17.198.800</b>
3.1	Hedging Derivative Financial Instruments		248.580	915.370	1.163.950	248.580	736.192	984.772
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		248.580	915.370	1.163.950	248.580	736.192	984.772
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		5.746.117	12.115.000	17.861.117	5.266.870	10.947.158	16.214.028
3.2.1	Forward Foreign Currency Buy/Sell Transactions		594.209	1.120.869	1.715.078	374.864	949.719	1.324.583
3.2.1.1	Forward Foreign Currency Transactions-Buy		428.425	443.834	872.259	200.408	460.907	661.315
3.2.1.2	Forward Foreign Currency Transactions-Sell		165.784	677.035	842.819	174.456	488.812	663.268
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		2.862.453	6.958.397	9.820.850	2.902.323	6.961.022	9.863.345
3.2.2.1	Foreign Currency Swap-Buy		1.018.507	1.955.683	2.974.190	988.804	1.853.741	2.842.545
3.2.2.2	Foreign Currency Swap-Sell		1.403.946	1.608.710	3.012.656	1.473.519	1.390.415	2.863.934
3.2.2.3	Interest Rate Swap-Buy		220.000	1.697.002	1.917.002	220.000	1.858.433	2.078.433
3.2.2.4	Interest Rate Swap-Sell		220.000	1.697.002	1.917.002	220.000	1.858.433	2.078.433
3.2.3	Foreign Currency, Interest rate and Securities Options		2.288.635	4.035.734	6.324.369	1.988.329	3.036.417	5.024.746
3.2.3.1	Foreign Currency Options-Buy		1.182.546	1.978.524	3.161.070	985.139	1.524.640	2.509.779
3.2.3.2	Foreign Currency Options-Sell		1.106.089	2.057.210	3.163.299	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		820	-	820	1.354	-	1.354
<b>B</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>26.189.883</b>	<b>14.008.984</b>	<b>40.198.867</b>	<b>24.767.132</b>	<b>14.305.360</b>	<b>39.072.492</b>
<b>IV</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>1.688.818</b>	<b>109.364</b>	<b>1.798.182</b>	<b>1.600.255</b>	<b>117.865</b>	<b>1.718.120</b>
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		711.866	17.183	729.049	621.314	18.910	640.224
4.3	Cheques Received for Collection		876.929	82.990	959.919	843.730	83.272	927.002
4.4	Commercial Notes Received for Collection		99.870	9.191	109.061	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		153	-	153	30.128	-	30.128
4.8	Custodians		-	-	-	-	-	-
<b>V</b>	<b>PLEDGES RECEIVED</b>		<b>24.500.115</b>	<b>13.886.908</b>	<b>38.387.023</b>	<b>23.165.927</b>	<b>14.175.131</b>	<b>37.341.058</b>
5.1	Marketable Securities		1.043	-	1.043	1.043	-	1.043
5.2	Guarantee Notes		17.067.486	8.065.868	25.133.354	16.761.580	8.098.175	24.859.755
5.3	Commodity		692.864	8.088	700.952	677.707	8.807	686.514
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		6.345.789	4.079.243	10.425.032	5.399.915	4.197.673	9.597.588
5.6	Other Pledged Items		392.933	1.733.709	2.126.642	325.682	1.870.476	2.196.158
5.7	Pledged Items-Depository		-	-	-	-	-	-
<b>VI</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>950</b>	<b>12.712</b>	<b>13.662</b>	<b>950</b>	<b>12.364</b>	<b>13.314</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>			<b>33.599.214</b>	<b>28.424.903</b>	<b>62.024.117</b>	<b>31.591.533</b>	<b>27.176.833</b>	<b>58.768.366</b>

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

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

**BURGAN BANK A.Ş.  
CONSOLIDATED INCOME STATEMENT AS AT  
31 MARCH 2016 AND 31 MARCH 2015**

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

III. INCOME STATEMENT	Note (Section Five)	01/01/2016- 31/03/2016	01/01/2015- 31/03/2016
<b>INCOME AND EXPENSE ITEMS</b>			
<b>I. INTEREST INCOME</b>	<b>IV-a</b>	<b>290.847</b>	<b>205.406</b>
1.1 Interest on Loans		192.311	151.679
1.2 Interest Received from Reserve Requirements		2.445	455
1.3 Interest Received from Banks		298	1.442
1.4 Interest Received from Money Market Transactions		2.052	2.946
1.5 Interest Received from Marketable Securities Portfolio		10.611	10.473
1.5.1 Trading Financial Assets		1.227	1.217
1.5.2 Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3 Available-for-sale Financial Assets		9.384	9.256
1.5.4 Held-to-maturity Investments		-	-
1.6 Financial Lease Income		19.704	15.119
1.7 Other Interest Income	IV-k	63.426	23.292
<b>II. INTEREST EXPENSE (-)</b>	<b>IV-b</b>	<b>190.603</b>	<b>122.955</b>
2.1 Interest on Deposits (-)		91.246	68.056
2.2 Interest on Funds Borrowed (-)		25.273	20.504
2.3 Interest Expense on Money Market Transactions (-)		5.440	4.082
2.4 Interest on Securities Issued (-)		2.362	104
2.5 Other Interest Expenses (-)	IV-k	66.282	30.209
<b>III. NET INTEREST INCOME (I - II)</b>		<b>100.244</b>	<b>82.451</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>8.779</b>	<b>16.408</b>
4.1 Fees and Commissions Received		11.262	21.144
4.1.1 Non-cash Loans		3.311	2.662
4.1.2 Other	IV-k	7.951	18.482
4.2 Fees and Commissions Paid (-)		2.483	4.736
4.2.1 Non-cash Loans (-)		112	148
4.2.2 Other (-)	IV-k	2.371	4.588
<b>V. DIVIDEND INCOME</b>		<b>328</b>	<b>-</b>
<b>VI. TRADING INCOME / (LOSS) (Net)</b>	<b>IV-c</b>	<b>3.644</b>	<b>3.863</b>
6.1 Trading Gains/(Losses) on Securities		5.735	115
6.2 Trading Gains/(Losses) on Derivative Financial Instruments		(5.190)	(9.749)
6.3 Foreign Exchange Gains/(Losses)		3.099	13.497
<b>VII. OTHER OPERATING INCOME</b>	<b>IV-d</b>	<b>3.827</b>	<b>3.431</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>116.822</b>	<b>106.153</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>IV-e</b>	<b>26.455</b>	<b>13.631</b>
<b>X. OTHER OPERATING EXPENSES (-)(*)</b>	<b>IV-f</b>	<b>80.564</b>	<b>71.787</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>9.803</b>	<b>20.735</b>
<b>XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>
<b>XIII. INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XV. INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	<b>IV-g</b>	<b>9.803</b>	<b>20.735</b>
<b>XVI. TAX PROVISION FOR CONTINUING OPERATIONS (-)</b>	<b>IV-h</b>	<b>3.572</b>	<b>3.236</b>
16.1 Current Tax Provision (-)		7.579	1.902
16.2 Deferred Tax Provision (-)		(4.007)	1.334
<b>XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV- XVI)</b>	<b>IV-i</b>	<b>6.231</b>	<b>17.499</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XX. INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		<b>-</b>	<b>-</b>
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
<b>XXII. NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII. NET INCOME/(LOSS) (XVII+XXII)</b>	<b>IV-j</b>	<b>6.231</b>	<b>17.499</b>
Earnings / (Loss) per share (1.000 nominal in TL full)		0,069	0,194

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

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

**BURGAN BANK A.Ş.**

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN  
EQUITY FOR THE 31 MARCH 2016 AND 2015**

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

<b>IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY</b>	<b>31/03/2016</b>	<b>31/03/2015</b>
<b>I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>7.388</b>	<b>(2.061)</b>
<b>II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS</b>	-	-
<b>III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS</b>	-	-
<b>IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	-	-
<b>V. INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	<b>(8.739)</b>	<b>1.151</b>
<b>VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	-	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS(*)</b>	-	-
<b>VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS</b>	-	-
<b>IX. DEFERRED TAX ON VALUATION DIFFERENCES</b>	<b>270</b>	<b>182</b>
<b>X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)</b>	<b>(1.081)</b>	<b>(728)</b>
<b>XI. CURRENT PERIOD INCOME/LOSS</b>	<b>6.231</b>	<b>17.499</b>
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	1.993	1.191
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	4.238	16.308
<b>XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)</b>	<b>5.150</b>	<b>16.771</b>

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 MARCH 2015**

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

<b>V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>																	
	<b>Note (Section Five)</b>	<b>Paid-in Capital</b>	<b>Adjustment to Share Capital</b>	<b>Share Premium</b>	<b>Share Cancellation Profits</b>	<b>Legal Reserves</b>	<b>Status Reserves</b>	<b>Extraordinary Reserves</b>	<b>Other Reserves</b>	<b>Current Period Net Income/(Loss)</b>	<b>Prior Period Net Income/(Loss)</b>	<b>Marketable Securities Valuation Reserve</b>	<b>Tangible and Intangible Assets Revaluation Reserve</b>	<b>Bonus Shares Obtained from Investments</b>	<b>Hedging Reserves</b>	<b>Valuation Difference of AHS and Discontinued Operations</b>	<b>Shareholders' Equity</b>
<b>PRIOR PERIOD 31/03/2015</b>																	
<b>I. Prior Period End Balance (31/12/2014)</b>	<b>II-I</b>	<b>900.000</b>	-	-	-	<b>18.397</b>	-	<b>51.235</b>	<b>(2.492)</b>	<b>17.824</b>	<b>(46.285)</b>	<b>1.160</b>	<b>13.187</b>	-	-	-	<b>953.026</b>
<b>II. Corrections according to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I + II)</b>		<b>900.000</b>	-	-	-	<b>18.397</b>	-	<b>51.235</b>	<b>(2.492)</b>	<b>17.824</b>	<b>(46.285)</b>	<b>1.160</b>	<b>13.187</b>	-	-	-	<b>953.026</b>
<b>Changes in the Period</b>																	
<b>IV. Increase/Decrease due to the Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Marketable Securities Valuation Differences</b>		-	-	-	-	-	-	-	-	-	-	<b>(1.649)</b>	-	-	-	-	<b>(1.649)</b>
<b>VI. Hedging Reserves (Effective Portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	<b>921</b>	-	<b>921</b>
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	<b>921</b>	-	<b>921</b>
6.2 Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Revaluation Differences of Tangible Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Revaluation Differences of Intangible Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Foreign Exchange Difference</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Changes due to the Disposal of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Changes due to the Reclassification of the Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Effects of Changes in Equity of Investments in Associates</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Capital Increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Share Premium</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Share Cancellation Profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Adjustment to Share Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIX. Current Year Income or Loss</b>		-	-	-	-	-	-	-	-	<b>17.499</b>	-	-	-	-	-	-	<b>17.499</b>
<b>XX. Profit Distribution</b>		-	-	-	-	<b>710</b>	-	<b>16.863</b>	<b>251</b>	<b>(17.824)</b>	-	-	-	-	-	-	-
20.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	<b>710</b>	-	<b>16.863</b>	<b>251</b>	<b>(17.824)</b>	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+...+XX)</b>		<b>900.000</b>	-	-	-	<b>19.107</b>	-	<b>68.098</b>	<b>(2.241)</b>	<b>17.499</b>	<b>(46.285)</b>	<b>(489)</b>	<b>13.187</b>	-	<b>921</b>	-	<b>969.797</b>

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

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

**BURGAN BANK A.Ş.**

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

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

<b>V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>																			
CURRENT PERIOD 31/03/2016	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Equity Except for Minority Interest	Minority Interest	Total Shareholders' Equity
I. Prior Period End Balance (31/12/2015)	II-I	900.000	-	-	-	19.107	-	68.098	(2.547)	52.169	(46.285)	(2.378)	15.122	-	9.216	-	1.012.502	-	1.012.502
Changes in the Period																			
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	5.910	-	-	-	-	5.910	-	5.910
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(6.991)	-	(6.991)	-	(6.991)
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(6.991)	-	(6.991)	-	(6.991)
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Obtained from Investments in VII. Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	6.231	-	-	-	-	-	-	6.231	-	6.231
XVIII. Profit Distribution		-	-	-	-	-	-	5.884	-	(52.169)	46.285	-	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	-	-	5.884	-	(52.169)	46.285	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (I+II+III.+XVIII)</b>		<b>900.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.107</b>	<b>-</b>	<b>73.982</b>	<b>(2.547)</b>	<b>6.231</b>	<b>-</b>	<b>3.532</b>	<b>15.122</b>	<b>-</b>	<b>2.225</b>	<b>-</b>	<b>1.017.652</b>	<b>-</b>	<b>1.017.652</b>

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



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

**BURGAN BANK A.Ş.  
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED  
31 MARCH 2016 AND 2015**

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	31/03/2016	31/03/2015
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>11.866</b>	<b>(14.653)</b>
1.1.1 Interest received		320.085	166.512
1.1.2 Interest paid		(182.121)	(117.991)
1.1.3 Dividend received		328	-
1.1.4 Fees and commissions received		12.129	16.539
1.1.5 Other income		-	-
1.1.6 Collections from previously written-off loans and other receivables		23.471	20.866
1.1.7 Payments to personnel and service suppliers		(40.603)	(38.531)
1.1.8 Taxes paid		(345)	(3.164)
1.1.9 Other		(121.078)	(58.884)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(408.089)</b>	<b>(230.950)</b>
1.2.1 Net (increase)/decrease in trading securities		(27.385)	15.202
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net increase/(decrease) in due from banks		(57.786)	(87.577)
1.2.4 Net (increase)/decrease in loans		(314.066)	(476.313)
1.2.5 Net (increase)/decrease in other assets		(106.481)	(21.349)
1.2.6 Net (increase)/decrease in bank deposits		(90.475)	(110.461)
1.2.7 Net increase/(decrease) in other deposits		188.746	217.347
1.2.8 Net increase/(decrease) in funds borrowed		115.004	404.676
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		(115.646)	(172.475)
<b>I. Net cash provided from banking operations</b>		<b>(396.223)</b>	<b>(245.603)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>177.767</b>	<b>381.888</b>
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		(15.091)	(7.231)
2.4 Disposals of property and equipment		360	544
2.5 Cash paid for purchase of investments available-for-sale		(45.247)	-
2.6 Cash obtained from sale of investments available-for-sale		237.745	388.575
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from financing activities</b>		<b>497.123</b>	<b>-</b>
3.1 Cash obtained from funds borrowed and securities issued		497.123	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>63.624</b>	<b>5.316</b>
<b>V. Net (increase)/decrease in cash and cash equivalents (I+II+III+IV)</b>		<b>342.291</b>	<b>141.601</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>574.482</b>	<b>633.150</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>916.773</b>	<b>774.751</b>

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

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

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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**SECTION THREE**

**ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION:**

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

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

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

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

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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**ACCOUNTING POLICIES (Continued)**

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

None.

**Additional paragraph for convenience translation into English:**

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

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

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

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

As of 31 March 2016, foreign currency denominated balances are translated into TL using the exchange rates of TL 2,8249 and TL 3,2090 and TL for USD and EURO respectively.

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

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

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**ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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**ACCOUNTING POLICIES (Continued)**

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

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

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

As of 31 March 2016, The Parent Bank applies cash flow hedge accounting through cross and interest currency swaps to protect against changing in interest rate of FC deposit that is the average maturity of up to 3 months.

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

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

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:**

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

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

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:**

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

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**ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

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

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

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

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

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

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

**b. Held-to-maturity financial assets:**

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

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

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

**c. Loans and receivables:**

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

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**ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):**

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

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

**d. Available-for-sale financial assets:**

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

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

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

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:**

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

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

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**ACCOUNTING POLICIES (Continued)**

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:**

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

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

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

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

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

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

The Group has no discontinued operations.

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:**

**a. Goodwill**

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



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**ACCOUNTING POLICIES (Continued)**

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

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

**b. Other intangible assets**

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

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

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:**

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

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

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

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

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

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

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**ACCOUNTING POLICIES (Continued)**

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued):**

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

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

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

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

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

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

**XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:**

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

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

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**ACCOUNTING POLICIES (Continued)**

**XVI. EXPLANATIONS ON CONTINGENT ASSETS:**

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

**XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:**

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

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

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

**XVIII. EXPLANATIONS ON TAXATION :**

**a. Current tax:**

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

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**ACCOUNTING POLICIES (Continued)**

**XVIII. EXPLANATIONS ON TAXATION (Continued):**

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

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

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

**b. Deferred tax:**

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

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

**XIX. EXPLANATIONS ON BORROWINGS:**

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

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

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

**XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:**

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

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**ACCOUNTING POLICIES (Continued)**

**XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:**

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

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS:**

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

**XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:**

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

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

The date of 31 March 2016, in the Ordinary General Assembly, it was decided to the profit of the 2015, TL 52.169, is classified in extraordinary reserves.

**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.

	<b>31 March 2016</b>	<b>31 March 2015</b>
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	6.231	17.499
Weighted Average Number of Issued Ordinary Shares (Thousand)	90.000.000	90.000.000
<b>Earnings Per Ordinary Shares (Disclosed in full TL)</b>	<b>0,069</b>	<b>0,194</b>

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

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

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**ACCOUNTING POLICIES (Continued)**

**XXV. EXPLANATIONS ON RELATED PARTIES:**

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

**XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:**

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

**XXVII. EXPLANATIONS ON SEGMENT REPORTING:**

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

**XXVIII. RECLASSIFICATIONS:**

None.

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**SECTION FOUR**

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

**I. EXPLANATIONS ON EQUITY:**

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

As of 31 March 2016 Bank’s total capital has been calculated as TL 1.822.202, Capital adequacy ratio is 17,07%. As of 31 December 2015, Bank’s total capital amounted to TL 1.462.534, Capital adequacy ratio was 14,49% calculated pursuant to former regulations.

	Current Period 31 March 2016	Amounts related to treatment before 1/1/2014(*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	93.273	
Gains recognized in equity as per TAS	23.279	
Profit	6.231	
Current Period Profit	6.231	
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	<b>1.022.783</b>	
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	5.131	
Improvement costs for operating leasing	17.777	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	25.933	43.221
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	4.017	
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	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>52.858</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>969.925</b>	

(\*) 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 GROUP  
(Continued)**

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

	Current Period 31 March 2016	Amounts related to treatment before 1/1/2014(*)
<b>ADDITIONAL TIER I CAPITAL</b>		
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)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
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	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	17.288	-
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 (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>952.637</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	847.470	
Provisions (Article 8 of the Regulation on the Equity of Banks)	84.038	
<b>Tier II Capital Before Deductions</b>	<b>931.508</b>	
<b>Deductions From Tier II Capital</b>		
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.	1.492	
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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>1.492</b>	
<b>Total Tier II Capital</b>	<b>930.016</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>1.882.653</b>	
<b>Deductions from Total Capital</b>		
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	451	
Other items to be defined by the BRSA (-)	-	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	



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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP  
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**I. EXPLANATIONS ON EQUITY (Continued):**

	Current Period 31 March 2016	Amounts related to treatment before 1/1/2014(*)
<b>TOTAL CAPITAL</b>		
Total Capital	1.882.202	
Total risk weighted amounts	11.026.750	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	8,80	
Tier I Capital Adequacy Ratio	8,64	
Capital Adequacy Ratio	17,07	
<b>BUFFERS</b>		
Total buffer requirement	0,625	
Capital conservation buffer requirement	0,625	
Bank specific counter-cyclical buffer requirement	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4,30	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	24.274	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	84.038	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	84.038	
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	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
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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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016

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

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

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

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

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP  
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**I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued):**

<b>Details on Subordinated Liabilities</b>		
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)	423.735	423.735
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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**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:

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

**Overview of RWA**

		Risk Weighted Amounts		Minimum capital liability
		Current Period	Prior Period	Current Period
		31 March 2016	31 December 2015	31 March 2016
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	10.058.705	9.359.687	804.696
2	Standardised approach (SA)	10.058.705	9.359.687	804.696
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	149.636	32.911	11.971
5	Standardised approach for counterparty credit risk (SA-CCR)	149.636	32.911	11.971
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 - %250 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	160.508	170.538	12.841
17	Standardised approach (SA)	160.508	170.538	12.841
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	657.901	533.188	52.632
20	Basic indicator approach	657.901	533.188	52.632
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor Adjustments	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>11.026.750</b>	<b>10.096.324</b>	<b>882.140</b>

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

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**III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:**

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

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

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

	EUR		USD	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
<b>31 March 2016 / 31 December 2015</b>				
<b>Bid rate</b>	<b>TL 3,2090</b>	<b>TL 3,1838</b>	<b>TL 2,8249</b>	<b>TL 2,9181</b>
1. Day bid rate	TL 3,2090	TL 3,1838	TL 2,8249	TL 2,9181
2. Day bid rate	TL 3,2081	TL 3,1776	TL 2,8334	TL 2,9076
3. Day bid rate	TL 3,2114	TL 3,1921	TL 2,8695	TL 2,9084
4. Day bid rate	TL 3,2082	TL 3,2006	TL 2,8733	TL 2,9157
5. Day bid rate	TL 3,2049	TL 3,1904	TL 2,8705	TL 2,9123

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

	EUR		USD	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Arithmetic average-30 days	TL 3,2050	TL 3,1802	TL 2,8819	TL 2,9186

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GROUP (Continued)**

**III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):**

**Information on currency risk of the Group:**

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

	EUR	USD	Other FC	Total
<b>31 March 2016</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	4.175	981.382	931	986.488
Due From Banks	145.233	412.685	1.669	559.587
Financial Assets at Fair Value Through Profit or Loss (*)	17.116	20.820	3.394	41.330
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	283.400	-	283.400
Loans (*)	2.463.908	2.729.827	23.840	5.217.575
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	34	168	-	202
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	405.731	323.192	148	729.071
<b>Total Assets</b>	<b>3.036.197</b>	<b>4.751.474</b>	<b>29.982</b>	<b>7.817.653</b>
<b>Liabilities</b>				
Bank Deposits	385	6.628	1	7.014
Foreign Currency Deposits	931.074	3.576.050	27.309	4.534.433
Funds From Interbank Money Market	-	90.621	-	90.621
Funds Borrowed From Other Financial Institutions	650.947	2.692.372	-	3.343.319
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	48.455	38.296	9	86.760
Hedging Derivative Financial Liabilities	1.642	913	-	2.555
Other Liabilities (*)	10.520	18.612	3.615	32.747
<b>Total Liabilities</b>	<b>1.643.023</b>	<b>6.423.492</b>	<b>30.934</b>	<b>8.097.449</b>
<b>Net On-balance Sheet Position</b>	<b>1.393.174</b>	<b>(1.672.018)</b>	<b>(952)</b>	<b>(279.796)</b>
<b>Net Off-balance Sheet Position</b>	<b>(1.391.608)</b>	<b>1.715.917</b>	<b>724</b>	<b>325.033</b>
Financial Derivative Assets	678.914	3.971.081	200.662	4.850.657
Financial Derivative Liabilities	2.070.522	2.255.164	199.938	4.525.624
<b>Non-Cash Loans (**)</b>	<b>340.925</b>	<b>574.168</b>	<b>19.543</b>	<b>934.636</b>
<b>31 December 2015</b>				
Total Assets (*)	2.820.654	4.522.491	39.907	7.383.052
Total Liabilities (*)	1.541.273	6.341.765	35.582	7.918.620
<b>Net On-balance Sheet Position</b>	<b>1.279.381</b>	<b>(1.819.274)</b>	<b>4.325</b>	<b>(535.568)</b>
<b>Net Off-balance Sheet Position</b>	<b>(1.272.953)</b>	<b>1.853.617</b>	<b>(2.978)</b>	<b>577.686</b>
Financial Derivative Assets	688.571	3.412.745	79.103	4.180.419
Financial Derivative Liabilities	1.961.524	1.559.128	82.081	3.602.733
<b>Non-Cash Loans (**)</b>	<b>320.947</b>	<b>570.585</b>	<b>20.951</b>	<b>912.483</b>

(\*)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 issued amounting to TL 816.228 (31 December 2015: TL 784.445) classified as Turkish Lira assets in the 31 March 2016 financial statements are added to the table above and there is no foreign currency indexed loans received in the current period (31 December 2015: None). Besides these, in assets "Income Accruals of Derivative Financial Instruments" amounting to TL 9.610 (31 December 2015: TL 4.530), in liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL 11.209 (31 December 2015: TL 6.189), "General Provisions" amounting to TL 42.321 (31 December 2015: TL 38.816), free provisions amounting to TL 21.734 (31 December 2015: TL 20.436) and "Marketable Securities Valuation Reserve" amounting to TL 2.348 (31 December 2015: TL (857)) are not included in the table above.

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

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

**IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:**

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

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

**a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:**

<b>31 March 2016</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Year</b>	<b>5 Year and Over</b>	<b>Non Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	893.248	-	-	-	-	206.039	1.099.287
Due From Banks	561.950	-	-	-	-	27.808	589.758
Financial Assets at Fair Value Through Profit/Loss (*)	53.406	25.531	45.609	40.377	18.734	5.672	189.329
Interbank Money Market Placements	23.299	-	-	-	-	-	23.299
Available-for-Sale Financial Assets	2.959	1	160.590	108.595	174.802	11.567	458.514
Loans	2.930.250	1.991.849	2.382.763	1.117.336	22.234	121.362	8.565.794
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	60.131	49.052	200.480	631.072	67.461	284.261	1.292.457
<b>Total Assets</b>	<b>4.525.243</b>	<b>2.066.433</b>	<b>2.789.442</b>	<b>1.897.380</b>	<b>283.231</b>	<b>656.709</b>	<b>12.218.438</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	7.538	7.538
Other Deposits	4.470.099	1.600.914	359.567	19.253	-	263.529	6.713.362
Funds From Interbank Money Market	234.006	-	90.607	-	-	-	324.613
Miscellaneous Payables	-	-	-	-	-	167.616	167.616
Marketable Securities Issued	-	122.798	-	-	-	-	122.798
Funds Borrowed From Other Financial Institutions	270.528	2.514.794	676.558	35.209	-	-	3.497.089
Other Liabilities (**)(**)	72.514	21.619	17.023	5.551	-	1.268.715	1.385.422
<b>Total Liabilities</b>	<b>5.047.147</b>	<b>4.260.125</b>	<b>1.143.755</b>	<b>60.013</b>	<b>-</b>	<b>1.707.398</b>	<b>12.218.438</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>1.645.687</b>	<b>1.837.367</b>	<b>283.231</b>	<b>-</b>	<b>3.766.285</b>
<b>Balance Sheet Short Position</b>	<b>(521.904)</b>	<b>(2.193.692)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.050.689)</b>	<b>(3.766.285)</b>
Off-balance Sheet Long Position	362	-	22.197	39.272	-	-	61.831
Off-balance Sheet Short Position	(18.684)	(17.425)	(1.738)	-	-	-	(37.847)
<b>Total Position</b>	<b>(540.226)</b>	<b>(2.211.117)</b>	<b>1.666.146</b>	<b>1.876.639</b>	<b>283.231</b>	<b>(1.050.689)</b>	<b>23.984</b>

(\*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 25.431 and other liabilities includes hedging derivative financial liabilities amounting to TL 12.831 classified to a related re-pricing periods.

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

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GROUP (Continued)**

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

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

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



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

**b. Average interest rates for monetary financial instruments:**

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

<b>31 March 2016</b>	<b>EUR</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	0,49	-	3,90
Due From Banks	0,03	0,30	-	10,52
Financial Assets at Fair Value Through Profit/Loss	-	4,88	-	8,88
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	6,11	-	10,11
Loans	4,84	5,95	-	15,20
Held-to-Maturity Investments	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	-	-	-	0,14
Other Deposits (*)	2,00	2,95	-	12,66
Funds From Interbank Money Market	-	1,46	-	6,38
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	12,03
Funds Borrowed From Other Financial Institutions	2,39	3,18	-	11,49

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

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

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

**c. Interest rate risk resulting from banking accounts:**

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

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

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

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

Currency	Applied Shock (+/- x basis point)	Earnings/ Losses	Earnings/ Equities-Losses/ Equities
1. TRY	+500 bp	(46.541)	(2,5)%
2. TRY	-400 bp	42.426	2,2%
3. EURO	+200 bp	(6.557)	(0,3)%
4. EURO	-200 bp	(1.197)	(0,1)%
5. USD	+200 bp	(31.499)	(1,7)%
6. USD	-200 bp	21.178	1,1%
<b>Total (For Negative Shocks)</b>		<b>62.407</b>	<b>3,2%</b>
<b>Total (For Positive Shocks)</b>		<b>(84.597)</b>	<b>(4,5)%</b>

**d. Share position risk resulting from banking accounts:**

None.

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**V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK:**

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

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

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

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

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

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

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

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

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

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

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

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

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**V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):**

**Liquidity Coverage Ratio:**

31 March 2016		Rate of “Percentage to be taken into account” not Implemented Total value (*)		Rate of “Percentage to be taken into account” Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High Quality Liquid Assets			958.113	732.809
<b>CASH OUT FLOWS</b>					
2	Retail and Small Business Customers Deposits	4.329.130	2.891.320	246.741	162.691
3	Stable deposits	3.723.440	2.528.800	186.172	126.440
4	Less stable deposits	605.690	362.520	60.569	36.251
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.076.359	1.461.448	1.104.734	743.226
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	1.744.564	1.304.738	773.252	586.515
8	Other Unsecured Funding	331.795	156.710	331.482	156.711
9	Secured funding			30.196	30.196
10	Other Cash Outflows	1.001	109.410	31.013	139.422
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.001	109.410	31.013	139.422
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	1.827.878	915.660	192.459	99.087
16	<b>TOTAL CASH OUTFLOWS</b>			<b>1.605.143</b>	<b>1.174.622</b>
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	989.845	379.120	653.171	332.698
19	Other contractual cash inflows	11.079	113.534	11.079	113.534
20	<b>TOTAL CASH INFLOWS</b>	<b>1.000.924</b>	<b>492.654</b>	<b>664.250</b>	<b>446.232</b>
				<b>Upper Limit Applied Amounts</b>	
21	<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>958.113</b>	<b>732.809</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>940.893</b>	<b>728.390</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>101,83</b>	<b>100,61</b>

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

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

**V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):**

31 December 2015		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High Quality Liquid Assets			967.908	670.640
<b>CASH OUT FLOWS</b>					
2	Retail and Small Business Customers Deposits	3.872.370	2.728.000	236.820	169.515
3	Stable deposits	3.008.360	2.065.700	150.418	103.285
4	Less stable deposits	864.010	662.300	86.401	66.230
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.460.400	1.806.836	1.297.313	911.825
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	2.111.969	1.637.198	949.188	742.187
8	Other Unsecured Funding	348.431	169.638	348.125	169.638
9	Secured funding			16.749	16.749
10	Other Cash Outflows	2.551	161.876	32.563	191.888
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.551	161.876	32.563	191.888
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	1.866.583	968.105	197.672	105.653
16	<b>TOTAL CASH OUTFLOWS</b>			<b>1.781.117</b>	<b>1.395.630</b>
<b>CASH IN FLOWS</b>					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	767.474	175.068	443.493	132.697
19	Other contractual cash inflows	11.143	381.468	11.142	381.468
20	<b>TOTAL CASH INFLOWS</b>	<b>778.617</b>	<b>556.536</b>	<b>454.635</b>	<b>514.165</b>
				<b>Upper Limit Applied Amounts</b>	
21	<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>967.908</b>	<b>670.640</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>1.326.482</b>	<b>881.465</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>72,97</b>	<b>76,08</b>

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

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**V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):**

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

High quality liquid assets of the Parent Bank consist of accounts in Central Bank of Turkey at a ratio of 78% and securities issued by Undersecretariat of Treasury at a ratio of 16%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 15%, 61% and 12% respectively.

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

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. As of 31 March 2016, information regarding aforementioned cash outflow are as follows:

Date Range	Liabilities depending upon Possibility of Change in Fair Values of derivative transactions and Other Liabilities	
	FC	FC + TL
01 January 2016 – 31 March 2016	30,012	30,012

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

Current Period	Maximum (%)		Minimum (%)	
	FC	FC + TL	FC	FC + TL
Monthly Arithmetic Average (%)	124,08	132,12	90,24	84,18
Monthly	29 February 2016	31 March 2016	31 January 2016	31 January 2016

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

**V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued):**

**Breakdown of assets and liabilities according to their outstanding maturities:**

<b>31 March 2016</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Year</b>	<b>5 Year and Over</b>	<b>Unclassified (***)</b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	24.258	1.075.029	-	-	-	-	-	1.099.287
Due From Banks	27.808	561.950	-	-	-	-	-	589.758
Financial Assets at Fair Value Through Profit or Loss (*)	2.252	52.194	24.746	39.811	44.231	22.675	3.420	189.329
Interbank Money Market Placements	-	23.299	-	-	-	-	-	23.299
Available-for-Sale Financial Assets	-	2.959	-	31.540	237.646	174.802	11.567	458.514
Loans	-	1.004.160	1.553.183	2.048.525	3.084.552	754.012	121.362	8.565.794
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	43.884	123.746	49.280	212.701	651.214	67.461	144.171	1.292.457
<b>Total Assets</b>	<b>98.202</b>	<b>2.843.337</b>	<b>1.627.209</b>	<b>2.332.577</b>	<b>4.017.643</b>	<b>1.018.950</b>	<b>280.520</b>	<b>12.218.438</b>
<b>Liabilities</b>								
Bank Deposits	7.538	-	-	-	-	-	-	7.538
Other Deposits	263.529	4.470.099	1.600.914	359.567	19.253	-	-	6.713.362
Funds Borrowed From Other Financial Institutions	-	91.660	173.563	980.811	1.386.098	864.957	-	3.497.089
Funds From Interbank Money Market	-	234.007	-	-	46.127	44.479	-	324.613
Marketable Securities Issued	-	-	73.550	-	49.248	-	-	122.798
Miscellaneous Payables	-	35.991	4.612	-	-	-	127.013	167.616
Other Liabilities (*) (***)	-	168.854	20.889	26.804	14.183	-	1.154.692	1.385.422
<b>Total Liabilities</b>	<b>271.067</b>	<b>5.000.611</b>	<b>1.873.528</b>	<b>1.367.182</b>	<b>1.514.909</b>	<b>909.436</b>	<b>1.281.705</b>	<b>12.218.438</b>
<b>Net Liquidity Gap</b>	<b>(172.865)</b>	<b>(2.157.274)</b>	<b>(246.319)</b>	<b>965.395</b>	<b>2.502.734</b>	<b>109.514</b>	<b>(1.001.185)</b>	<b>-</b>
<b>Net Off-balance sheet position</b>	<b>-</b>	<b>(12.675)</b>	<b>(30.570)</b>	<b>13.915</b>	<b>(39.920)</b>	<b>50</b>	<b>-</b>	<b>(69.200)</b>
Financial Derivative Assets	-	3.207.940	968.250	1.030.258	327.014	86	-	5.533.548
Financial Derivative Liabilities	-	(3.220.615)	(998.820)	(1.016.343)	(366.934)	(36)	-	(5.602.748)
<b>Non-cash Loans</b>	<b>-</b>	<b>951.256</b>	<b>96.456</b>	<b>418.437</b>	<b>159.274</b>	<b>84</b>	<b>-</b>	<b>1.625.507</b>
<b>31 December 2015</b>								
Total Assets	86.874	2.445.233	1.641.329	2.130.661	3.843.578	1.177.865	247.577	11.573.117
Total Liabilities	460.185	4.355.341	2.442.017	1.171.264	1.434.063	454.832	1.255.415	11.573.117
<b>Net Liquidity Gap</b>	<b>(373.311)</b>	<b>(1.910.108)</b>	<b>(800.688)</b>	<b>959.397</b>	<b>2.409.515</b>	<b>723.033</b>	<b>(1.007.838)</b>	<b>-</b>
<b>Net Off-balance sheet position</b>	<b>-</b>	<b>(8.216)</b>	<b>(24.211)</b>	<b>(13.178)</b>	<b>(43.907)</b>	<b>69</b>	<b>-</b>	<b>(89.443)</b>
Financial Derivative Assets	-	2.420.093	1.154.880	713.830	340.179	117	-	4.629.099
Financial Derivative Liabilities	-	(2.428.309)	(1.179.091)	(727.008)	(384.086)	(48)	-	(4.718.542)
<b>Non-cash Loans</b>	<b>-</b>	<b>896.694</b>	<b>137.512</b>	<b>360.042</b>	<b>149.091</b>	<b>816</b>	<b>-</b>	<b>1.544.155</b>

(\*) The 1-5 years maturity period of Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 25.431 and the 1-5 years maturity period of Other Liabilities includes hedging derivative financial liabilities amounting to TL 12.831.

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

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



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GROUP (Continued)**

**VI. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:**

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

As of 31 March 2016, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 6,54% (31 December 2015: 6,77%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in the balance sheet assets.

**Disclosure of Leverage ratio template :**

	31 March 2016 (*)	31 December 2015 (*)
<b>Balance sheet assets</b>		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	11.861.922	11.551.398
(Assets deducted from Core capital)	62.068	55.558
Total risk amount of balance sheet assets	11.799.854	11.495.840
<b>Derivative financial assets and credit derivatives</b>		
Cost of replenishment for derivative financial assets and credit derivatives	99.490	91.827
Potential credit risk amount of derivative financial assets and credit derivatives	-	-
Total risk amount of derivative financial assets and credit derivatives	99.490	91.827
<b>Financing transactions secured by marketable security or commodity</b>		
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	-	-
<b>Off-balance sheet transactions</b>		
Gross notional amount of off-balance sheet transactions	2.717.461	2.521.389
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	2.717.461	2.521.389
<b>Capital and total risk</b>		
Core Capital	954.923	954.874
Total risk amount	14.616.805	14.109.057
<b>Leverage ratio</b>		
Leverage ratio	6,54%	6,77%

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

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

**VII. EXPLANATIONS ON HEDGE TRANSACTIONS:**

As of 31 March 2016, The Parent Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity upto 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Hedging Funds", whereas the amount concerning ineffective parts is associated with income statement.

The swaps, of which carrying amount is TL 25.431 derivative financial assets and TL 12.831 derivative financial liabilities (31 December 2015: TL 15.132), as of balance sheet date, are subjected to hedge accounting as hedging instruments. As a result of mentioned hedging account, the fair value expense in the amount of TL 6.991 (31 March 2015: 921) the fair value income after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 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 (31 December 2015: None).

It is determined in the measurements carried out as of the date of 31 March 2016 that above mentioned cash flow hedging transactions are effective.

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**VIII. EXPLANATIONS ON OPERATING SEGMENTS:**

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

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

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

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

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

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

	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other</b>	<b>Total Operations of the Group</b>
<b>31 March 2016</b>					
Segment revenue	18.675	66.103	14.120	17.596	116.494
Unallocated costs(-)	-	-	-	19.143	107.019
<b>Net Operating Profit</b>	<b>18.675</b>	<b>66.103</b>	<b>14.120</b>	<b>36.739</b>	<b>9.475</b>
Dividend income	-	-	-	-	328
Income/(loss) from investments accounted based on equity method	-	-	-	-	-
<b>Profit Before Tax</b>	-	-	-	-	<b>9.803</b>
Tax expense(-)	-	-	-	-	3.572
<b>Net Profit / Loss</b>	-	-	-	-	<b>6.231</b>
Segment assets	1.535.192	7.572.572	1.663.247	1.238.605	12.009.616
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	208.822
<b>Total Assets</b>	<b>1.535.192</b>	<b>7.572.572</b>	<b>1.663.247</b>	<b>1.238.605</b>	<b>12.218.438</b>
Segment liabilities	4.449.006	2.306.000	3.070.434	1.238.605	11.064.045
Unallocated liabilities	-	-	-	-	1.154.393
<b>Total Liabilities</b>	<b>4.449.006</b>	<b>2.306.000</b>	<b>3.070.434</b>	<b>1.238.605</b>	<b>12.218.438</b>

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

	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other(*)</b>	<b>Total Operations of the Group</b>
<b>31 March 2015</b>					
Segment revenue	21.354	55.904	4.171	24.724	106.153
Unallocated costs(-)	-	-	-	14.258	85.418
<b>Net Operating Profit</b>	<b>21.354</b>	<b>55.904</b>	<b>4.171</b>	<b>10.466</b>	<b>20.735</b>
Dividend income	-	-	-	-	-
Income/(loss) from investments accounted based on equity method	-	-	-	-	-
<b>Profit Before Tax</b>	-	-	-	-	<b>20.735</b>
Tax expense(-)	-	-	-	-	3.236
<b>Net Profit / Loss</b>	-	-	-	-	<b>17.499</b>
<b>31 December 2015</b>					
Segment assets	1.422.695	7.389.370	1.439.612	1.127.005	11.378.682
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	194.435
<b>Total Assets</b>	<b>1.422.695</b>	<b>7.389.370</b>	<b>1.439.612</b>	<b>1.127.005</b>	<b>11.573.117</b>
Segment liabilities	3.869.078	2.774.442	2.653.260	1.127.005	10.423.785
Unallocated liabilities	-	-	-	-	1.149.332
<b>Total Liabilities</b>	<b>3.869.078</b>	<b>2.774.442</b>	<b>2.653.260</b>	<b>1.127.005</b>	<b>11.573.117</b>

(\*)Balances from previous period has recalculated based on equity method practice.

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**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS**

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

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

	31 March 2016		31 December 2015	
	TL	FC	TL	FC
Cash/Foreign currency	12.553	11.688	13.420	12.994
CBRT	100.246	974.800	134.468	933.193
Other	-	-	-	-
<b>Total</b>	<b>112.799</b>	<b>986.488</b>	<b>147.888</b>	<b>946.187</b>

2. Information on the account of the CBRT:

	31 March 2016		31 December 2015	
	TL	FC	TL	FC
Demand Unrestricted Amount	100.246	180.786	134.468	197.171
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	794.014	-	736.022
<b>Total</b>	<b>100.246</b>	<b>974.800</b>	<b>134.468</b>	<b>933.193</b>

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 31 March 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 31 March 2016 (31 December 2015: 5% and 25% for all foreign currency liabilities).

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

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

	31 March 2016		31 December 2015	
	TL	FC	TL	FC
Forward Transactions	23.547	6.882	11.203	1.264
Swap Transactions	27.393	14.335	26.262	14.697
Futures Transactions	-	-	-	-
Options	1.030	25.527	133	18.556
Other	-	-	-	-
<b>Total</b>	<b>51.970</b>	<b>46.744</b>	<b>37.598</b>	<b>34.517</b>

**c. Information on banks:**

- Information on banks:

	31 March 2016		31 December 2015	
	TL	FC	TL	FC
Banks				
Domestic	30.171	548.054	87.166	90.513
Foreign	-	11.533	-	17.454
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>30.171</b>	<b>559.587</b>	<b>87.166</b>	<b>107.967</b>

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

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

As of 31 March 2016, there are TL 38.404 available-for-sale financial assets given as collateral/blocked (31 December 2015: TL 70.153) and those subject to repurchase agreements amounts to TL 263.034 (31 December 2015: TL 470.878).

- Information on available-for-sale financial assets:

	31 March 2016	31 December 2015
Debt Securities	447.862	644.190
Quoted on Stock Exchange	164.449	262.191
Not Quoted	283.413	381.999
Share Certificates	10.665	10.665
Quoted on Stock Exchange	-	-
Not Quoted	10.665	10.665
Impairment Provision (-)	13	1.525
<b>Total</b>	<b>458.514</b>	<b>653.330</b>

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(Continued)**

**e. Explanations on loans:**

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

	31 March 2016		31 December 2015	
	Cash	Non-cash	Cash	Non-cash
<b>Direct Loans Granted To Shareholders</b>	-	212	-	219
Corporate Shareholders	-	212	-	219
Real Person Shareholders	-	-	-	-
<b>Indirect Loans Granted To Shareholders</b>	-	-	-	-
<b>Loans Granted To Employees</b>	4.816	-	4.896	-
<b>Total</b>	<b>4.816</b>	<b>212</b>	<b>4.896</b>	<b>219</b>

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

i.

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Restructured or Rescheduled		Loans and Other Receivables (Total)	Restructured or Rescheduled	
		Loans with Restructured Payment Plans	Other		Loans with Restructured Payment Plans	Other
Non-Specialised Loans	7.889.521	6.206	-	554.911	196.113	2.139
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	512.894	367	-	70.338	3.355	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	344.356	-	-	-	-	-
Consumer Loans	147.203	-	-	10.122	-	-
Credit Cards	6.974	-	-	1.215	-	-
Other (*)	6.878.094	5.839	-	473.236	192.758	2.139
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
<b>Total</b>	<b>7.889.521</b>	<b>6.206</b>	<b>-</b>	<b>554.911</b>	<b>196.113</b>	<b>2.139</b>

(\*) The Group also has TL 1.515 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	6.115	196.113
3,4 or 5 times	-	-
Over 5 times	91	-
<b>Total</b>	<b>6.206</b>	<b>196.113</b>

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iii.

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	6.206	107.005
6 Months – 12 Months	-	6.520
1-2 Years	-	2.976
2-5 Years	-	79.612
5 Years and Over	-	-
<b>Total</b>	<b>6.206</b>	<b>196.113</b>

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

	Short- term	Medium and Long-term	Total
<b>Consumer Loans-TL</b>	<b>6.440</b>	<b>133.975</b>	<b>140.415</b>
Real estate loans	-	50.129	50.129
Automotive loans	-	677	677
Consumer loans	6.440	83.169	89.609
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	-	<b>1.172</b>	<b>1.172</b>
Real estate loans	-	1.172	1.172
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>3.302</b>	-	<b>3.302</b>
With installments	-	-	-
Without installments	3.302	-	3.302
<b>Individual Credit Cards- FC</b>	<b>54</b>	-	<b>54</b>
With installments	-	-	-
Without installments	54	-	54
<b>Personnel Loans-TL</b>	<b>336</b>	<b>3.723</b>	<b>4.059</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	336	3.723	4.059
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>746</b>	-	<b>746</b>
With installments	-	-	-
Without installments	746	-	746
<b>Personnel Credit Cards-FC</b>	<b>11</b>	-	<b>11</b>
With installments	-	-	-
Without installments	11	-	11
<b>Credit Deposit Account-TL (Real Person)</b>	<b>11.679</b>	-	<b>11.679</b>
<b>Credit Deposit Account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>22.568</b>	<b>138.870</b>	<b>161.438</b>



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

	Short-term	Medium and long-term	Total
<b>Commercial Installments Loans-TL</b>	<b>56.723</b>	<b>803.563</b>	<b>860.286</b>
Real estate loans	-	-	-
Automotive loans	833	9.248	10.081
Consumer loans	55.890	794.315	850.205
Other	-	-	-
<b>Commercial Installments Loans-FC Indexed</b>	<b>21.576</b>	<b>316.517</b>	<b>338.093</b>
Real estate loans	-	-	-
Automotive loans	-	7.477	7.477
Consumer loans	21.576	309.040	330.616
Other	-	-	-
<b>Commercial Installments Loans-FC</b>	<b>-</b>	<b>1.547.952</b>	<b>1.547.952</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	1.547.952	1.547.952
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>4.067</b>	<b>-</b>	<b>4.067</b>
With installment	-	-	-
Without installment	4.067	-	4.067
<b>Corporate Credit Cards-FC</b>	<b>9</b>	<b>-</b>	<b>9</b>
With installment	-	-	-
Without installment	9	-	9
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>38.630</b>	<b>-</b>	<b>38.630</b>
<b>Credit Deposit Account-FC (Legal Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>121.005</b>	<b>2.668.032</b>	<b>2.789.037</b>

5. Loans according to types of borrowers:

	31 March 2016	31 December 2015
Public	-	4.500
Private	8.444.432	8.158.244
<b>Total</b>	<b>8.444.432</b>	<b>8.162.744</b>

6. Distribution of domestic and foreign loans:

	31 March 2016	31 December 2015
Domestic Loans	8.444.432	8.162.744
Foreign Loans	-	-
<b>Total</b>	<b>8.444.432</b>	<b>8.162.744</b>

7. Loans given to investments in associates and subsidiaries:

None (31 December 2015 : None).

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8. Specific provisions provided against loans:

	31 March 2016	31 December 2015
Loans and Other Receivables with Limited Collectability	4.706	4.512
Loans and Other Receivables with Doubtful Collectability	15.520	17.374
Uncollectible Loans and Other Receivables	138.321	115.001
<b>Total</b>	<b>158.547</b>	<b>136.887</b>

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
<b>31 March 2016</b>			
(Gross amounts before the Specific Reserves)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	1.745	4.894
<b>31 December 2015</b>			
(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
<b>Prior Period End Balance</b>	<b>39.837</b>	<b>55.409</b>	<b>145.369</b>
Additions (+)	55.992	2.144	4.631
Transfers from Other Categories of Non-performing Loans (+)	-	36.019	34.861
Transfers to Other Categories of Non-performing Loans (-)	36.875	34.006	-
Collections (-)	12.631	5.316	5.525
Write-offs (-)(* )	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>46.323</b>	<b>54.250</b>	<b>179.336</b>
Specific Provision (-)	4.706	15.520	138.321
<b>Net Balance on Balance Sheet</b>	<b>41.617</b>	<b>38.730</b>	<b>41.015</b>

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>31 March 2016</b>			
Period-End Balance	10.598	5.156	28.397
Specific Provision (-)	1.195	2.578	23.260
<b>Net Balance on balance sheet</b>	<b>9.403</b>	<b>2.578</b>	<b>5.137</b>
<b>31 December 2015</b>			
Period-End Balance	2.240	18.544	15.638
Specific Provision (-)	376	4.717	8.157
<b>Net Balance on balance sheet</b>	<b>1.864</b>	<b>13.827</b>	<b>7.481</b>

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period (Net)</b>	<b>41.617</b>	<b>38.730</b>	<b>41.015</b>
Loans Given to Real Persons and Legal Persons (Gross)	35.725	51.555	154.590
Specific Provision Amount (-)	3.511	14.173	118.449
Loans Given to Real Persons and Legal Persons (Net)	32.214	37.382	36.141
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	10.598	2.695	24.746
Specific Provision Amount (-)	1.195	1.347	19.872
Other Loans and Receivables (Net)	9.403	1.348	4.874
<b>Prior Period (Net)</b>	<b>35.325</b>	<b>38.035</b>	<b>30.368</b>
Loans Given to Real Persons and Legal Persons (Gross)	37.718	39.205	133.382
Specific Provision Amount (-)	4.112	11.489	103.456
Loans Given to Real Persons and Legal Persons (Net)	33.606	27.716	29.926
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2.119	16.204	11.987
Specific Provision Amount (-)	400	5.885	11.545
Other Loans and Receivables (Net)	1.719	10.319	442

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**f. Information on held-to-maturity investments:**

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

**g. Information on investments in associates (Net):**

None (31 December 2015: None).

**h. Information on subsidiaries (Net):**

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

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
<b>1</b>	1.130.055	138.654	1.077	20.513	-	1.262	6.295	-
<b>2 (*)</b>	192.557	88.461	4.967	4.061	527	(2.954)	2.049	-

(\*) The amount consists of consolidated values of Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.

6. Movement schedules of subsidiaries:

	31 March 2016	31 December 2015
<b>Balance at the beginning of the Period</b>	<b>228.722</b>	<b>217.779</b>
<b>Movements during the Period</b>	<b>(1.692)</b>	<b>10.943</b>
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase(*)	(1.692)	10.943
Impairment Provision	-	-
<b>Balance at the end of the Period</b>	<b>227.030</b>	<b>228.722</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the end of the Period (%)</b>	<b>99,99%</b>	<b>99,99%</b>

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

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

Subsidiaries	31 March 2016	31 December 2015
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	126.707	137.315
Finance Companies	-	-
Other Financial Subsidiaries	100.323	91.407
<b>Total</b>	<b>227.030</b>	<b>228.722</b>

8. Subsidiaries quoted on stock exchange:

None (31 December 2015 : None).

**i. Information on joint ventures:**

None (31 December 2015 : None).

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**j. Information on lease receivables (net):**

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

	31 March 2016		31 December 2015	
	Gross	Net	Gross	Net
Less than 1 year	388.192	309.664	346.715	277.631
Between 1-4 years	679.477	576.845	628.910	530.139
More than 4 years	143.307	121.687	143.756	120.957
<b>Total</b>	<b>1.210.976</b>	<b>1.008.196</b>	<b>1.119.381</b>	<b>928.727</b>

**k. Information on hedging derivative financial assets:**

	31 March 2016		31 December 2015	
	TP	FC	TP	FC
Hedging Fair Value Risk	-	-	-	-
Hedging Cash Flow Risk	25.229	202	40.809	36
Hedging of Net Investment In Foreign Operations	-	-	-	-
<b>Total</b>	<b>25.229</b>	<b>202</b>	<b>40.809</b>	<b>36</b>

**l. Information on investment property:**

None (31 December 2015 : None).

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**m. Information on deferred tax asset:**

As of 31 March 2016, the Group has netted-off the calculated deferred tax asset of TL 24.804 (31 December 2015: TL 21.767) and deferred tax liability of TL 11.231 (31 December 2015: TL 12.471) on the basis of company in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 13.573 (31 December 2015: TL 9.296) in the financial statements.

As of 31 March 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	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Carried Financial Loss (*)	22.393	21.007	4.479	4.201
Provision for Legal Cases	5.405	4.652	1.081	930
Provisions for Possible Risks	25.801	28.824	5.160	5.765
Reserve for Employee Rights	18.748	15.867	3.751	3.174
Other Provisions	24.889	19.932	4.978	3.987
Unearned Revenue	20.652	17.303	4.129	3.461
Other	6.128	1.246	1.226	249
<b>Deferred Tax Assets</b>	<b>124.016</b>	<b>108.831</b>	<b>24.804</b>	<b>21.767</b>
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	28.394	29.237	5.679	5.847
Valuation Differences of Derivative Instruments	15.550	32.996	3.110	6.599
Other	12.209	123	2.442	25
<b>Deferred Tax Liabilities</b>	<b>56.153</b>	<b>62.356</b>	<b>11.231</b>	<b>12.471</b>
<b>Deferred Tax Assets / (Liabilities) (Net)</b>	<b>67.863</b>	<b>46.475</b>	<b>13.573</b>	<b>9.296</b>

(\*) The Group’s financial losses carried forward amounting to TL 5.834 is usable in the corporate tax calculations until 2017, TL 8.718 until 2018, TL 6.455 until 2020 and TL 1.386 until 2021.

Movement of deferred tax asset/ liabilities is presented below:

	31 March 2016	31 December 2015
<b>Balance as of 1 January</b>	<b>9.296</b>	<b>17.188</b>
Current year deferred tax income/(expense) (net)	4.007	(6.066)
Deferred tax charged to equity (net)	270	(1.826)
<b>Balance at the End of the Period</b>	<b>13.573</b>	<b>9.296</b>

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

The Group has assets held for resale amounting to TL 19.394 (31 December 2015: TL 6.695) and has no discontinued operations.

<b>Prior Period:</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Cost	7.206	11.683
Accumulated Depreciation (-)	511	736
<b>Net Book Value</b>	<b>6.695</b>	<b>10.947</b>
<b>Current Period:</b>		
Net book value at beginning of the period	6.695	10.947
Additions	13.100	2.508
Disposals (-)	346	6.504
Impairment	-	-
Depreciation (-)	55	256
Cost	19.933	7.206
Accumulated Depreciation (-)	539	511
<b>Closing Net Book Value</b>	<b>19.394</b>	<b>6.695</b>

**o. Information on other assets:**

As of 31 March 2016, other assets amount to TL 144.444 (31 December 2015: TL 136.899) and does not exceed 10% of the total balance sheet excluding off-balance sheet commitments.



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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES**

**a. Information on deposits:**

1. Information on maturity structure of deposits:

i. 31 March 2016:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-66 months - 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	21.545	-	48.193	1.209.768	113.326	73.527	55.713	1.522.072
Foreign Currency Deposits	161.132	-	196.902	3.524.129	494.824	84.945	72.501	4.534.433
Residents in Turkey	139.908	-	196.750	3.503.033	480.358	83.095	29.400	4.432.544
Residents Abroad	21.224	-	152	21.096	14.466	1.850	43.101	101.889
Public Sector Deposits	26.092	-	-	-	-	-	-	26.092
Commercial Deposits	53.516	-	71.540	261.665	39.679	51.868	57.449	535.717
Other Institutions Deposits	1.244	-	2.296	45.819	117	104	45.468	95.048
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	7.538	-	-	-	-	-	-	7.538
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	127	-	-	-	-	-	-	127
Foreign Banks	7.411	-	-	-	-	-	-	7.411
Special Financial Institutions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>271.067</b>	<b>-</b>	<b>318.931</b>	<b>5.041.381</b>	<b>647.946</b>	<b>210.444</b>	<b>231.131</b>	<b>6.720.900</b>

ii. 31 December 2015:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-66 months - 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	17.464	-	43.275	934.636	76.602	42.099	48.034	1.162.110
Foreign Currency Deposits	337.812	-	99.312	3.526.447	562.193	67.020	96.671	4.689.455
Residents in Turkey	310.681	-	98.807	3.507.803	547.211	64.898	53.637	4.583.037
Residents Abroad	27.131	-	505	18.644	14.982	2.122	43.034	106.418
Public Sector Deposits	14.195	-	-	-	-	-	-	14.195
Commercial Deposits	77.352	-	69.424	278.895	37.777	55.905	56.059	575.412
Other Institutions Deposits	6.265	-	9.141	70.311	108	110	34.058	119.993
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	7.097	-	43.249	-	-	-	-	50.346
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	100	-	43.249	-	-	-	-	43.349
Foreign Banks	6.997	-	-	-	-	-	-	6.997
Special Financial Institutions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>460.185</b>	<b>-</b>	<b>264.401</b>	<b>4.810.289</b>	<b>676.680</b>	<b>165.134</b>	<b>234.822</b>	<b>6.611.511</b>

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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:

Saving Deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Saving Deposits	504.029	418.844	1.018.043	743.266
Foreign Currency Savings Deposit	208.179	198.352	2.723.005	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	-	-	-	-
<b>Total</b>	<b>712.208</b>	<b>617.196</b>	<b>3.741.048</b>	<b>3.550.985</b>

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

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

	31 March 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	20.724	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	-	-
<b>Total</b>	<b>20.724</b>	<b>17.299</b>

**b. Information on trading derivative financial liabilities:**

Schedule of negative differences concerning trading derivative financial liabilities:

Trading Derivative Financial Liabilities	31 March 2016		31 December 2015	
	TL	FC	TL	FC
Forward Transactions	11.049	2.901	8.427	4.441
Swap Agreements	52.062	13.814	38.220	7.487
Futures Transactions	-	-	-	-
Options	10	24.026	56	17.685
Other	14	-	-	-
<b>Total</b>	<b>63.135</b>	<b>40.741</b>	<b>46.703</b>	<b>29.613</b>

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**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	31 March 2016		31 December 2015	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	153.770	75.928	140.264	79.499
From Foreign Banks, Institutions and Funds	-	2.418.635	-	2.302.485
<b>Total</b>	<b>153.770</b>	<b>2.494.563</b>	<b>140.264</b>	<b>2.381.984</b>

2. Information on maturity structure of borrowings:

	31 March 2016		31 December 2015	
	TL	FC	TL	FC
Short-term	33.594	279.747	37.466	290.235
Medium and Long-term	120.176	2.214.816	102.798	2.091.749
<b>Total</b>	<b>153.770</b>	<b>2.494.563</b>	<b>140.264</b>	<b>2.381.984</b>

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

The Group's main funding sources are deposits and borrowings. As of 31 March 2016, deposits and borrowings from Group's risk group comprise 0,4% (31 December 2015: 0,4%) of total deposits. Besides this, borrowings from Bank's risk group comprise 59% (31 December 2015: 57%) of subordinated and other borrowings.

**d. Information on marketable securities issued:**

	31 March 2016		31 December 2015	
	TL	FC	TL	FC
Bills	49.248	-	49.255	-
Bonds	73.550	-	-	-
Asset guaranteed securities	-	-	-	-
<b>Total</b>	<b>122.798</b>	<b>-</b>	<b>49.255</b>	<b>-</b>

**e. Information on other foreign liabilities:**

Other foreign liabilities amounting to TL 83.554 (31 December 2015: TL 85.106) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

**f. Information on financial lease agreements:**

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

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**g. Information on hedging derivative financial liabilities:**

	31 March 2016		31 December 2015	
	TL	FC	TL	FC
Hedging Fair Value Risk	-	-	-	-
Hedging Cash Flow Risk	10.276	2.555	15.132	-
Hedging Net Investment In Foreign Operations	-	-	-	-
<b>Total</b>	<b>10.276</b>	<b>2.555</b>	<b>15.132</b>	-

**h. Information on provisions:**

1. Information on general provisions:

	31 March 2016	31 December 2015
<b>General Provisions</b>	<b>84.038</b>	<b>77.497</b>
Provisions for First Group Loans and Receivables	63.231	57.222
Additional Provision for Loans and Receivables with Extended Maturities	308	767
Provisions for Second Group Loans and Receivables	17.239	16.853
Additional Provision for Loans and Receivables with Extended Maturities	9.927	11.174
Provisions for Non-Cash Loans	3.345	3.246
Other	223	176

2. Information on reserve for employment termination benefits:

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

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

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

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

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**h. Information on provisions (Continued):**

Movement of reserve for employment termination benefits during the period:

	<b>31 March 2016</b>	<b>31 December 2015</b>
As of January 1	9.934	9.071
Service cost	1.666	1.718
Interest cost	-	665
Settlement cost	-	508
Actuarial loss/gain	-	585
Benefits paid	927	2.613
<b>Total</b>	<b>10.673</b>	<b>9.934</b>

In addition, as of 31 March 2016 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 8.075 (31 December 2015: TL 16.883).

**3. Other provisions:**

**i. Information on provisions for possible risks:**

	<b>31 March 2016</b>	<b>31 December 2015</b>
Provisions for possible risks (*)	25.801	28.824
<b>Total</b>	<b>25.801</b>	<b>28.824</b>

(\*) Provisions for the Group's potential risks in credit portfolio. Free provision part of this amount, TL 18.965 (31 December 2015: TL 17.759), belongs to credit receivable of the Bank at an amount of TL 71.185 (31 December 2015: TL 69.351) and repayment performance of the aforementioned customer shall be revaluated depending upon new finance sources generated in 2016 and is classified as "Credit tied to repayment plan in close monitoring" in accompanying financial statements dated 31 March 2016.

**ii. Information on other provisions:**

The Group set aside under other provisions amounting to TL 5.405 (31 December 2015: TL 4.652) for lawsuits, TL 2.108 (31 December 2015: TL 1.941) for non-cash loans, TL 1.848 (31 December 2015: TL1.192) for customer cheques commitments, TL 52 (31 December 2015: TL 62) for credit card loyalty points and TL 177 (31 December 2015: TL 183) for other receivables.

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

As of 31 March 2016, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 10.787 (31 December 2015: TL 3.128) and is netted from the loan amount in the financial statements.

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**i. Information on taxes payable:**

1. Information on tax provision:

As of 31 March 2016, the corporate tax provision of the Bank is TL 7.579 (31 December 2015: 3.567).

2. Information on taxes payable:

	<b>31 March 2016</b>	<b>31 December 2015</b>
Corporate Tax Payable	7.579	3.567
Taxation of Marketable Securities	8.377	7.154
Property Tax	223	168
Banking Insurance Transaction Tax	5.746	6.208
Value Added Tax Payable	204	629
Other	3.769	3.378
<b>Total</b>	<b>25.898</b>	<b>21.104</b>

3. Information on premium payables:

	<b>31 March 2016</b>	<b>31 December 2015</b>
Social Security Premiums-Employee	1.285	1.099
Social Security Premiums-Employer	1.482	1.303
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	68	61
Unemployment Insurance-Employer	136	120
Other	-	-
<b>Total</b>	<b>2.971</b>	<b>2.583</b>

4. Information on deferred tax liability:

As of 31 March 2016, the Group has netted-off the calculated deferred tax asset of TL 24.804 (31 December 2015: TL 21.767) and deferred tax liability of TL 11.231 (31 December 2015: TL 12.471) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 13.573 (31 December 2015: TL 9.296) 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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**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.	USD 150.000.000	6 December 2013	4 December 2023	LIBOR+3,75
Burgan Bank K.P.S.C.	USD 150.000.000	30 March 2016	30 March 2026	LIBOR+3,75

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

	31 March 2016		31 December 31 2015	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	848.756	-	438.893
Other Foreign	-	-	-	-
<b>Total</b>	-	<b>848.756</b>	-	<b>438.893</b>

**l. Information on shareholders' equity:**

1. Presentation of paid-in capital:

	31 March 2016	31 December 31 2015
Common Stock	900.000	900.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	1.000.000

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

None.

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

None.

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

None.

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6. Information on capital by considering the Group'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 Group within several risk limits and legal limits.

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

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

8. Information on marketable securities valuation reserve:

	31 March 2016		31 December 2015	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(608)	4.140	(1.521)	(857)
Foreign Currency Translation Difference	-	-	-	-
<b>Total</b>	<b>(608)</b>	<b>4.140</b>	<b>(1.521)</b>	<b>(857)</b>

9. Information on tangible assets revaluation reserve:

	31 March 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	-	-	-	-
<b>Total</b>	<b>15.122</b>	<b>-</b>	<b>15.122</b>	<b>-</b>

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

The date of 31 March 2016, in the Ordinary General Assembly, it was decided to the profit of the 2015, TL 52.169, is classified in extraordinary reserves.



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

**a. Information on off balance sheet commitments:**

1. The amount and type of irrevocable commitments:

	<b>31 March 2016</b>	<b>31 December 2015</b>
Foreign currency buy/sell commitments	630.562	495.701
Commitments for cheques	310.257	299.665
Loan limit commitments	126.109	128.409
Tax and fund obligations arising from export commitments	84.960	-
Commitments for credit card limits	21.773	25.825
Blocked cheques given to customers	995	3.300
Promotions for the credit cards and their care services	20	19
<b>Total</b>	<b>1.174.676</b>	<b>952.919</b>

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:

	<b>31 March 2016</b>	<b>31 December 2015</b>
Letter of guarantees	1.295.949	1.225.235
Letter of credits	198.855	195.057
Bank acceptance loans	122.744	97.280
Other guarantees	7.931	26.555
Factoring guarantees	28	28
<b>Total</b>	<b>1.625.507</b>	<b>1.544.155</b>

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

	<b>31 March 2016</b>		<b>31 December 2015</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Irrevocable letters of guarantee	534.509	316.147	528.011	311.264
Guarantees given to customs	25.231	31.175	24.858	30.931
Revocable letters of guarantee	98.230	21.634	51.280	30.677
Letters of guarantee given in advance	13.100	128.265	9.069	116.668
Other letters of guarantee	16.421	111.237	15.074	107.403
<b>Total</b>	<b>687.491</b>	<b>608.458</b>	<b>628.292</b>	<b>596.943</b>

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

	31 March 2016	31 December 2015
Non-cash loans given against cash loans	129.702	143.161
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	129.702	143.161
Other non-cash loans	1.495.805	1.400.994
<b>Total</b>	<b>1.625.507</b>	<b>1.544.155</b>

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

	Group I		Group II	
	TL	FC	TL	FC
<b>Current Period</b>				
Letters of Guarantee	654.646	600.356	27.926	8.059
Bank Acceptances	3.352	119.392	-	-
Letters of Credit	-	198.373	-	482
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	28	-	-	-
Other Commitments and Contingencies	-	7.515	-	416
<b>Total</b>	<b>658.026</b>	<b>925.636</b>	<b>27.926</b>	<b>8.957</b>

(\*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 4.962. As of 31 March 2016, the Group has recorded a TL 2.108 provision regarding these risks.

**c. Investment Funds:**

As of 31 March 2016, the Group is the founder of 6 investment funds (31 December 2015: 6) with a total fund value of TL 22.389 (31 December 2015: TL 24.248). The shares of the investment funds established in accordance with the Capital Markets Board legislation are kept dematerialized by Central Registry Agency Inc..

**d. Information on contingent assets and contingent liabilities:**

As of 31 March 2016, the total amount of legal cases against the Group is TL 41.766 (31 December 2015: TL 34.582) and the Parent Bank sets aside a provision of TL 5.405 (31 December 2015: TL 4.652) regarding these risks. According to the positive developments occurring in the present case, TL 25.459 allocated provision has been cancelled in the current period. Due to the delayed reply to e-foreclosure sent by Gökpınar Tax Administration, negative declaratory action has been claimed at “Denizli Tax Authority” and “Denizli Civil Court of General Jurisdiction” for cancellation of the payment order of TL 25.459, which was notified to the Parent Bank. The transactions have been stopped with obtaining injunction in response to 15% collateral. The law cases in local courts have resulted in favor of the Parent Bank. The cases are at the appeal phase. As a result, the Bank did not book any provision.

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

**MOODY’S (Dated on 1 October 2015)**

Category	Rating	Outlook
(Long Term Foreign Currency)	Ba3	Stable
(Short Term Foreign Currency)	Not Prime	-
(Long Term Local Currency)	Ba3	Stable
(Short Term Local Currency)	Not Prime	-

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT**

**a. Information on interest income:**

1. Information on interest income on loans :

	31 March 2016		31 March 2015	
	TL	FC	TL	FC
<b>Interest Income on Loans(*)</b>				
Short-term Loans	81.801	6.317	77.781	4.053
Medium/Long-term Loans	45.748	57.995	27.560	40.212
Interest on Loans Under Follow-up	450	-	2.073	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
<b>Total</b>	<b>127.999</b>	<b>64.312</b>	<b>107.414</b>	<b>44.265</b>

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

2. Information on interest income on banks:

	31 March 2016		31 March 2015	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	201	88	1.415	22
From Foreign Banks	-	9	-	5
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>201</b>	<b>97</b>	<b>1.415</b>	<b>27</b>

3. Information on marketable securities:

	31 March 2016		31 March 2015	
	TL	FC	TL	FC
From Trading Financial Assets	1.113	114	1.213	4
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	5.332	4.052	8.494	762
From Held-to-Maturity Investments	-	-	-	-
<b>Total</b>	<b>6.445</b>	<b>4.166</b>	<b>9.707</b>	<b>766</b>

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

None (31 December 2015: None).

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

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	31 March 2016		31 March 2015	
	TL	FC	TL	FC
Banks	4.038	21.235	3.679	16.825
The CBRT	-	-	-	-
Domestic Banks	4.033	253	3.664	229
Foreign Banks	5	20.982	15	16.596
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>4.038</b>	<b>21.235</b>	<b>3.679</b>	<b>16.825</b>

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

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

None (31 March 2016: None).

3. Information on interest expense on issued securities

	31 March 2016	31 March 2015
Interest expense on issued securities	2.362	104

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

Account Name	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		
<b>TL</b>								
Bank Deposits	2	142	-	-	-	-	-	144
Savings Deposits	-	1.294	35.113	3.005	1.563	1.508	-	42.483
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	1.888	10.887	1.484	1.512	1.382	-	17.153
Other Deposits	-	34	2.332	3	3	1.131	-	3.503
7 Day Notice Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2</b>	<b>3.358</b>	<b>48.332</b>	<b>4.492</b>	<b>3.078</b>	<b>4.021</b>	<b>-</b>	<b>63.283</b>
<b>FC</b>								
Foreign Currency Account	-	412	22.829	3.539	464	702	-	27.946
Bank Deposits	-	17	-	-	-	-	-	17
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>429</b>	<b>22.829</b>	<b>3.539</b>	<b>464</b>	<b>702</b>	<b>-</b>	<b>27.963</b>
<b>Sum Total</b>	<b>2</b>	<b>3.787</b>	<b>71.161</b>	<b>8.031</b>	<b>3.542</b>	<b>4.723</b>	<b>-</b>	<b>91.246</b>

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

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

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

	31 March 2016	31 March 2015
<b>Income</b>	<b>3.313.799</b>	<b>3.189.465</b>
Income from Capital Market Transactions	15.954	12.991
From Derivative Financial Transactions	9.415	19.612
Foreign Exchange Gains	3.288.430	3.156.862
<b>Loss (-)</b>	<b>3.310.155</b>	<b>3.185.602</b>
Loss from Capital Market Transactions	10.219	12.876
From Derivative Financial Transactions	14.605	29.361
Foreign Exchange Loss	3.285.331	3.143.365
<b>Net Income/(Loss)</b>	<b>3.644</b>	<b>3.863</b>

**d. Information on other operating income:**

As of 31 March 2016, the Group's other operating income is TL 3.827 (31 March 2015: TL3.431). TL 131 (31 March 2015: TL 264) of the amount of the other operating income is composed of profit from sales of the fixed assets that were classified as Asset Held for Resale of the Parent Bank.

**e. Provision expenses related to loans and other receivables:**

	31 March 2016	31 March 2015
Specific Provisions for Loans and Other Receivables	18.154	16.316
III. Group Loans and Receivables	4.253	3.535
IV. Group Loans and Receivables	401	4.218
V. Group Loans and Receivables	13.500	8.563
General Provision Expenses	7.040	(3.664)
Provision Expense for Possible Risks	1.261	979
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	-	-
<b>Total</b>	<b>26.455</b>	<b>13.631</b>

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(Continued)**

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

**f. Information related to other operating expenses:**

	<b>31 March 2016</b>	<b>31 March 2015</b>
Personnel Expenses	40.603	38.526
Reserve For Employee Termination Benefits (*)	2.144	1.442
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	2.515	1.951
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	2.287	1.899
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	55	90
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	26.004	21.308
Operational Lease Expenses	7.394	6.877
Maintenance Expenses	802	600
Advertising Expenses	255	115
Other Expense	17.553	13.716
Loss on Sales of Assets	-	-
Other	6.956	6.571
<b>Total</b>	<b>80.564</b>	<b>71.787</b>

(\*) As of 31 March 2016, the employee vacation fee provision is TL 521 (31 March 2015: TL 468).

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

The Group has no discontinued operations. The Group’s income before tax from continuing operations is TL 9.803 (31 Marh 2015: TL 20.735 income before tax).

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

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

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

As of 31 March 2016, the Group has current tax expense amounting to TL 7.579 and deferred tax income amounting to TL 4.077.

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

The Group has TL 6.216 deferred tax income from temporary differences, TL 277 deferred tax income from carried financial loss, TL 2.486 deferred tax expense and income due to temporary differences closed to net TL 4.007 deferred tax income.

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(Continued)**

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

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

As of 31 March 2016, the Group has TL 3.730 deferred tax expense arising from temporary differences and TL 277 deferred tax income as a result of carried financial loss.

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

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

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

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

None.

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

None.

**k. Information on other income and expenses:**

1. As of 31 March 2016, the Group's interest income amounts to TL 290.847 (31 December 2015: TL 205.406) and TL 63.426 (31 March 2015: TL 23.292) of the related amount is classified as "Other Interest Income" account in income statement.

	31 March 2016	31 March 2015
<b>Other Interest Income</b>		
Interest Income Related to Derivative Transactions	59.596	20.398
Other	3.830	2.894
<b>Total</b>	<b>63.426</b>	<b>23.292</b>

2. As of 31 March 2016, the Group's interest expense amount to TL 190.603 (31 March 2015: TL 122.955) and TL 66.282 (31 March 2015: TL 30.209) of the related amount is classified "Other Interest Expense" account in income statement.

	31 March 2016	31 March 2015
<b>Other Interest Expense</b>		
Interest expense related to derivative transactions	64.240	29.505
Other	2.042	704
<b>Total</b>	<b>66.282</b>	<b>30.209</b>

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(Continued)**

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

3. As of 31 March 2016, the Group’s fee and commission income amounts to TL 11.262 (31 March 2015: TL 21.144) and TL 7.951 (31 March 2015: TL 18.482) of the related amount is classified under “Other fee and commission income” account.

	31 March 2016	31 March 2015
<b>Other Fee and Commissions Received</b>		
Commissions From Brokerage Activity-Leveraged Trading	1.897	6.125
Commissions From Brokerage Activity in Istanbul Stock Exchange	1.659	4.414
Commissions From Brokerage Activity in Turkish Derivative Exchange	1.604	396
Insurance Commissions	560	562
Account Operating Fees	342	515
Credit Card and POS Transaction Commission	327	2.545
Transfer Commissions	303	313
Commissions from Correspondent Banks	103	82
Commissions on Investment Fund Services	50	333
Investment Consultancy Fees	46	352
Ortak Nokta Commissions	23	32
Letter of Credit Commissions	2	9
Other	1.035	2.804
<b>Total</b>	<b>7.951</b>	<b>18.482</b>

4. As of 31 March 2016, Group’s fee and commission expense amounts to TL 2.483 (31 March 2015: TL 4.736) and TL 2.371 (31 March 2015: TL 4.588) of the related amount is classified under “Other” account.

	31 March 2016	31 March 2015
<b>Other Fee and Commissions Given</b>		
Credit Card Transaction Commission	928	2.380
Stock Exchange Contribution Expenses	557	582
Commissions Granted to Correspondent Banks	193	138
EFT Commissions	168	159
Ortak Nokta Clearing Commissions	101	56
Transfer Commissions	30	36
Other	394	1.237
<b>Total</b>	<b>2.371</b>	<b>4.588</b>



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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
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**V. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP**

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

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

1. 31 March 2016:

Groups' Risk Group (*) Loans and Other Receivables	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period	-	23.519	-	219	89	8.753
Balance at the End of the Period	-	22.895	-	212	115	9.195
<b>Interest and Commission Income Received</b>	-	-	-	-	<b>1</b>	-

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

31 December 2015:

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

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

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

Groups' Risk Group(*) Deposit	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	-	-	6.185	21.433	17.841	13.257
End of the Period	-	-	6.736	6.184	22.711	17.841
<b>Interest Expense on Deposits</b>	-	-	-	<b>1</b>	<b>302</b>	<b>210</b>

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

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

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

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

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

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

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

**b. With respect to the Group’s risk group:**

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

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

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

	<b>Total Risk Group</b>	<b>Share in Financial Statements (%)</b>
Borrowings	2.056.358	58,80
Non-cash loans	32.302	1,99
Deposit	29.447	0,44
Banks and Other Financial Institutions	847	0,14
Loans	115	-

As of 31 March 2016, the Goup has realized interest expense amounting to TL 14.035 (31 March 2015: TL 15.321) on loans borrowed from the direct shareholders.

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

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Group's risk group and the amount composes 0,32% (31 December 2015: 0,33%) of the Group's total cash and non-cash loans.

As of 31 March 2016 there are no purchase-sales transactions on any assets including real-estate with the risk group consisting the Bank.

As of 31 March 2016 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Parent Bank is included.

**c. Information on benefits provided to top management:**

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 8.630 (31 March 2015: TL 7.476) which include total gross salary, travel, meal, health, life insurance and other expenses.

**VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

None.

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**SECTION SIX**

**EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT**

**I. EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT**

The consolidated financial statements for the period ended 31 March 2016 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young) and the auditor’s independent limited review report dated 13 May 2016 has been presented prior to the consolidated financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR**

None.

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**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

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

In 2015, the world economy has grown 3,1% and it is expected that, in 2016 there will be a similar growth rate. However, there are still concerns about economic recovery. In Global Economic Outlook Report published by IMF in April, expected global growth rate has decreased from 3,4% to 3,2%. Due to global uncertainties and low commodity prices are keeping down the inflation, Central Bank of the United States decided to increase interest rate two hikes in 2016 instead of four. On the other hand, European Central Bank pulled down the policy interest rate to (0,4)% and expanded the bond price and its scope.

In 2015, Turkish economy has annually 4% growing rate, with that rate, Turkish economy performed more than expected. The biggest part of the expansion based on private consumption and the other big common factor is public expenditures. In 2015, growth rates are 4,5% for the private consumption, 2,7% for the private sector investments and respectively, public sector consumptions and investments are performed 6,7% and 7,6%. After the powerful growth of previous period's last quarter 5,4%, leading indicators signalize that, growth rate in 2016, will be as power as last period. Especially, the increase in industrial production reaching at an average ratio of 6%, supports the aforementioned expectations. On the other hand, indications such as purchasing manager index, consumer and reel sector confidence index has deteriorated compared to previous quarter in line with the perception in the financial markets during the first months of the year. Under this outlook, it is estimated that GDP growth shall become at a level of 3,5% in 2016.

On the other hand, external balancing continues with the positive effects of energy prices on export. Current account deficit for 12 months decreased to USD 30.5 billion as of February. Current account deficit, decreases to 4,5% at the end of 2015 to GDP, calculated that it continues to decrease in the first quarter of 2016 too. It is observed that export, decreasing annually in the previous months, has begun to recuperate in February and March thanks to the momentum of export made to EU. Additionally, it is also observed that energy import is inclined to recuperate gradually. On the other hand, it is anticipated that problems occurring in export, suitcase trading and tourism sector as a result of economic weakness and political problems in neighbour countries shall have negative impacts on current account deficit of 2016.

The inflation rate has raised up to 9,6% in January because of high food prices, tax and public price adjustments and late impacts of depreciation of Turkish Lira. But, the annual inflation decreased to %7,5 as of March because of base effect and good prices which are under seasonal norms. It is anticipated that the inflations shall remain low in April and May because of the base effect and Turkish Lira having an appreciation recently. It is also observed that recovery at core inflation, which was 9,5% as of March, is limited. Inflation expectations is 7,8% for twelve months with a light recession and 7,1% for 24 months later and it is way over the targets.

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**INFORMATION 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 (Continued)**

Turkish Lira has appreciated at a ratio of 4% approximately against currency basket as of the middle of February since the risk appetite in global markets and especially towards developing countries recently. Gain of value compared to the end of 2015 is approximately 1%. With recession of annual inflation, the Central Bank decreased the overnight lending rate to 10% by decreasing 75 base point while remaining weekly repo and overnight lending rates fixed at 7,5% and 7,25% respectively. Additionally, liquidity position is relatively loosen and weighted funding rate has recessed from 9% to 8,6%. Central Bank of Turkey is expected to narrow interest rate corridor through maintaining discount process in marginal funding rate as long as the global market conditions support.

Policy positions of global central banks, notably Federal Reserve Bank (FED), maintain their importance with respect to recuperating speed of economy and commodity prices global risk appetite. Domestically, political reactions of Central Bank of Turkey, inflation path, reform performance of the government and a possible referendum on constitutional amendment package shall be monitored.

The consolidated balance sheet size of our Bank dated 31 March 2016 is TL 12.218.438 while consolidated deposit total has reached to TL 6.720.900. Burgan Bank has maintained its support to its customers in this period and the total amount of consolidated net cash credits and factoring receivables has become TL 9.573.990. An additional subordinated loan at an amount of USD 150.000.000 used from Burgan Bank K.P.S.C., our Parent Bank, has a significant impact on our capital adequacy ratio increasing it up to 17,08% while our non-consolidated equities have become TL 1.017.652. Our Bank has made a profit at an amount of TL 6.231 within the first quarter of 2016. We will continue to serve through prioritizing customer satisfaction in a competitive environment with deepening our relations with our customers and getting new customers in 17 cities in which we are operating.

We believe that our Bank shall reach its future targets with ease under the guidance and support of our shareholders and board of directors. Hereby, we would like to thank our customers, employees and investors for their precious contributions, trusts in Burgan trademark and their loyalty.

Ali Murat DİNÇ  
Member of Board of Directors and General Manager

Mehmet N. ERTEN  
Chairman of Board of Directors

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**INFORMATION 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
Emine Pınar Kuriş	Retail Banking	10.12.2013	Doctorate	16
Suat Kerem Sözügüzel	Commercial & SME banking	01.04.2014	Bachelor’s degree	17
Hasan Hüseyin Uyar	Credits	01.04.2014	Post graduate	27
Tuba Onay Ergelen	Head of Group of Financial Affairs	09.09.2014	Bachelor’s degree	16

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**INFORMATION 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 Ghoussein have been elected as members of the Audit Committee.

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

**IV. INFORMATION ON HUMAN RESOURCES IMPLEMENTATIONS**

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

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

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

**VI. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD**

The Parent Bank used a subordinated credit at an amount of USD 150.000.000, having a 10 years of maturity, which shall be included in the supplementary capital, on 30 March 2016, from from Burgan Bank K.P.S.C (former title: Burgan Bank S.A.K), its parent bank, with the permission obtained from BRSA with respect to its letter dated 7 April 2016 and numbered 5424.

The Parent Bank has realized a bond issuance at a nominal amount of TL 75.000.000 and having a 90 days maturity to be sold to qualified investors without public offering in scope of issue ceiling of TL 300.000.000 with respect to the approval of the Board of CMB dated 14.07.2015 and numbered 18/879. The issuance, which was realized via Burgan Yatırım Menkul Değerler A.Ş., was completed on 3 March 2015.



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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2016**

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

**INFORMATION RELATED TO INTERIM ACTIVITY REPORT (Continued)**

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

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

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

	<b>31.03.2016</b>	<b>31.12.2015</b>	<b>Change (%)</b>
Total assets	12.218.438	11.573.117	5,6
Credits and Factoring Receivables (Net)	9.573.990	9.195.199	4,1
Securities	512.131	679.536	(24,6)
Deposits	6.720.900	6.611.511	1,7
Debts having credit characteristics	3.944.500	3.399.218	16
Shareholder's equity	1.017.652	1.012.502	0,5
Guarantee and suretyship	1.625.507	1.544.155	5,3
Capital Adequacy ratio	17,08 %	14,49 %	17,9

	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>(%) Change</b>
Period Net Profit/(Loss)	6.231	17.499	(64,4)

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

The Parent Bank, gives corporate, commercial, small enterprise, individual, factoring with private banking and financial leasing with its affiliates and banking products and services having a high added value in investment banking fields thanks to its total 51 branches including 6 retail, 1 commercial, 1 corporate and 43 mixed banking branches, its internet banking applications and call centre and 989 employees. The Group has a total of 1.125 employees.

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

**31 March 2016**

<b>TL Million</b>	<b>Burgan Bank</b>	<b>Sector (*)</b>	<b>Share of our Bank (%)</b>
Cash Credits	9.574	1.528.327	0,63
Customer Deposits	6.721	1.358.912	0,49
Branch Number	51	11.185	0,46
Personnel Number	989	200.623	0,49

(\*)Reference BRSA and BAT