

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS AND  
AUDIT 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 AUDIT REPORT  
AT 31 DECEMBER 2015**

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

## **Independent auditor report**

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

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheet of Burgan Bank A.Ş. (“the Bank”) and its consolidated subsidiaries (together will be referred as “the Group”) as at December 31, 2015, and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders’ equity, consolidated statement of cash flows and consolidated statement of changes in shareholders’ equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

### **Responsibility of the Bank’s Board of Directors for the financial statements**

Bank management is responsible for the preparation and fair presentation of the consolidated financial statement in accordance with “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 (BRSA), circulars, interpretations published by BRSA and BRSA Accounting and Reporting Legislation which includes the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

### **Independent Auditor’s responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with communique “Independent Audit of Banks” published by BRSA on the Official Gazette No.29314 dated April 2, 2015 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the independent auditor’s professional judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control relevant to bank’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank’s internal control. An independent audit also includes evaluating the appropriateness of accounting policies used by the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion the accompanying consolidated financial statements presents fairly, in all material respects, the financial position of Burgan Bank A.Ş. and its subsidiaries as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with BRSA Accounting and Reporting Legislation.

## **Reports on arising from other regulatory requirements**

In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities for the period January 1 – December 31, 2015 are not in compliance with the code and provisions of the Bank’s articles of association in relation to financial reporting.

In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

As explained in detail in Note I. of Section Three, accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting 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

Istanbul, March 7, 2016

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

**THE CONSOLIDATED FINANCIAL REPORT OF  
BURGAN BANK A.Ş. AS OF 31 DECEMBER 2015**

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The consolidated year end 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 OF THE GROUP
- **Section Five** EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** OTHER EXPLANATIONS
- **Section Seven** EXPLANATIONS ON AUDITREPORT

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 audited.

7 March 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 GHOSSEIN  
Member of the Audit  
Committee

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

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

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**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015**

(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 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 BankS.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 BankS.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 DECEMBER 2015**

(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 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	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	Undergraduate
	Mutlu Akpara	Treasury	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.

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**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015**

(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 S.A.K.	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 December 2015, the Parent Bank has 56 branches operating in Turkey (31 December 2014: 60). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2015, the Group has 1.164 (31 December 2014: 1.214) 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
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows
- VII. Un consolidated profit appropriation statement

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
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**BURGAN BANK A.Ş.  
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)  
AT 31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2015)			(31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>ASSETS</b>							
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	<b>I-a</b>	<b>147.888</b>	<b>946.187</b>	<b>1.094.075</b>	<b>242.111</b>	<b>530.757</b>	<b>772.868</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)</b>	<b>I-b</b>	<b>72.578</b>	<b>37.310</b>	<b>109.888</b>	<b>133.525</b>	<b>45.732</b>	<b>179.257</b>
2.1 Trading Financial Assets		72.578	37.310	109.888	133.525	45.732	179.257
2.1.1 Government Debt Securities		27.938	2.569	30.507	58.692	278	58.970
2.1.2 Share Certificates		-	-	-	19.664	-	19.664
2.1.3 Trading Derivative Financial Assets		37.598	34.517	72.115	52.673	45.454	98.127
2.1.4 Other Marketable Securities		7.042	224	7.266	2.496	-	2.496
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		-	-	-	-	-	-
<b>III. BANKS</b>	<b>I-c</b>	<b>87.166</b>	<b>107.967</b>	<b>195.133</b>	<b>72.256</b>	<b>54.192</b>	<b>126.448</b>
<b>IV. MONEY MARKETS</b>		<b>22.195</b>	-	<b>22.195</b>	<b>141.155</b>	-	<b>141.155</b>
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		22.195	-	22.195	90.142	-	90.142
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	51.013	-	51.013
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	<b>I-d</b>	<b>272.856</b>	<b>380.474</b>	<b>653.330</b>	<b>679.245</b>	<b>46.014</b>	<b>725.259</b>
5.1 Share Certificates		11.567	-	11.567	11.775	-	11.775
5.2 Government Debt Securities		258.441	279.985	538.426	667.470	-	667.470
5.3 Other Marketable Securities		2.848	100.489	103.337	-	46.014	46.014
<b>VI. LOANS</b>	<b>I-e</b>	<b>3.806.299</b>	<b>4.458.500</b>	<b>8.264.799</b>	<b>3.591.466</b>	<b>2.909.863</b>	<b>6.501.329</b>
6.1 Loans		3.702.571	4.458.500	8.161.071	3.521.782	2.909.863	6.431.645
6.1.1 Loans to Bank's Risk Group		84	5	89	24	-	24
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		3.702.487	4.458.495	8.160.982	3.521.758	2.909.863	6.431.621
6.2 Loans under Follow-up		240.615	-	240.615	145.619	-	145.619
6.3 Specific Provisions (-)		136.887	-	136.887	75.935	-	75.935
<b>VII. FACTORING RECEIVABLES</b>	<b>I-e</b>	<b>856</b>	<b>817</b>	<b>1.673</b>	<b>16.849</b>	<b>1.077</b>	<b>17.926</b>
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>	<b>I-f</b>	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>I-g</b>	-	-	-	-	-	-
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		-	-	-	-	-	-
<b>X. SUBSIDIARIES (Net)</b>	<b>I-h</b>	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI. JOINT VENTURES (Net)</b>	<b>I-i</b>	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	<b>I-j</b>	<b>305.404</b>	<b>623.323</b>	<b>928.727</b>	<b>124.328</b>	<b>571.469</b>	<b>695.797</b>
12.1 Financial Lease Receivables		407.352	712.029	1.119.381	166.221	670.521	836.742
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		101.948	88.706	190.654	41.893	99.052	140.945
<b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>	<b>I-k</b>	<b>40.809</b>	<b>36</b>	<b>40.845</b>	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		40.809	36	40.845	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>	<b>I-l</b>	<b>63.580</b>	-	<b>63.580</b>	<b>39.194</b>	-	<b>39.194</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	<b>I-m</b>	<b>45.737</b>	-	<b>45.737</b>	<b>45.543</b>	-	<b>45.543</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		45.737	-	45.737	45.543	-	45.543
<b>XVI. INVESTMENT PROPERTY (Net)</b>	<b>I-n</b>	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>	<b>I-o</b>	<b>9.541</b>	-	<b>9.541</b>	<b>23.129</b>	-	<b>23.129</b>
17.1 Current Tax Asset		245	-	245	5.941	-	5.941
17.2 Deferred Tax Asset		9.296	-	9.296	17.188	-	17.188
<b>XVIII. ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>I-p</b>	<b>6.695</b>	-	<b>6.695</b>	<b>10.947</b>	-	<b>10.947</b>
18.1 Held for Resale		6.695	-	6.695	10.947	-	10.947
18.2 Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	<b>I-r</b>	<b>88.376</b>	<b>48.523</b>	<b>136.899</b>	<b>90.992</b>	<b>117.415</b>	<b>208.407</b>
<b>TOTAL ASSETS</b>		<b>4.969.980</b>	<b>6.603.137</b>	<b>11.573.117</b>	<b>5.210.740</b>	<b>4.276.519</b>	<b>9.487.259</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 BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)  
AT 31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2015)			(31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	<b>II-a</b>	<b>1.872.349</b>	<b>4.739.162</b>	<b>6.611.511</b>	<b>2.164.526</b>	<b>3.174.887</b>	<b>5.339.413</b>
1.1 Deposits of Bank's Risk Group		4.586	19.440	24.026	4.843	29.847	34.690
1.2 Other		1.867.763	4.719.722	6.587.485	2.159.683	3.145.040	5.304.723
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-b</b>	<b>46.703</b>	<b>29.613</b>	<b>76.316</b>	<b>18.267</b>	<b>36.675</b>	<b>54.942</b>
<b>III. BORROWINGS</b>	<b>II-c</b>	<b>140.264</b>	<b>2.381.984</b>	<b>2.522.248</b>	<b>158.579</b>	<b>1.762.087</b>	<b>1.920.666</b>
<b>IV. MONEY MARKETS</b>		<b>172.258</b>	<b>265.819</b>	<b>438.077</b>	<b>462.102</b>		<b>462.102</b>
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		42.291	-	42.291	138.143	-	138.143
4.3 Funds Provided Under Repurchase Agreements		129.967	265.819	395.786	323.959	-	323.959
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		<b>49.255</b>		<b>49.255</b>			
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		49.255	-	49.255	-	-	-
<b>VI. FUNDS</b>							
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>92.320</b>	<b>66.902</b>	<b>159.222</b>	<b>94.416</b>	<b>74.041</b>	<b>168.457</b>
<b>VIII. OTHER LIABILITIES</b>	<b>II-d</b>	<b>82.853</b>	<b>2.253</b>	<b>85.106</b>	<b>90.566</b>	<b>4.165</b>	<b>94.731</b>
<b>IX. FACTORING PAYABLES</b>							
<b>X. LEASE PAYABLES (Net)</b>	<b>II-e</b>						
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-f</b>	<b>15.132</b>		<b>15.132</b>			
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		15.132	-	15.132	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	<b>II-g</b>	<b>81.733</b>	<b>59.435</b>	<b>141.168</b>	<b>70.224</b>	<b>55.002</b>	<b>125.226</b>
12.1 General Loan Loss Provision		38.681	38.816	77.497	39.183	25.476	64.659
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		26.817	-	26.817	24.445	-	24.445
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		16.235	20.619	36.854	6.596	29.526	36.122
<b>XIII. TAX LIABILITY</b>	<b>II-h</b>	<b>23.687</b>		<b>23.687</b>	<b>18.737</b>		<b>18.737</b>
13.1 Current Tax Liability		23.687	-	23.687	18.737	-	18.737
13.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XIV. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>II-i</b>						
14.1 Held for Resale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	<b>II-j</b>		<b>438.893</b>	<b>438.893</b>		<b>349.959</b>	<b>349.959</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>II-k</b>	<b>1.013.359</b>	<b>(857)</b>	<b>1.012.502</b>	<b>952.661</b>	<b>365</b>	<b>953.026</b>
16.1 Paid-in Capital		900.000	-	900.000	900.000	-	900.000
16.2 Capital Reserves		20.270	(857)	19.413	11.490	365	11.855
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Reserve		(1.521)	(857)	(2.378)	795	365	1.160
16.2.4 Tangible Assets Revaluation Reserve		15.122	-	15.122	13.187	-	13.187
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)		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)	(2.492)	-	(2.492)
16.3 Profit Reserves		87.205	-	87.205	69.632	-	69.632
16.3.1 Legal Reserves		19.107	-	19.107	18.397	-	18.397
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		68.098	-	68.098	51.235	-	51.235
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		5.884	-	5.884	(28.461)	-	(28.461)
16.4.1 Prior Years' Income or (Loss)		(46.285)	-	(46.285)	(46.285)	-	(46.285)
16.4.2 Current Year Income or (Loss)		52.169	-	52.169	17.824	-	17.824
16.5 Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>3.589.913</b>	<b>7.983.204</b>	<b>11.573.117</b>	<b>4.030.078</b>	<b>5.457.181</b>	<b>9.487.259</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 DECEMBER 2015 AND 31 DECEMBER 2014**

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

II. OFF-BALANCE SHEET	Note (Section Five)	(31/12/2015)			(31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>A OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>6.824.401</b>	<b>12.871.473</b>	<b>19.695.874</b>	<b>3.569.531</b>	<b>8.572.726</b>	<b>12.142.257</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>III-a-2-3</b>	<b>631.672</b>	<b>912.483</b>	<b>1.544.155</b>	<b>536.481</b>	<b>654.271</b>	<b>1.190.752</b>
1.1 Letters of Guarantee		628.292	596.943	1.225.235	534.698	379.343	914.041
1.1.1 Guarantees Subject to State Tender Law		7.486	26.218	33.704	10.633	18.957	29.590
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		620.806	570.725	1.191.531	524.065	360.386	884.451
1.2 Bank Acceptances		3.352	93.928	97.280	1.570	67.643	69.213
1.2.1 Import Letter of Acceptance		3.352	93.928	97.280	1.570	67.643	69.213
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	195.057	195.057	-	176.485	176.485
1.3.1 Documentary Letters of Credit		-	195.057	195.057	-	176.485	176.485
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	213	-	213
1.8 Other Guarantees		-	26.555	26.555	-	30.800	30.800
1.9 Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>III-a-1</b>	<b>677.279</b>	<b>275.640</b>	<b>952.919</b>	<b>543.124</b>	<b>214.504</b>	<b>757.628</b>
2.1 Irrevocable Commitments		677.279	275.640	952.919	543.124	214.504	757.628
2.1.1 Asset Purchase and Sales Commitments		220.061	275.640	495.701	50.147	214.504	264.651
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		128.409	-	128.409	152.030	-	152.030
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		299.665	-	299.665	301.592	-	301.592
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		25.825	-	25.825	37.353	-	37.353
2.1.10 Promotion Commitments for Credit Cards and Banking Services		19	-	19	2	-	2
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		3.300	-	3.300	2.000	-	2.000
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>5.515.450</b>	<b>11.683.350</b>	<b>17.198.800</b>	<b>2.489.926</b>	<b>7.703.951</b>	<b>10.193.877</b>
3.1 Hedging Derivative Financial Instruments		248.580	736.192	984.772	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		248.580	736.192	984.772	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		5.266.870	10.947.158	16.214.028	2.489.926	7.703.951	10.193.877
3.2.1 Forward Foreign Currency Buy/Sell Transactions		374.864	949.719	1.324.583	265.022	621.522	886.544
3.2.1.1 Forward Foreign Currency Transactions-Buy		200.408	460.907	661.315	77.789	359.376	437.165
3.2.1.2 Forward Foreign Currency Transactions-Sell		174.456	488.812	663.268	187.233	262.146	449.379
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		2.902.323	6.961.022	9.863.345	1.372.395	5.673.530	7.045.925
3.2.2.1 Foreign Currency Swap-Buy		988.804	1.853.741	2.842.545	438.212	1.417.669	1.855.881
3.2.2.2 Foreign Currency Swap-Sell		1.473.519	1.390.415	2.863.934	932.859	874.897	1.807.756
3.2.2.3 Interest Rate Swap-Buy		220.000	1.858.433	2.078.433	662	1.690.482	1.691.144
3.2.2.4 Interest Rate Swap-Sell		220.000	1.858.433	2.078.433	662	1.690.482	1.691.144
3.2.3 Foreign Currency, Interest rate and Securities Options		1.988.329	3.036.417	5.024.746	814.682	1.408.899	2.223.581
3.2.3.1 Foreign Currency Options-Buy		985.139	1.524.640	2.509.779	443.249	670.452	1.113.701
3.2.3.2 Foreign Currency Options-Sell		1.003.190	1.511.777	2.514.967	371.433	733.855	1.105.288
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	2.296	2.296
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	2.296	2.296
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		1.354	-	1.354	37.827	-	37.827
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>24.767.132</b>	<b>14.305.360</b>	<b>39.072.492</b>	<b>20.253.843</b>	<b>10.549.491</b>	<b>30.803.334</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>1.600.255</b>	<b>117.865</b>	<b>1.718.120</b>	<b>2.294.203</b>	<b>228.481</b>	<b>2.522.684</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		621.314	18.910	640.224	667.745	8.820	676.565
4.3 Cheques Received for Collection		843.730	83.272	927.002	1.446.374	199.132	1.645.506
4.4 Commercial Notes Received for Collection		105.083	15.683	120.766	156.238	20.529	176.767
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		30.128	-	30.128	23.846	-	23.846
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>23.165.927</b>	<b>14.175.131</b>	<b>37.341.058</b>	<b>17.957.390</b>	<b>10.311.702</b>	<b>28.269.092</b>
5.1 Marketable Securities		1.043	1.043	2.086	28.235	-	28.235
5.2 Guarantee Notes		16.761.580	8.098.175	24.859.755	13.902.377	7.330.701	21.233.078
5.3 Commodity		677.707	8.807	686.514	326.956	18.119	345.075
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		5.399.915	4.197.673	9.597.588	3.406.143	2.526.660	5.932.803
5.6 Other Pledged Items		325.682	1.870.476	2.196.158	293.679	436.222	729.901
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>950</b>	<b>12.364</b>	<b>13.314</b>	<b>2.250</b>	<b>9.308</b>	<b>11.558</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>31.591.533</b>	<b>27.176.833</b>	<b>58.768.366</b>	<b>23.823.374</b>	<b>19.122.217</b>	<b>42.945.591</b>

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

**BURGAN BANK A.Ş.  
CONSOLIDATED INCOME STATEMENT AS AT  
31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

III. INCOME STATEMENT			01/01/2015-	01/01/2014-
INCOME AND EXPENSE ITEMS	Note (Section Five)		31/12/2015	31/12/2014
<b>I. INTEREST INCOME</b>	<b>IV-a</b>		<b>924.709</b>	<b>674.020</b>
1.1 Interest on Loans			687.988	511.497
1.2 Interest Received from Reserve Requirements			3.835	561
1.3 Interest Received from Banks			3.695	1.146
1.4 Interest Received from Money Market Transactions			5.670	4.158
1.5 Interest Received from Marketable Securities Portfolio			35.358	65.763
1.5.1 Trading Financial Assets			3.650	3.381
1.5.2 Financial Assets at Fair Value through Profit or Loss			-	-
1.5.3 Available-for-sale Financial Assets			31.708	62.382
1.5.4 Held-to-maturity Investments			-	-
1.6 Financial Lease Income			68.064	41.547
1.7 Other Interest Income	IV-1		120.099	49.348
<b>II. INTEREST EXPENSE (-)</b>	<b>IV-b</b>		<b>559.611</b>	<b>426.553</b>
2.1 Interest on Deposits			285.342	236.506
2.2 Interest on Funds Borrowed			92.326	68.146
2.3 Interest Expense on Money Market Transactions			14.099	38.673
2.4 Interest on Securities Issued			4.692	-
2.5 Other Interest Expenses	IV-1		163.152	83.228
<b>III. NET INTEREST INCOME (I + II)</b>			<b>365.098</b>	<b>247.467</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>			<b>45.554</b>	<b>56.692</b>
4.1 Fees and Commissions Received			58.178	73.407
4.1.1 Non-cash Loans			11.722	10.724
4.1.2 Other			46.456	62.683
4.2 Fees and Commissions Paid (-)			12.624	16.715
4.2.1 Non-cash Loans (-)			555	512
4.2.2 Other (-)	IV-1		12.069	16.203
<b>V. DIVIDEND INCOME</b>	<b>IV-c</b>		<b>542</b>	<b>703</b>
<b>VI. TRADING INCOME / (LOSS) (Net)</b>	<b>IV-d</b>		<b>32.688</b>	<b>36.301</b>
6.1 Trading Gains/(Losses) on Securities			4.938	9.006
6.2 Trading Gains/(Losses) on Derivative Financial Instruments			(9.028)	2.448
6.3 Foreign Exchange Gains/(Losses)			36.778	24.847
<b>VII. OTHER OPERATING INCOME</b>	<b>IV-e</b>		<b>19.347</b>	<b>13.474</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>			<b>463.229</b>	<b>354.637</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>IV-f</b>		<b>92.382</b>	<b>71.069</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>IV-g</b>		<b>301.919</b>	<b>258.246</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII+IX+X)</b>			<b>68.928</b>	<b>25.322</b>
<b>XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>			-	-
<b>XIII. INCOME/(LOSS) ON NET MONETARY POSITION</b>			-	-
<b>XIV. INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	<b>IV-h</b>		<b>68.928</b>	<b>25.322</b>
<b>XV. TAX PROVISION FOR CONTINUING OPERATIONS (-)</b>	<b>IV-i</b>		<b>16.759</b>	<b>7.498</b>
15.1 Current Tax Provision			10.693	3.198
15.2 Deferred Tax Provision			6.066	4.300
<b>XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV+ XVI)</b>	<b>IV-j</b>		<b>52.169</b>	<b>17.824</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</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>			-	-
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>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (-)</b>			-	-
21.1 Current tax provision			-	-
21.2 Deferred tax provision			-	-
<b>XXII. NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX+XXI)</b>			-	-
<b>XXIII. NET INCOME/(LOSS) (XVII+XXII)</b>	<b>IV-k</b>		<b>52.169</b>	<b>17.824</b>
Earnings / (Loss) per share (1.000 nominal in TL full)			0,580	0,298

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 DECEMBER 2015 AND 31 DECEMBER 2014**

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	31/12/2015	31/12/2014
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(4.423)	6.968
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	2.419	11.494
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	11.520	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS(*)	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	(383)	(980)
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(1.826)	(3.497)
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	7.307	13.985
XI. CURRENT PERIOD INCOME/LOSS	52.169	17.824
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	1.419	(499)
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	50.750	18.323
<b>XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)</b>	<b>59.476</b>	<b>31.809</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 DECEMBER 2014**

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

<b>V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>																			
PRIOR PERIOD 31/12/2014	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
<b>I. Prior Period End Balance (31/12/2013)</b>	II-k	570.000	-	-	-	18.099	-	89.173	(1.708)	(53.697)	(30.228)	(4.414)	3.992	-	-	-	591.217	-	591.217
<b>II. Adjustments according to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Beginning Balance(I+II)</b>		570.000	-	-	-	18.099	-	89.173	(1.708)	(53.697)	(30.228)	(4.414)	3.992	-	-	-	591.217	-	591.217
<b>Changes in the Period</b>																			
<b>IV. Increase/Decrease due to the Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Marketable Securities Valuation Differences</b>		-	-	-	-	-	-	-	-	-	-	5.574	-	-	-	-	5.574	-	5.574
<b>VI. Hedging Reserves (Effective Portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Revaluation Differences of Tangible Assets</b>		-	-	-	-	-	-	-	-	-	-	-	9.195	-	-	-	9.195	-	9.195
<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>		330.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330.000	-	330.000
14.1 Cash		330.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330.000	-	330.000
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>		-	-	-	-	-	-	-	(784)	-	-	-	-	-	-	-	(784)	-	(784)
<b>XIX. Current Year Income or Loss</b>		-	-	-	-	-	-	-	-	17.824	-	-	-	-	-	-	17.824	-	17.824
<b>XX. Profit Distribution</b>		-	-	-	-	298	-	(37.938)	-	53.697	(16.057)	-	-	-	-	-	-	-	-
20.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	298	-	(37.938)	-	53.697	(16.057)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+...+XIX+XX)</b>		900.000	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	953.026	-	953.026

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 DECEMBER 2015**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
CURRENT PERIOD 31/12/2015	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (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 (31/12/2014)	II-k	900.000	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	953.026	-	953.026
Changes in the Period																			
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(3.538)	-	-	-	-	(3.538)	-	(3.538)
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	9.216	-	9.216	-	9.216
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	9.216	-	9.216	-	9.216
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	1.935	-	-	-	1.935	-	1.935
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	(306)	-	-	-	-	-	-	-	(306)	-	(306)
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	52.169	-	-	-	-	-	-	52.169	-	52.169
XVIII. Profit Distribution		-	-	-	-	710	-	16.863	251	(17.824)	-	-	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	710	-	16.863	251	(17.824)	-	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (I+II+III.+XVIII)</b>		<b>900.000</b>	-	-	-	<b>19.107</b>	-	<b>68.098</b>	<b>(2.547)</b>	<b>52.169</b>	<b>(46.285)</b>	<b>(2.378)</b>	<b>15.122</b>	-	<b>9.216</b>	-	<b>1.012.502</b>	-	<b>1.012.502</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 DECEMBER 2015 AND 31 DECEMBER 2014**

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

<b>VI. STATEMENT OF CASH FLOWS</b>	<b>Note</b>	<b>(31/12/2015)</b>	<b>(31/12/2014)</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>49.007</b>	<b>58.813</b>
1.1.1 Interest received		848.530	681.234
1.1.2 Interest paid		(550.817)	(412.668)
1.1.3 Dividend received		542	703
1.1.4 Fees and commissions received		51.660	63.351
1.1.5 Other income		-	-
1.1.6 Collections from previously written-off loans and other receivables		64.811	57.819
1.1.7 Payments to personnel and service suppliers		(161.848)	(140.613)
1.1.8 Taxes paid		(245)	(5.941)
1.1.9 Other	VI-b	(203.626)	(185.072)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(207.338)</b>	<b>(206.996)</b>
1.2.1 Net (increase)/decrease in trading securities		42.516	17.371
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net increase/(decrease) in due from banks		(328.318)	(133.115)
1.2.4 Net (increase)/decrease in loans		(1.688.702)	(1.932.875)
1.2.5 Net (increase)/decrease in other assets		(135.005)	(30.701)
1.2.6 Net (increase)/decrease in bank deposits		(90.475)	(16.725)
1.2.7 Net increase/(decrease) in other deposits		1.358.422	1.939.005
1.2.8 Net increase/(decrease) in funds borrowed		686.028	194.056
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities	VI-b	(51.804)	(244.012)
<b>I. Net cash provided from banking operations</b>		<b>(158.331)</b>	<b>(148.183)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>37.216</b>	<b>117.531</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		(37.243)	(34.525)
2.4 Disposals of property and equipment		7.021	(5.020)
2.5 Cash paid for purchase of investments available-for-sale		(510.931)	(363.311)
2.6 Cash obtained from sale of investments available-for-sale		578.369	520.387
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>49.100</b>	<b>330.000</b>
3.1 Cash obtained from funds borrowed and securities issued		49.100	-
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		-	330.000
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>13.347</b>	<b>2.407</b>
<b>V. Net (increase)/decrease in cash and cash equivalents (I+II+III+IV)</b>		<b>(58.668)</b>	<b>301.755</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>633.150</b>	<b>331.395</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>574.482</b>	<b>633.150</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 PROFIT APPROPRIATION FOR THE PERIOD ENDED  
31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

<b>VII. PROFIT APPROPRIATION STATEMENT</b>	<b>(31/12/2015)(*)</b>	<b>(31/12/2014)(**)</b>
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	65.117	10.647
1.2 TAXES AND DUTIES PAYABLE (-)	12.948	3.838
1.2.1 Corporate Tax (Income tax)	3.598	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	9.350	3.838
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>52.169</b>	<b>6.809</b>
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>		<b>6.809</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	6.809
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES ( % )	-	-

(\*TL 10.790 that seen in net profit, TAS 27 basis within the framework of the principles of the Parent Bank's equity method applied the subsidiaries that can not be subject to distribution of net profit / loss refers to the amount. Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(\*\*) Contains "Profit Appropriation Statement" approved by the Parent Bank's General Assembly held on 30 March 2015. Does not include the effects of TAS 27 standard.

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 DECEMBER 2015**

(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 2015 have no material impact on the the Group's accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, 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 2014. Those accounting policies and valuation principles are explained in Notes II to XXVIII below.

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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 December 2015, foreign currency denominated balances are translated into TL using the exchange rates of TL 2,9181 and TL 3,1838 and TL for USD and EURO respectively.

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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 December 2015 and 31 December 2014.

**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 December 2015, 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 TL63.973 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 December 2015.

**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 2015 (2014: 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 SHARE CERTIFICATES AND 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 December 2015 and 31 December 2014, 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 30 March 2015, in the Ordinary General Assembly, it was decided to the profit (except the effects of TAS 27) of the 2014, TL 6.809, 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 December 2015</b>	<b>31 December 2014</b>
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	52.169	17.824
Weighted Average Number of Issued Ordinary Shares (Thousand)	90.000.000	59.802.740
<b>Earnings Per Ordinary Shares (Disclosed in full TL)</b>	<b>0,580</b>	<b>0,298</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 XV in Section IV.

**XXVIII. RECLASSIFICATIONS:**

None.

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**SECTION FOUR**

**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP**

**I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO:**

a. As of 31 December 2015, the consolidated capital adequacy ratio of the Group is 14,49 % (31 December 2014: 16,12 %) which satisfies the requirement of being above the minimum ratio of stated in the related legislation.

b. Risk Measurement Methods for Calculation of the Capital Adequacy Ratio:

The capital adequacy ratio of the Group is calculated using the capital required for loan risk, market risk and operational risk. The standard method for measurement of credit and market risk is used as the main indicator in measuring the operational risk. The core credit risk value for the calculation of the capital to mitigate the credit risk loss is computed using the valuation of risk weights and non-cash loans for the loan conversion ratio in accordance with the regulations and “Communiqué on Calculation of Risk Weighted Amounts for Securitisations” published in the Official Gazette dated 28 June 2012 numbered 28337 and “Communiqué on Credit Risk Mitigation Techniques” dated 1 July 2012.

c. Capital adequacy ratio is calculated in accordance with the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, “Regulation on Credit Risk Mitigation Techniques” published in the Official Gazette no.28337, dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no.28756, dated 5 September 2013. Details of “Risk weighted assets” and calculation of “Equities”, which constitute the basis for the calculation of capital adequacy ratio of the Bank, are shown in the tables below.

**Information related to consolidated capital adequacy ratio:**

31 December 2015	Risk Weights The Parent Bank							Risk Weights Consolidated						
	%0	%20	%50	%75	%100	%150	%200	%0	%20	%50	%75	%100	%150	%200
Surplus credit risk weighted	1.846.841	488.508	2.253.465	142.302	7.151.146	34.425	36.765	1.847.365	488.508	2.277.828	152.774	7.910.503	38.180	36.765
<b>Risk classifications:</b>														
Claims on sovereigns and Central Banks	1.275.904	-	-	-	477.496	-	-	1.285.169	-	-	-	477.496	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	6	-	-	-	-	-	-	6	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	281.931	284.197	70.995	-	114.688	-	-	273.931	284.197	95.358	-	114.736	-	-
Claims on corporates	97.320	200.630	53.114	-	5.432.573	2.291	-	96.577	200.630	53.114	-	6.349.532	5.518	-
Claims included in the regulatory retail portfolios	5.342	1.835	100	142.302	780	-	-	5.342	1.835	100	152.774	779	-	-
Claims secured by residential property	156.549	1.210	2.111.409	-	658.915	-	-	156.549	1.210	2.111.409	-	658.915	-	-
Past due loans	17	-	17.847	-	70.914	2.470	-	17	-	17.847	-	82.866	2.998	-
Higher risk categories decided by the Board	3.333	636	-	-	-	29.664	36.765	3.333	636	-	-	-	29.664	36.765
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivables	26.445	-	-	-	395.774	-	-	26.447	-	-	-	226.173	-	-



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

**I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued):**

**d. Summary information about consolidated capital adequacy ratio:**

	<b>The Parent Bank</b>		<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Amount subject to credit risk(ASCR)	688.598	523.488	751.400	571.910
Amount subject to market risk (ASMR)	11.817	10.622	13.643	17.282
Amount subject to operational risk (ASOR)	35.364	29.978	42.655	35.877
<b>Shareholders’ equity</b>	<b>1.468.393</b>	<b>1.251.127</b>	<b>1.462.534</b>	<b>1.259.575</b>
<b>Shareholders’ equity/((ASCR+ASMR+ASOR)*12,5*100)</b>	<b>15,97</b>	<b>17,74</b>	<b>14,49</b>	<b>16,12</b>
<b>Core Capital/((ASCR+ASMR+ASOR) *12,5*100)</b>	<b>10,39</b>	<b>12,57</b>	<b>9,40</b>	<b>11,45</b>
<b>Seed Capital/(( ASCR+ASMR+ASOR)*12,5*100)</b>	<b>10,66</b>	<b>13,10</b>	<b>9,67</b>	<b>11,99</b>

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

#### I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued):

##### e. Information about consolidated shareholders’ equity items:

CORE CAPITAL	31 December 2015	31 December 2014
Paid-in capital following all debts in terms of claim in case of the Bank’s litigation	900.000	900.000
Share premium	-	-
Share cancellation profits	-	-
Reserves	87.389	69.632
Gains recognized in equity as per TAS	24.338	14.347
Profit	52.169	17.824
Current Year Income	52.169	17.824
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>1.001.803</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	48.777
Leasehold improvements (-)	18.082	5.238
Goodwill or other intangible assets and deferred tax liability related to these items (-)	18.022	8.926
Net deferred tax asset/liability (-)	-	1.732
Shares obtained contrary to the 4th clause of the 56th article of the Law (-)	-	-
Direct and indirect investments in the seed capital made by the Bank (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Portion of offering mortgage service rights exceeding 10% of the seed capital (-)	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the seed capital (-)	-	-
Amount exceeding 15% of the seed capital pursuant to Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Exceeding amount resulting from offering mortgage service rights (-)	-	-
Exceeding amount resulting from deferred tax assets based on temporary differences (-)	-	-
Other items defined by BRSA (-)	-	-
Amount to be discounted from the seed capital in the case that adequate additional principal capital or supplementary capital is not available (-)	-	-
<b>Total Deductions From Seed Capital</b>	<b>87.498</b>	<b>64.673</b>
<b>Total Seed Capital</b>	<b>976.398</b>	<b>937.130</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>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>Total Additional Core Capital</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	35.704
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 (-)	-	6.926
<b>Total Core Capital</b>	<b>949.364</b>	<b>894.500</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	346.728
Sources pledged to the bank by shareholders to be used in capital increases of the bank	-	-
General Provisions	77.497	64.659
<b>Third party shares in Supplementary Capital</b>		
<b>Supplementary Capital Before Deductions</b>	<b>513.734</b>	<b>411.387</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>Total Supplementary Capital</b>	<b>513.734</b>	<b>411.387</b>
<b>CAPITAL</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	298
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	46.014
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>1.259.575</b>
Amounts Below the Exceeding Limits in the Discount Principles	-	-
Amounts resulting from the net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated	-	-
Amounts resulting from the net long positions of investment made in seed capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated	-	-
Amount resulting from offering mortgage service rights	-	-
Amount resulting from deferred tax assets based on temporary differences	23.943	23.007

(\*)The subordinated loan used in the Equity account in accordance with the permission of the Banking Regulation and Supervision Agency dated December 2, 2013 possesses the nature stated in article 8 of the Regulation on the Equity of Banks which took effect on January 1, 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.

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

**I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued):**

Details on Subordinated Liabilities	
Issuer	Burgan Bank S.A.K.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-
Governing law(s) of the instrument	BRSA
Regulatory treatment	Supplementary Capital
Transitional Basel III rules	No
Eligible at stand-alone / consolidated	Stand Alone- Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan
Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date)	436.237
Par value of instrument (USD)	150.000
Accounting classification	Liability-Subordinated Loans-amortised cost
Original date of issuance	06/12/2013
Perpetual or dated	Dated
Original maturity date	10 Years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	After 5th year
Subsequent call dates, if applicable	After 5th year
Coupons / dividends	3 Months
Fixed or floating dividend/coupon	Floating dividend
Coupon rate and any related index	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
Convertible or non-convertible	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
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.
In compliance with article number 7 and 8 of “Own fund regulation”	None
Details of incompliances with article number 7 and 8 of “Own fund regulation”	None

**f. The Rating Process of Internal Capital Adequacy Regarding the Current and Future Operations**

During the rating process of internal capital adequacy, the concentrating risk and the interest rate risk from banking calculations, country risk, residual risk, liquidity risk and reputation risk are taken into consideration in addition to the credit risk, market risk, operational risk and counterparty risk which are used in the calculation of legal capital adequacy ratio. There is also a risk appetite policy approved by the Board of Directors within the scope of the ISEDES. In the Internal Capital Adequacy Assessment Process, the Bank’s capital adequacy under the stress conditions is analyzed in a variety of scenarios. At the end of Internal Capital Adequacy Assessment Process, reports are reported regularly to the BRSA.

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

**II. EXPLANATIONS ON CREDIT RISK:**

Credit risk represents the potential financial loss that the Group may incur as a result of defaults or non-fulfillment of the loan agreements obligations of counterparties.

In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the rating procedures. Main criteria are geographical and sectoral concentrations. The sectoral concentrations for loans are monitored closely in accordance with the Group’s loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored on a regular basis.

Credit rankings of borrowers that are present at loans and other accounts receivable accounts are monitored in accordance with the relevant legislation at regular intervals. Account status documents obtained for the issued credits are audited to make sure that the documents are meeting the requirements of the relevant legislation given that the cash transactions are exempted from this rule. As a result of regular monitoring of credit worthiness, credit limits have been changed when necessary. Loans and other receivables are collateralized considering the credit worthiness.

With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as “loans and other receivables under close monitoring” are revised at least twice a year due to Procedures and Principles regarding the regulation on determination of loans and other receivables. The credit limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the credit worthiness has not been reviewed are suspended (except for cash provisions).

The Group's credit policy approved by the Board of Directors is reviewed at regular intervals. In order to maintain the credit risk under control, there are additional limitations in the scope of Group credit policies apart from the Banking Law limitations. As defined in the document of credit policy, authorization of credit extension has been delegated to branches, the headquarters and the credit committee. Constraints on the use of these delegations;

- Collaterals, accepted as guarantees of loans issued, are clearly stated at credit policy.
- The Group does not provide loans for arms manufacturers and traders, religious organizations, gambling companies, media companies, political organizations, sport clubs and companies operating in nuclear industry. Exceptions could be evaluated by the head office.
- Credits issued to the companies founded within last two years, real estate development companies and financial institutions as well as the investment projects , cash credit guarantees and credits for covering Group’s risks and refinancing loans are evaluated by headquarters and authorized upper management.
- Derivative products’ limits cannot be allocated in Branch authorization. Foreign currency loans and counter party / external guarantees cannot be issued by branches.

The loans are considered as impaired receivables after 90 days delay from the reporting period or the decision of the bank that the debtor loses its credibility. According to the “Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves,” group II loans and 90 day-delayed loans are considered as non-performing loan and general provision is allocated.

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

**II. EXPLANATIONS ON CREDIT RISK (Continued):**

Total amount of exposures after offsetting transactions before applying credit risk mitigations and the average exposure amounts that are classified under different risk groups and types for the relevant period:

<b>Risk Group</b>	<b>Amount</b>	<b>Average</b>
Claims on sovereigns and Central Banks	1.746.442	1.441.877
Claims on regional governments or local authorities	-	-
Claims on administrative bodies and other non-commercial undertakings	29	31
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	782.727	463.985
Claims on corporates	7.470.504	6.824.994
Claims included in the regulatory retail portfolios	261.527	744.140
Claims secured by residential property	2.978.167	2.482.207
Past due loans	103.728	83.142
Higher risk categories decided by the Board	70.398	75.397
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other Receivables	400.448	398.347
<b>Total</b>	<b>13.813.970</b>	<b>12.514.120</b>

The Parent Bank’s derivative transactions are mainly composed of foreign exchange and interest rate swaps, money and interest options and forward transactions. The credit risks of these products are managed by deducting them from the company's credit limit, which is specified only for these types of transactions, in proportion to the term of the transaction. Market risk is managed by the Treasury, Capital market and Financial Institutions Group.

In forward transactions no type of coercive action outside of the other party’s consent is taken.

Indemnified non-cash credits are subjected to the same risk weight as the credits which are past due date.

With regard to the credits renewed and re-structured with a new payment plan by the Parent Bank, the method adopted is the one specified by the relevant legislation. Within the framework of risk management systems a risk separation is not practiced as to the maturity of the liabilities.

The Group does not perform any kind of banking activity abroad.

When evaluated within the context of the financial operations of other financial institutions acting as active participants in the international banking market, the Group have significant credit risk concentration.

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

**II. EXPLANATIONS ON CREDIT RISK (Continued):**

In the current period, the share of the Group's receivables due to cash loans extended to its top 100 and top 200 customers are 61% and 71% within the total cash loan portfolio (31 December 2014: 52%, 62%).

In the current period, the share of the Group's receivables due to non-cash loans extended to its top 100 and top 200 customers are 38% and 52% within the total non-cash loans portfolio (31 December 2014: 35%, 49%).

In the current period, the share of the Group's receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 57% and 68% within cash loans in balance sheet and non-cash loans in off-balance sheet (31 December 2014: 49%, 60%).

As of 31 December 2015, the Bank's general provision for loans amounting to TL 77.497 (31 December 2014: TL 64.659).

**a. Information on types of loans and specific provisions:**

<b>31 December 2015</b>	<b>Corporate</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Lease Receivables</b>	<b>Factoring Receivables</b>	<b>Total</b>
Standard Loans	7.523.793	127.961	8.617	895.080	6	8.555.457
Loans under close monitoring	488.655	10.561	1.484	33.647	1.667	536.014
Non-performing loans	201.151	3.343	2.044	30.310	3.767	240.615
Specific provision (-)	112.259	3.339	1.571	17.830	1.888	136.887
<b>Total</b>	<b>8.101.340</b>	<b>138.526</b>	<b>10.574</b>	<b>941.207</b>	<b>3.552</b>	<b>9.195.199</b>

<b>31 December 2014</b>	<b>Corporate</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Lease Receivables</b>	<b>Factoring Receivables</b>	<b>Total</b>
Standard Loans	6.047.470	102.942	17.271	687.677	13.893	6.869.253
Loans under close monitoring	256.861	5.908	1.193	8.120	4.033	276.115
Non-performing loans	124.798	1.425	1.035	15.745	2.616	145.619
Specific provision (-)	59.085	1.316	615	12.971	1.948	75.935
<b>Total</b>	<b>6.370.044</b>	<b>108.959</b>	<b>18.884</b>	<b>698.571</b>	<b>18.594</b>	<b>7.215.052</b>

**b. Information on loans and receivables past due but not impaired**

<b>31 December 2015</b>	<b>Corporate</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Lease Receivables</b>	<b>Factoring Receivables</b>	<b>Total</b>
Past due up to 30 days	468.387	10.274	1.497	136.685	1.667	618.510
Past due 30-60 days	23.318	3.259	120	43.159	-	69.856
Past due 60-90 days	14.822	2.129	34	40.526	-	57.511
<b>Total</b>	<b>506.527</b>	<b>15.662</b>	<b>1.651</b>	<b>220.370</b>	<b>1.667</b>	<b>745.877</b>

<b>31 December 2014</b>	<b>Corporate</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Lease Receivables</b>	<b>Factoring Receivables</b>	<b>Total</b>
Past due up to 30 days	264.061	5.290	1.194	62.230	4.341	337.116
Past due 30-60 days	9.381	1.654	-	8.067	-	19.102
Past due 60-90 days	12.650	1.025	-	10.954	-	24.629
<b>Total</b>	<b>286.092</b>	<b>7.969</b>	<b>1.194</b>	<b>81.251</b>	<b>4.341</b>	<b>380.847</b>

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

**II. EXPLANATIONS ON CREDIT RISK (Continued):**

**c. Information on debt securities, treasury bills and other bills:**

<b>31 December 2014</b>	<b>Financial Assets at Fair Value through P/L (Net)</b>	<b>Available for Sale Financial Assets (Net)</b>	<b>Held to Maturity Securities (Net)</b>	<b>Total</b>
<b>Moody’s Rating</b>				
Baa3(*)	30.507	638.915	-	669.422
<b>Total</b>	<b>30.507</b>	<b>638.915</b>	<b>-</b>	<b>669.422</b>

(\*) This table contains only Turkish Republic government bonds, bank bonds and treasury bills which is rated by Moody’s.

<b>31 December 2015</b>	<b>Financial Assets at Fair Value through P/L (Net)</b>	<b>Available for Sale Financial Assets (Net)</b>	<b>Held to Maturity Securities (Net)</b>	<b>Total</b>
<b>Moody’s Rating</b>				
Baa3(*)	58.970	667.470	-	726.440
Ba2(**)	-	46.014	-	46.014
<b>Total</b>	<b>58.970</b>	<b>713.484</b>	<b>-</b>	<b>772.454</b>

(\*) Consists of Turkish Republic government bonds and treasury bills.

(\*\*) Consists of bonds issued by the Bank as a subordinated loans.

**d. Information on rating concentration:**

The Bank evaluates its credit risk based on an internal rating system and the portfolio is classified from least probability of default to highest. The information about the concentration of cash and non cash loans which are classified with the rating system is presented below.

	<b>31 December 2015</b>	<b>31 December 2014</b>
Above average (%)	10,57	9,93
Average (%)	67,23	66,59
Below average (%)	20,94	22,44
Not rated (%)	1,26	1,04

**e. Fair value of collaterals ( loans and advances to customers):**

<b>31 December 2015</b>	<b>Corporate Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Lease Receivables</b>	<b>Factoring Receivables</b>	<b>Total</b>
Loans under close monitoring	325.021	3.986	494	5.513	1.691	336.705
Non-performing loans	88.943	6	384	12.170	1.793	103.296
<b>Total</b>	<b>413.964</b>	<b>3.992</b>	<b>878</b>	<b>17.683</b>	<b>3.484</b>	<b>440.001</b>

<b>31 December 2014</b>	<b>Corporate Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Lease Receivables</b>	<b>Factoring Receivables</b>	<b>Total</b>
Loans under close monitoring	187.801	945	322	-	1.524	190.592
Non-performing loans	45.823	145	192	1.220	525	47.905
<b>Total</b>	<b>233.624</b>	<b>1.090</b>	<b>514</b>	<b>1.220</b>	<b>2.049</b>	<b>238.497</b>

<b>Type of Collaterals</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Real-estate mortgage	309.795	131.607
Pledge	110.825	71.446
Cash and cash equivalents	19.381	35.444
<b>Total</b>	<b>440.001</b>	<b>238.497</b>

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

**II. EXPLANATIONS ON CREDIT RISK (Continued):**

**f. Profile of significant exposures in major regions:**

31 December 2015	Exposure Categories (*)																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Domestic	1.762.665	-	6	-	-	251.758	6.676.780	190.053	2.928.924	103.512	70.372	-	-	-	-	252.620	12.236.690
EU Countries	-	-	-	-	-	434.453	11.736	154	-	-	26	-	-	-	-	-	446.369
OECD Countries (**)	-	-	-	-	-	9.027	-	-	-	-	-	-	-	-	-	-	9.027
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	95.828	54.819	12	-	216	-	-	-	-	-	-	150.875
Other Countries	-	-	-	-	-	1.206	6.434	875	1.392	-	-	-	-	-	-	-	9.907
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.762.665</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>792.272</b>	<b>6.749.769</b>	<b>191.094</b>	<b>2.930.316</b>	<b>103.728</b>	<b>70.398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252.620</b>	<b>12.852.868</b>

1. Conditional and unconditional exposures to central governments or central banks
2. Conditional and unconditional exposures to regional governments or local authorities
3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
4. Conditional and unconditional exposures to multilateral development banks
5. Conditional and unconditional exposures to international organisations
6. Conditional and unconditional exposures to banks and brokerage houses
7. Conditional and unconditional exposures to corporates
8. Conditional and unconditional retail exposures
9. Conditional and unconditional exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization Positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Other receivables

(\*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

(\*\*) Includes OECD countries other than EU countries, USA and Canada.



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

**II. EXPLANATIONS ON CREDIT RISK (Continued):**

31 December 2014	Exposure Categories (*)															Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16
Domestic	1.574.456	-	6	-	-	482.776	5.128.717	685.576	1.869.490	69.684	73.747	-	-	-	-	245.616	10.130.068
EU Countries	-	-	-	-	-	99.115	33.803	128	891	-	929	-	-	-	-	-	134.866
OECD Countries (**)	-	-	-	-	-	9.283	-	13	-	-	-	-	-	-	-	-	9.296
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	36.502	27.394	-	-	-	-	-	-	-	-	-	63.896
Other Countries	-	-	-	-	-	1.547	2.472	129	-	-	-	-	-	-	-	-	4.148
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.574.456</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>629.223</b>	<b>5.192.386</b>	<b>685.846</b>	<b>1.870.381</b>	<b>69.684</b>	<b>74.676</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245.616</b>	<b>10.342.274</b>

1. Conditional and unconditional exposures to central governments or central banks
  2. Conditional and unconditional exposures to regional governments or local authorities
  3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
  4. Conditional and unconditional exposures to multilateral development banks
  5. Conditional and unconditional exposures to international organisations
  6. Conditional and unconditional exposures to banks and brokerage houses
  7. Conditional and unconditional exposures to corporates
  8. Conditional and unconditional retail exposures
  9. Conditional and unconditional exposures secured by real estate property
  10. Past due receivables
  11. Receivables defined in high risk category by BRSA
  12. Exposures in the form of bonds secured by mortgages
  13. Securitization Positions
  14. Short term exposures to banks, brokerage houses and corporates
  15. Exposures in the form of collective investment undertakings
  16. Other receivables
- (\*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.  
(\*\*) Includes OECD countries other than EU countries, USA and Canada.

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

**II. EXPLANATIONS ON CREDIT RISK (Continued):**

**g. Risk profile by Sectors or Counterparties:**

	Exposure Categories (*)																TL	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16				
<b>Agriculture</b>	-	-	-	-	-	-	43.877	3.630	13.700	805	-	-	-	-	-	-	40.044	21.968	62.012	
Farming and Stockbreeding	-	-	-	-	-	-	34.431	3.344	8.491	463	-	-	-	-	-	-	30.499	16.230	46.729	
Forestry	-	-	-	-	-	-	357	168	513	313	-	-	-	-	-	-	1.351	-	1.351	
Fishery	-	-	-	-	-	-	9.089	118	4.696	29	-	-	-	-	-	-	8.194	5.738	13.932	
<b>Manufacturing</b>	-	-	5	-	-	-	2.172.576	38.820	508.352	37.225	398	-	-	-	-	-	966.137	1.791.239	2.757.376	
Mining and Quarrying	-	-	5	-	-	-	117.335	1.915	62.400	3.931	13	-	-	-	-	-	51.184	134.415	185.599	
Production	-	-	-	-	-	-	1.887.688	36.842	393.585	33.294	385	-	-	-	-	-	899.377	1.452.417	2.351.794	
Electricity, Gas and Water	-	-	-	-	-	-	167.553	63	52.367	-	-	-	-	-	-	-	15.576	204.407	219.983	
<b>Construction</b>	-	-	-	-	-	-	1.395.900	14.540	1.068.790	22.182	57	-	-	-	-	-	970.840	1.530.629	2.501.469	
<b>Services</b>	-	-	1	-	-	-	791.976	2.993.074	69.495	1.208.233	42.964	3.097	-	-	-	-	59.123	1.555.597	3.612.366	5.167.963
Wholesale and Retail Trade	-	-	-	-	-	-	1.697.632	51.300	327.498	36.512	145	-	-	-	-	-	59.123	785.414	1.386.796	2.172.210
Hotel, Food and Beverage services	-	-	-	-	-	-	221.770	2.850	696.088	152	37	-	-	-	-	-	46.816	874.081	920.897	
Transportation and Telecom	-	-	-	-	-	-	242.731	7.077	82.955	1.809	94	-	-	-	-	-	160.946	173.720	334.666	
Financial Institutions	-	-	-	-	-	791.976	317.827	1.147	47.728	-	10	-	-	-	-	-	411.611	747.077	1.158.688	
Real Estate and Rental Services	-	-	-	-	-	-	436.282	3.259	7.056	1.073	2.807	-	-	-	-	-	58.367	392.110	450.477	
Self-employment Services	-	-	-	-	-	-	1.936	1.580	13.679	226	4	-	-	-	-	-	15.702	1.723	17.425	
Educational Services	-	-	1	-	-	-	16.488	325	5.742	862	-	-	-	-	-	-	15.448	7.970	23.418	
Health and Social Services	-	-	-	-	-	-	58.408	1.957	27.487	2.330	-	-	-	-	-	-	61.293	28.889	90.182	
<b>Other</b>	1.762.665	-	-	-	-	296	144.342	64.609	131.241	552	66.846	-	-	-	-	-	193.497	996.722	1.367.326	2.364.048
<b>Total</b>	1.762.665	-	6	-	-	792.272	6.749.769	191.094	2.930.316	103.728	70.398	-	-	-	-	-	252.620	4.529.340	8.323.528	12.852.868

1. Conditional and unconditional exposures to central governments or central banks
  2. Conditional and unconditional exposures to regional governments or local authorities
  3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
  4. Conditional and unconditional exposures to multilateral development banks
  5. Conditional and unconditional exposures to international organisations
  6. Conditional and unconditional exposures to banks and brokerage houses
  7. Conditional and unconditional exposures to corporates
  8. Conditional and unconditional retail exposures
  9. Conditional and unconditional exposures secured by real estate property
  10. Past due receivables
  11. Receivables defined in high risk category by BRSA
  12. Exposures in the form of bonds secured by mortgages
  13. Securitization Positions
  14. Short term exposures to banks, brokerage houses and corporates
  15. Exposures in the form of collective investment undertakings
  16. Other receivables
- (\*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

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**II. EXPLANATIONS ON CREDIT RISK (Continued):**

**h. Analysis of maturity-bearing exposures according to remaining maturities:**

Risk classifications	Term To Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Claims on sovereigns and Central Banks	181.637	44.724	331	12.056	455.880
Claims on regional governments or local authorities	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	6	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	597.860	3.410	5.327	14.243	141.971
Claims on corporates	1.058.353	383.189	677.390	1.062.049	3.568.907
Claims included in the regulatory retail portfolios	84.453	24.870	20.044	27.609	34.119
Claims secured by residential property	242.868	107.978	174.457	296.547	2.108.466
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	47	-	-	-	70.357
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Total</b>	<b>2.165.224</b>	<b>564.171</b>	<b>877.549</b>	<b>1.412.504</b>	<b>6.379.700</b>

**i. Information about the risk exposure categories:**

As explained in the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks," abovementioned receivables are calculated via third party ratings. Receivables from central governments or central banks are calculated according to the OECD's published country risks. OECD classification is used to determine the risk weights set by the regulations. When a receivable is not provided a grading, the Bank complies with the rules under the regulations.

**j. Exposures by risk weights:**

Risk Weights	0%	20%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
<b>1. Exposures before Credit Risk Mitigation</b>	1.306.578	721.283	2.415.738	165.679	8.063.713	40.137	38.794	-	564
<b>2. Exposures after Credit Risks Mitigation(*)</b>	1.847.365	488.508	2.277.828	152.774	7.910.503	38.180	36.765	-	564

(\*) The bank mitigates the credit risk using the simple financial collateral methods.

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**II. EXPLANATIONS ON CREDIT RISK (Continued):**

**k. Informations in terms of major sectors and type of counterparties:**

Major Sectors / Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
<b>Agriculture</b>	<b>5.377</b>	<b>17.414</b>	<b>495</b>	<b>4.572</b>
Farming and Stockbreeding	4.555	17.203	489	4.092
Forestry	765	204	6	452
Fishery	57	7	-	28
<b>Manufacturing</b>	<b>82.373</b>	<b>225.601</b>	<b>5.702</b>	<b>45.148</b>
Mining and Quarrying	14.978	3.037	35	11.047
Production	66.986	222.342	5.663	33.692
Electricity, Gas and Water	409	222	4	409
<b>Construction</b>	<b>40.779</b>	<b>98.113</b>	<b>1.578</b>	<b>18.597</b>
<b>Services</b>	<b>105.265</b>	<b>380.876</b>	<b>8.659</b>	<b>62.301</b>
Wholesale and Retail Trade	88.873	77.230	2.513	52.361
Accommodation and Dining	334	262.750	5.307	182
Transportation and Telecom	5.632	19.631	377	3.823
Financial Institutions	36	1.822	23	36
Real Estate and Rental Services	3.074	2.433	76	2.001
Professional Services	422	1.404	36	196
Educational Services	985	1.288	15	123
Health and Social Services	5.909	14.318	312	3.579
<b>Other</b>	<b>6.821</b>	<b>23.873</b>	<b>388</b>	<b>6.269</b>
<b>Total</b>	<b>240.615</b>	<b>745.877</b>	<b>16.822</b>	<b>136.887</b>

**l. Information about Value Adjustment and Change in Provisions:**

	Opening Balance	Provision for Period	Write off from Asset	Other Adjustments(*)	Closing Balance
<b>1. Specific Provisions (**)</b>	91.644	137.335	(52.850)	(7.285)	168.844
<b>2. General Provisions</b>	64.659	13.550	(5.653)	4.941	77.497

(\*) TL 9.348 shown in Other Adjustments column for “Specific Provisions” consists of released loan loss provision upon sale of Non Performing Loans to Sümer Varlık Yönetimi A.Ş. on 30 April 2015. Other Adjustments column consists of exchange rate differences of provisions in foreign currencies.

(\*\*) Also includes special and free provisions for non-cash loans that are classified as non-performing loans.

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

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

The market risk is the potential losses that can occur from the fluctuations of foreign currency rates, interest rates, market prices of stocks and commodity. Risk calculations are performed by both the standard method and the internal method. Position limits and maximum loss limits of held to maturity, available for sale and trading portfolios, derivative and foreign currency positions are followed up properly according to the treasury risk parameters set which are approved by Board of Directors.

The following table indicates the details of the market risk calculation in accordance with the Market Risk Calculation principles pursuant to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 28337 on 28 June 2012.

**a. Information on Market Risk:**

	<b>31 December 2015</b>
(I) Capital to be Employed for General Market Risk - Standard Method	5.544
(II) Capital to be Employed for Specific Risk -Standard Method	531
Capital to be Employed for Specific Risk in Securitisation Positions – Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	1.057
(IV) Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Clearance Risk - Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options - Standard Method	20
(VII) Capital to be Employed for the Other Party's Credit Risk - Standard Method	6.491
Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement (VIII) Model	-
(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	13.643
<b>(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)</b>	<b>170.538</b>

**b. Average Market Risk Table of Calculated Market Risk during the Period at Month Ends:**

	31 December 2015			31 December 2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
(I) Interest Rate Risk	3.074	3.543	4.701	2.915	5.486	2.516
(II) Common Stock Risk	3.047	4.438	1.374	2.530	1.480	2.489
(III) Currency Risk	5.378	8.075	1.057	3.569	7.938	2.483
(IV) Commodity Risk	-	-	-	-	-	-
(V) Exchange Risk	-	-	-	-	-	-
(VI) Option Risk	55	110	20	48	85	49
(VII) Counterparty Credit Risk	7.954	7.657	6.491	8.028	18.004	4.882
<b>Total Amount Subject to Risk ((I+...+VII)*12,5)</b>	<b>243.850</b>	<b>297.788</b>	<b>170.538</b>	<b>213.625</b>	<b>412.413</b>	<b>155.238</b>

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

**c. Information on Counterparty Credit Risk:**

Calculations based on opposite party credit risk are made in accordance with "Mark to Market Valuation Method" published on 28 June 2012 mentioned in Attachment 2 of "Regulation on Measurement of Bank's Capital Adequacy". Resources arising from current master netting agreements of the Bank are not taken into consideration during the calculation of Capital Adequacy Standard Ratio. Potential risk amount is added to renovation costs of contracts having positive value in accordance with this method.

Opposite party credit risks are monitored under one limit for the customers while there are separate limits on the basis of products for Banks. Derivative instrument limits are evaluated in different criteria and related authorization levels depending upon the customers being individuals or legal entities.

Compliance with opposite party credit risk limits are controlled daily.

There are no credit risk derivatives and credit risk protection.

**Quantitative Information on Counterparty Risk:**

	<b>31 December 2015</b>
Agreements based on Interest Rate	19.067
Agreement based on Foreign Exchange Currency	70.024
Agreement Based on Commodity	-
Agreement Based on Shares	-
Other	74.803
<b>Gross Positive Fair Values</b>	<b>163.894</b>
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	-
<b>Net Position of Derivatives</b>	<b>163.894</b>

**IV. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK:**

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2015 is calculated once a year by using the gross income of the Bank in 2012, 2013 and 2014.

The annual gross revenue income is calculated by deducting the profit/loss that is generated from available for sale securities that are hold to securities until maturity and extraordinary income, operating expense for support services and amount collected from insurances from sum of net values of interest and non-interest income.

	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>Total/Positive Year</b>	<b>Ratio (%)</b>	<b>Total</b>
<b>Gross Income</b>	38.517	37.087	52.361	3	15	42.655
<b>Amount subject to Operational Risk (Total*12,5)</b>						<b>533.184</b>

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**V. 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 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>31 December 2015 / 31 December 2014</b>				
<b>Bid rate</b>	<b>TL 3,1838</b>	<b>TL 2,8272</b>	<b>TL 2,9181</b>	<b>TL 2,3269</b>
1. Day bid rate	TL 3,1838	TL 2,8272	TL 2,9181	TL 2,3269
2. Day bid rate	TL 3,1776	TL 2,8207	TL 2,9076	TL 2,3189
3. Day bid rate	TL 3,1921	TL 2,8339	TL 2,9084	TL 2,3235
4. Day bid rate	TL 3,2006	TL 2,8255	TL 2,9157	TL 2,3182
5. Day bid rate	TL 3,1904	TL 2,8368	TL 2,9123	TL 2,3177

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 December 2015	31 December 2014	31 December 2015	31 December 2014
Arithmetic average-30 days	TL 3,1802	TL 2,8245	TL 2,9186	TL 2,2941

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

**V. 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 December 2015</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	5.443	940.221	523	946.187
Due From Banks	3.669	93.914	10.384	107.967
Financial Assets at Fair Value Through Profit or Loss (*)	16.991	15.141	648	32.780
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	380.474	-	380.474
Loans (*)	2.467.100	2.748.457	28.205	5.243.762
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	36	-	36
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	327.451	344.248	147	671.846
<b>Total Assets</b>	<b>2.820.654</b>	<b>4.522.491</b>	<b>39.907</b>	<b>7.383.052</b>
<b>Liabilities</b>				
Bank Deposits	28.773	20.931	4	49.708
Foreign Currency Deposits	906.282	3.752.691	30.481	4.689.454
Funds From Interbank Money Market	-	265.819	-	265.819
Funds Borrowed From Other Financial Institutions	562.835	2.253.625	4.417	2.820.877
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	31.588	35.304	10	66.902
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities (*)	11.795	13.395	670	25.860
<b>Total Liabilities</b>	<b>1.541.273</b>	<b>6.341.765</b>	<b>35.582</b>	<b>7.918.620</b>
<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>
<b>31 December 2014</b>				
Total Assets (*)	1.830.740	3.045.527	18.729	4.894.996
Total Liabilities (*)	1.318.735	4.070.014	75.945	5.464.694
<b>Net On-balance Sheet Position</b>	<b>512.005</b>	<b>(1.024.487)</b>	<b>(57.216)</b>	<b>(569.698)</b>
<b>Net Off-balance Sheet Position</b>	<b>(501.227)</b>	<b>1.021.897</b>	<b>57.589</b>	<b>578.259</b>
Financial Derivative Assets	532.574	1.884.043	138.962	2.555.579
Financial Derivative Liabilities	1.033.801	862.146	81.373	1.977.320
<b>Non-Cash Loans (**)</b>	<b>210.949</b>	<b>429.298</b>	<b>14.024</b>	<b>654.271</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 TL784.445(31 December 2014: TL642.493) classified as Turkish Lira assets in the 31 December 2015 financial statements are added to the table above and there is no foreign currency indexed loans received in the current period (31 December 2014: TL 59.268). Besides these, in assets "Income Accruals of Derivative Financial Instruments" amounting to TL4.530 (31 December 2014: TL 23.816), in liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL6.189 (31 December 2014: TL 13.613), "General Provisions" amounting to TL38.816(31 December 2014: TL 25.476), free provisions amounting to TL 20.436 (31 December 2014: TL 12.301) and "Marketable Securities Valuation Reserve" amounting to TL (857) (31 December 2014: TL 365) 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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**V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):**

**Currency risk sensitivity analysis:**

As of 31 December, 2015 and 2014, if foreign currencies had appreciated/depreciated by 10% against TL with all other variables held constant, the changes to occur in the net profit before tax as a result of foreign exchange losses/gains on the translation of the foreign exchange position is presented below:

	31 December 2015				31 December 2014			
	Income statement		Equity (*)		Income statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	3.434	(3.434)	3.349	(3.349)	(259)	259	(223)	223
Euro	643	(643)	643	(643)	1.098	(1.098)	1.098	(1.098)
Other FC	135	(135)	135	(135)	37	(37)	37	(37)
<b>Total, net</b>	<b>4.212</b>	<b>(4.212)</b>	<b>4.127</b>	<b>(4.127)</b>	<b>876</b>	<b>(876)</b>	<b>913</b>	<b>(913)</b>

(\*) Equity effect also includes income statement effect.

**VI. 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.

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

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

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

<b>31 December 2015</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	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>-</b>	<b>-</b>	<b>1.049.976</b>	<b>1.792.892</b>	<b>439.648</b>	<b>-</b>	<b>3.282.516</b>
<b>Balance Sheet Short Position</b>	<b>(75.583)</b>	<b>(1.805.381)</b>	<b>-</b>	<b>-</b>	<b>-</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>

(\*)Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 40.845 and other liabilities includes hedging derivative financial liabilities amounting to TL 15.132 classified to a related re-pricing periods.

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

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

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

31 December 2014	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	228.509	-	-	-	-	544.359	772.868
Due From Banks	110.247	-	-	-	-	16.201	126.448
Financial Assets at Fair Value Through Profit/Loss	34.119	24.046	47.658	31.026	20.248	22.160	179.257
Interbank Money Market Placements	141.155	-	-	-	-	-	141.155
Available-for-Sale Financial Assets	116.877	234.860	315.735	-	46.013	11.774	725.259
Loans	2.507.425	2.027.680	1.084.282	825.511	4.673	69.684	6.519.255
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	22.279	29.531	137.388	428.318	78.281	327.220	1.023.017
<b>Total Assets</b>	<b>3.160.611</b>	<b>2.316.117</b>	<b>1.585.063</b>	<b>1.284.855</b>	<b>149.215</b>	<b>991.398</b>	<b>9.487.259</b>
<b>Liabilities</b>							
Bank Deposits	133.742	-	-	-	-	3.704	137.446
Other Deposits	2.819.468	1.657.517	294.725	79.013	-	351.244	5.201.967
Funds From Interbank Money Market	462.102	-	-	-	-	-	462.102
Miscellaneous Payables	-	-	-	-	-	168.457	168.457
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	350.452	1.405.551	514.622	-	-	-	2.270.625
Other Liabilities (*)	20.190	9.780	24.833	139	-	1.191.720	1.246.662
<b>Total Liabilities</b>	<b>3.785.954</b>	<b>3.072.848</b>	<b>834.180</b>	<b>79.152</b>	<b>-</b>	<b>1.715.125</b>	<b>9.487.259</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>750.883</b>	<b>1.205.703</b>	<b>149.215</b>	<b>-</b>	<b>2.105.801</b>
<b>Balance Sheet Short Position</b>	<b>(625.343)</b>	<b>(756.731)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(723.727)</b>	<b>(2.105.801)</b>
Off-balance Sheet Long Position	32.449	-	17.141	8.286	-	-	57.876
Off-balance Sheet Short Position	-	(13.519)	-	-	-	-	(13.519)
<b>Total Position</b>	<b>(592.894)</b>	<b>(770.250)</b>	<b>768.024</b>	<b>1.213.989</b>	<b>149.215</b>	<b>(723.727)</b>	<b>44.357</b>

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

**Interest Rate Risk Sensitivity Analysis:**

Change in interest rates 31 December 2015	Effect on income statement	Effect on equity
(+) 1%	(906)	(36.127)
(-) 1%	921	36.991

Change in interest rates 31 December 2014	Effect on income statement	Effect on equity
(+) 1%	(1.883)	(6.175)
(-) 1%	2.011	6.543

The effect of changes in interest rates by (+) 1% and (-) 1% on income statement and equity is demonstrated on the above table as net off tax amounts.

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**VI. 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 December 2015</b>	<b>EUR</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</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	-	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

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

<b>31 December 2014</b>	<b>EUR</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</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	-	-	-	1,56
Due From Banks	0,13	0,07	-	10,51
Financial Assets at Fair Value Through Profit/Loss	-	5,76	-	7,94
Interbank Money Market Placements	-	-	-	11,32
Available-for-Sale Financial Assets	-	-	-	10,14
Loans	5,13	5,64	4,00	13,50
Held-to-Maturity Investments	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	0,10	0,49	-	10,40
Other Deposits (*)	2,29	2,53	-	9,71
Funds From Interbank Money Market	-	-	-	9,20
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,78	0,74	2,43	7,74

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

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

**VI. 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	(36.888)	(2,5)%
2. TRY	-400 bp	32.657	2,2%
3. EURO	+200 bp	(5.998)	(0,4) %
4. EURO	-200 bp	1.265	0,1%
5. USD	+200 bp	(43.364)	(3,0) %
6. USD	-200 bp	49.556	3,4%
<b>Total (For Negative Shocks)</b>		<b>83.478</b>	<b>5,7%</b>
<b>Total (For Positive Shocks)</b>		<b>(86.250)</b>	<b>(5,9) %</b>

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

None.

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

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

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

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

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

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

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

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

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

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

**VII. 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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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

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

**Liquidity Coverage Ratio:**

31 December 2015		Unweighted Amounts (*)		Weighted Amounts (*)	
		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	3.872.380	2.728.000	236.820	169.515
3	Stable deposits	3.008.367	2.065.707	150.419	103.286
4	Less stable deposits	864.013	662.293	86.401	66.229
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.460.398	1.806.836	1.297.313	911.825
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	2.111.968	1.637.198	949.188	742.187
8	Other Unsecured Funding	348.430	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	1.866.579	968.108	197.671	105.653
16	<b>TOTAL CASH OUTFLOWS</b>			<b>1.781.116</b>	<b>1.395.630</b>
<b>CASH IN FLOWS</b>					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	767.473	175.066	443.493	132.697
19	Other contractual cash inflows	11.143	381.468	11.142	381.468
20	<b>TOTAL CASH INFLOWS</b>	<b>778.616</b>	<b>556.534</b>	<b>454.635</b>	<b>514.165</b>
				<b>Capped 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>1.326.481</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 65.



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

31 December 2014		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High Quality Liquid Assets			933.695	340.413
<b>CASH OUT FLOWS</b>					
2	Retail and Small Business Customers Deposits	2.863.367	1.506.147	280.165	149.466
3	Stable deposits	123.427	22.974	6.171	1.149
4	Less stable deposits	2.739.940	1.483.173	273.994	148.317
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.101.387	1.282.844	1.145.899	685.158
6	Operational deposits	88.001	54.327	22.000	13.582
7	Non-Operational Deposits	1.625.139	1.050.674	735.652	493.733
8	Other Unsecured Funding	388.247	177.843	388.247	177.843
9	Secured funding			-	-
10	Other Cash Outflows	27.196	25.649	27.196	25.649
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.547	-	1.547	-
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	25.649	25.649	25.649	25.649
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	1.390.284	607.792	155.119	74.126
16	<b>TOTAL CASH OUTFLOWS</b>			<b>1.608.379</b>	<b>934.399</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	654.010	129.104	398.939	94.791
19	Other contractual cash inflows	24.104	430.777	24.103	430.777
20	<b>TOTAL CASH INFLOWS</b>	<b>678.114</b>	<b>559.881</b>	<b>423.042</b>	<b>525.568</b>
				<b>Capped Amounts</b>	
21	<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>933.695</b>	<b>340.413</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>1.185.337</b>	<b>408.831</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>78,77</b>	<b>83,26</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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**VII. 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 76% and securities issued by Undersecretariat of Treasury at a ratio of 21%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 17%, 56% and 14% 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 March 21, 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information regarding aforementioned cash outflow in 2015 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 2015 – 01 September 2015	76.946	76.946
02 September 2015 – 31 December 2015	30.012	30.012

Liquidity coverage rates are calculated weekly for consolidated basis and monthly for non-consolidated basis as of December 31, 2015 in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated March 21, 2014 and numbered 28948. Liquidity coverage rates must be at least 40% for foreign currency assets and liabilities and at least 60% in total assets and liabilities for the year 2015. 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 (%)	117,09	86,09	47,20	65,27
Monthly	4 December 2015	31 December 2015	31 December 2015	4 December 2015

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

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

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

<b>31 December 2015</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	26.429	1.067.646	-	-	-	-	-	1.094.075
Due From Banks	17.631	177.502	-	-	-	-	-	195.133
Financial Assets at Fair Value Through Profit or Loss (*)	2.158	60.628	18.087	23.661	41.087	3.405	1.707	150.733
Interbank Money Market Placements	-	22.195	-	-	-	-	-	22.195
Available-for-Sale Financial Assets	-	51.236	44.503	13.385	184.416	348.223	11.567	653.330
Loans	-	945.716	1.539.430	1.904.437	3.014.509	758.652	103.728	8.266.472
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	40.656	120.310	39.309	189.178	603.566	67.585	130.575	1.191.179
<b>Total Assets</b>	<b>86.874</b>	<b>2.445.233</b>	<b>1.641.329</b>	<b>2.130.661</b>	<b>3.843.578</b>	<b>1.177.865</b>	<b>247.577</b>	<b>11.573.117</b>
<b>Liabilities</b>								
Bank Deposits	7.097	43.249	-	-	-	-	-	50.346
Other Deposits	453.088	3.596.935	2.213.315	239.871	57.956	-	-	6.561.165
Funds Borrowed From Other Financial Institutions	-	68.077	219.146	899.625	1.319.461	454.832	-	2.961.141
Funds From Interbank Money Market	-	438.077	-	-	-	-	-	438.077
Marketable Securities Issued	-	-	-	-	49.255	-	-	49.255
Miscellaneous Payables	-	41.247	3.366	-	-	-	114.609	159.222
Other Liabilities (*) (***)	-	167.756	6.190	31.768	7.391	-	1.140.806	1.353.911
<b>Total Liabilities</b>	<b>460.185</b>	<b>4.355.341</b>	<b>2.442.017</b>	<b>1.171.264</b>	<b>1.434.063</b>	<b>454.832</b>	<b>1.255.415</b>	<b>11.573.117</b>
<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>
<b>31 December 2014</b>								
Total Assets	48.447	2.064.474	1.854.829	1.805.036	2.582.090	884.377	248.006	9.487.259
Total Liabilities	354.948	3.650.981	1.802.265	1.075.020	1.072.863	349.959	1.181.223	9.487.259
<b>Net Liquidity Gap</b>	<b>(306.501)</b>	<b>(1.586.507)</b>	<b>52.564</b>	<b>730.016</b>	<b>1.509.227</b>	<b>534.418</b>	<b>(933.217)</b>	<b>-</b>
<b>Net Off-balance sheet position</b>	<b>-</b>	<b>13.772</b>	<b>5.059</b>	<b>3.598</b>	<b>(8.990)</b>	<b>-</b>	<b>-</b>	<b>13.439</b>
Financial Derivative Assets	-	1.171.328	1.078.500	481.282	102.386	-	-	2.833.496
Financial Derivative Liabilities	-	(1.157.556)	(1.073.441)	(477.684)	(111.376)	-	-	(2.820.057)
<b>Non-cash Loans</b>	<b>-</b>	<b>712.644</b>	<b>105.528</b>	<b>272.644</b>	<b>99.551</b>	<b>385</b>	<b>-</b>	<b>1.190.752</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 40.845 and the 1-5 years maturity period of Other Liabilities includes hedging derivative financial liabilities amounting to TL 15.132.

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

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

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

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

**Financial liabilities according to their remaining maturities:**

31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
<b>Liabilities</b>						
Bank deposits	50.347	-	-	-	-	50.347
Other deposits	4.057.608	2.229.654	253.346	60.515	-	6.601.123
Borrowings	69.275	232.545	947.010	1.458.582	507.209	3.214.621
Funds from money market	438.431	-	-	-	-	438.431
<b>Total</b>	<b>4.615.661</b>	<b>2.462.199</b>	<b>1.200.356</b>	<b>1.519.097</b>	<b>507.209</b>	<b>10.304.522</b>

31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
<b>Liabilities</b>						
Bank deposits	137.483	-	-	-	-	137.483
Other deposits	3.177.211	1.671.673	306.587	90.099	-	5.245.570
Borrowings	55.160	138.855	800.055	1.144.686	404.246	2.543.002
Funds from money market	462.250	-	-	-	-	462.250
<b>Total</b>	<b>3.832.104</b>	<b>1.810.528</b>	<b>1.106.642</b>	<b>1.234.785</b>	<b>404.246</b>	<b>8.388.305</b>

**Contractual maturity analysis of the Group’s derivative instruments:**

31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
<b>Trading Derivative Instruments</b>						
Foreign exchange derivatives:						
- Inflow	2.419.120	1.146.702	698.609	50.899	-	4.315.330
- Outflow	2.427.274	1.160.417	700.262	51.395	-	4.339.348
Interest rate derivatives:						
- Inflow	915	7.751	15.221	12.060	117	36.064
- Outflow	821	7.142	13.481	10.755	48	32.247
<b>Hedging Derivative Instruments</b>						
Foreign exchange derivatives:						
- Inflow	-	402	-	277.220	-	277.622
- Outflow	-	11.284	12.415	319.077	-	342.776
Interest rate derivatives:						
- Inflow	58	25	-	-	-	83
- Outflow	214	248	850	2.859	-	4.171
<b>Total cash inflow</b>	<b>2.420.093</b>	<b>1.154.880</b>	<b>713.830</b>	<b>340.179</b>	<b>117</b>	<b>4.629.099</b>
<b>Total cash outflow</b>	<b>2.428.309</b>	<b>1.179.091</b>	<b>727.008</b>	<b>384.086</b>	<b>48</b>	<b>4.718.542</b>

31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
<b>Trading Derivative Instruments</b>						
Foreign exchange derivatives:						
- Inflow	1.170.488	1.077.162	475.607	95.569	-	2.818.826
- Outflow	1.156.709	1.072.702	473.443	105.155	-	2.808.009
Interest rate derivatives:						
- Inflow	840	1.338	5.675	6.817	-	14.670
- Outflow	847	739	4.241	6.221	-	12.048
<b>Hedging Derivative Instruments</b>						
Foreign exchange derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total cash inflow</b>	<b>1.171.328</b>	<b>1.078.500</b>	<b>481.282</b>	<b>102.386</b>	<b>-</b>	<b>2.833.496</b>
<b>Total cash outflow</b>	<b>1.157.556</b>	<b>1.073.441</b>	<b>477.684</b>	<b>111.376</b>	<b>-</b>	<b>2.820.057</b>

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**VIII. EXPLANATIONS ON LEVERAGE RATIO:**

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

As of 31 December 2015, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is % 6,77 (31 December 2014: % 6,31). 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 :**

	<b>31 December 2015 (*)</b>	<b>31 December 2014 (*)</b>
<b>Balance sheet assets</b>		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	11.551.398	9.021.355
(Assets deducted from Core capital)	55.558	49.866
Total risk amount of balance sheet assets	11.495.840	8.971.489
<b>Derivative financial assets and credit derivatives</b>		
Cost of replenishment for derivative financial assets and credit derivatives	91.827	82.052
Potential credit risk amount of derivative financial assets and credit derivatives	-	-
Total risk amount of derivative financial assets and credit derivatives	91.827	82.052
<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	2.521.389	2.154.872
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	2.521.389	2.154.872
<b>Capital and total risk</b>		
Core Capital	954.874	707.478
Total risk amount	14.109.057	11.208.414
<b>Leverage ratio</b>		
Leverage ratio	% 6,77	% 6,31

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

**IX. EXPLANATIONS ON SECURITIZATION EXPOSURES:**

None.

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**X. EXPLANATIONS ON LOAN RISK MITIGATION TECHNIQUES:**

The Group does not perform net-off of balance sheet and off-balance sheet items in credit risk mitigation. In terms of credit risk mitigation the Group uses real estate as main collateral type, which is reported under different risk class. Mortgages are registered in line with the legal requirements.

Guarantor entity’s credit risk value is to be considered in credit risk mitigation process in cases where bank credit customers obtained guarantee from other entities. There are no collaterals of potential high risk at the bank except real estate. Changes in values of the collaterals considerably that are important in market conditions are monitored.

The Group implements loan risk mitigation based on the basic financial guarantee method as per the Communiqué on Loan Risk Mitigation Techniques. In loan risk mitigation, cash and cash equivalent assets and debt instruments with a high level of loan quality are used.

Total risk amounts relating to each of the risk groups and guaranteed with loan derivatives after in-balance and out-of-balance offsetting are presented in the table below.

<b>Risk Group</b>	<b>Amount</b>	<b>Financial Guarantees</b>	<b>Other Material Guarantees</b>	<b>Guarantees and Loan Derivatives</b>
Claims on sovereigns and Central Banks	1.746.442	129.861	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	29	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	782.727	266.318	-	-
Claims on corporates	7.470.504	131.539	-	13.382
Claims included in the regulatory retail portfolios	261.527	12.383	-	5.869
Claims secured by residential property	2.978.167	159.374	-	3.919
Past due loans	103.728	17	-	-
Higher risk categories decided by the Board	70.398	3.969	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other Receivables	400.448	-	-	-
<b>Total</b>	<b>13.813.970</b>	<b>703.461</b>	<b>-</b>	<b>23.170</b>

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

**XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT:**

The Group’s risk strategy is its main component of risk management system. The board of directors is responsible for approving and periodically reviewing the risk policy of the Group to ensure its in line with corporate strategy and strategic goals. A basic component of the risk strategy is the risk appetite; the risk appetite defines which risks and into what extent the Group will actively seek and which risks are undesirable and should be avoided or eliminated. The Group’s risk strategy aims to set out the main elements of its risk taking activities so that the Group attains its business goals within the limits prescribed by the risk appetite.

The Group regards the formulation of a clear and realistic risk strategy as an essential part of its overall corporate strategy and as the foundation upon which all risk management policies are to be based.

**Risk Management Policies**

The Group follows the following principles for a healthy risk management process:

- The Board of Directors is responsible for approving and periodically reviewing the risk policy of the Group
- Senior management is responsible for the implementation of the risk policy approved by the Board of Directors and for the development of systems and procedures for identifying, measuring, monitoring and mitigating risk
- The Group has defined appropriate credit underwriting criteria, ensuring a thorough understanding of the borrower or counterparty, as well as the purpose and structure of the exposure, and its source of repayment.
- The Group has defined certain principles and policies to ensure the efficient monitoring of market risks.
- The Group is carrying out its business by setting procedures, which clearly define the responsibility and accountability of all business units engaged in a particular type of business or transaction. Decision taking is based on delegated authority.
- Appropriate systems and processes are in place to monitor all exposures, both on or off-balance sheet.
- The Group promotes an open risk culture under which all material risks are communicated to the appropriate authorities of the Group as well as to the Board of Directors. The Group considers risk transparency as an essential element of its approach to risk management.
- Risk management supervision is independent from any business decisions, in order to ensure sound risk governance and avoid conflicts of interest.
- Risk management is properly resourced in order to carry out its mission, given the risk appetite of the Group.

Sound risk management is a key element of the Parent Bank in its effort to achieve its business goals. The Group has established a comprehensive risk management framework in order to ensure that risk taking which is inherent in the Group business activities remains always within desirable and controlled parameters. The risk management framework includes clearly defined processes for the approval and authorisation of all risk taking activities plus a risk oversight function in order to ensure independent monitoring and measurement of risk.

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**XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT (Continued):**

**Risk Management**

Group’s management aims to ensure that:

- Risk taken by the Group is always in line with the risk appetite as defined by the Board of Directors,
- Total risk taken does not exceed the ability of the Group to absorb losses,
- Risk is adequately mitigated by the introduction and implementation of proper risk management systems and procedures,
- Risk awareness is promoted throughout all units of the Group, and
- Appropriate risk transparency is implemented and all risk figures are properly communicated across all relevant business units as well as to the Board of Directors.

***Risk Limits***

Risk limits are specified for quantified risk categories in line with the level of risk that the bank is exposed to. In this respect, limits are determined in credit, market and operational risk categories. Risk limits are determined by the Board of Directors.

Risk limits are revised and updated depending on market conditions and changes in Group’s strategy. Board of Directors is responsible of reviewing risk limits. In case of a change is needed in risk limits, it is presented to the attention of the risk committee. After the evaluation of risk committee and Audit Committee, the proposal is sent to the sanction of Board of Directors.

***Risk Strategy Objectives***

The objectives of the Group’s risk strategy with regard to the main risk categories are presented below:

**Credit Risk Strategy**

- The Group shall engage in lending activities towards legal entities and individuals which exhibit satisfactory creditworthiness and financial standing.
- The Group shall maintain a diversified credit portfolio. As such, all business sectors where opportunities for profitable growth exist may be eligible for lending purposes. However the effect of economic cycles and other endogenous or exogenous factors must always be taken under consideration in any credit decision.
- The Group will assume credit risk of which it has a good understanding and is capable to manage, either at individual or at portfolio level.
- The Group shall require that credit exposures are adequately covered by satisfactory collateral. Unsecured exposures shall be taken with prudence.
- The Group shall avoid significant concentrations of credit risk, either to single or groups of borrowers or sectors of the economy.
- The Group aims to extend credit facilities towards customers with a satisfactory credit history and successful overall track record. As such, the Group shall proceed with financing of start-ups & new ventures with outmost care and on exceptional cases.



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**XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT (Continued):**

**Market Risk Strategy**

- The Group aims to ensure the efficient monitoring of market risks that emanate from its overall activities.
- The Group shall maintain a prudent approach in managing its exposure to market risk and liquidity risk.
- The Group shall be protected against unforeseen market losses through the independent identification, assessment and understanding of the market risks inherent in the business.

**Operational Risk Strategy**

- The Group aims to minimize operational risk at acceptable levels.
- Operational risk levels shall be closely monitored in respect to their severity and frequency.
- The Group shall ensure that adequate control functions are established in order to reduce operational risk levels.

**Risk Management Unit Organization**

RMG attached directly to the BOD through Risk Committee. The risk management group consists of credit risk, decision support systems and modelling market risk, operational risk and treasury divisions.

**Risk Measurement and Reporting**

Group applies specifically tailored rating system for the measurement of credit risk. This system assigns a specific rating to every borrower/ counterparty’s ability to repay funds on a timely manner which reflects the creditworthiness of the borrower. Rating system considers both quantitative and qualitative factors.

Foreign currency position limits, bond portfolio limits and RMD limits are daily monitored. Interest rate gap limits are monitored monthly. All market risk limit utilizations are reported to the ALCO and Risk and Audit Committee. Market Risk Unit runs stress tests on a regular basis and presents the results to BoD, ALCO and Risk and Audit Committee. The stress tests describe the effects of defined changes in yield curves, credit spreads and foreign currency rates on certain on-balance and off-balance items.

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**XI. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT (Continued):**

**Risk Prevention and Risk Reduction Policy with Process Regarding to Continuous Monitoring of Their Effectiveness**

The Group has policies relating to the effectiveness and control of the collaterals management process within the scope of reducing loan risk, which is the biggest exposed risk. The principle, which is regarding to market value of the assets received as securities that are being monitored and followed, is adopted. The collaterals, which are accepted by bank, are listed in the credit policy within this scope. The compliance with existing procedures and legal validity of the collaterals regarding to collateral management, are controlled by the Internal Control and Internal Audit Units. At the same time, the reason of lost date regarding to these issues are analyzed in the Operational Risk Database and the relevant unit are informed and it is ensured that necessary measures are taken.

In addition, Interest Swaps and/or Cross Rate Swap is used in order to manage Structural Interest Rate Risk arising from Banking account and Currency Swap is used in order to manage Liquidity risk by Treasury and Capital Markets Asset and Liability Management Department. Board approved risk appetite is determined for Structural Interest Rate Risk and Liquidity Risk, the relevant policies are revised at least once a year. The process controls are carried out by the Internal Control and Internal Audit Unit controls for mentioned risks and risk management effectiveness is controlled.

**XII. INFORMATION ON THE HEDGING TRANSACTIONS:**

As of 31 December 2015, 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 40.845 derivative financial assets and TL 15.132 derivative financial liabilities (31 December 2014: None), as of balance sheet date, are subjected to hedge accounting as hedging instruments. As a result of mentioned hedging account, the fair value in the amount of TL 9.216 (31 December 2014: None) after tax is recognized under the equity. Ineffective part is not available (31 December 2014: 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 2014: None).

It is determined in the measurements carried out as of the date of 31 December 2015 that above mentioned cash flow hedging transactions are effective.

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

**XIII. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:**

**a. Financial Assets and Liabilities at their fair values:**

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand placements and deposits represents the amount to be paid upon request. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the Parent Bank’s current interest rates as of balance sheet date.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the Parent Bank’s current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value.

The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities.

The following table summarises the book values and fair values of some financial assets and liabilities of the Group.

	Book Value		Fair Value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Financial Assets</b>	<b>10.065.857</b>	<b>8.207.914</b>	<b>10.167.342</b>	<b>8.359.334</b>
Due from Money Market	22.195	141.155	22.195	141.155
Due from Banks	195.133	126.448	195.135	126.214
Available-for-Sale Financial Assets	653.330	725.259	653.330	725.259
Held-to-maturity Investments	-	-	-	-
Loans	9.195.199	7.215.052	9.296.682	7.366.706
<b>Financial Liabilities</b>	<b>9.781.129</b>	<b>7.778.495</b>	<b>9.798.313</b>	<b>7.902.014</b>
Bank Deposits	50.346	137.446	50.358	137.471
Other Deposits	6.561.165	5.201.967	6.565.462	5.222.068
Borrowings	2.961.141	2.270.625	2.973.734	2.374.018
Marketable Securities Issued	49.255	-	49.537	-
Miscellaneous Payables	159.222	168.457	159.222	168.457

**b. Fair value hierarchy:**

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques, which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- a) Quoted market prices (non-adjusted) (1st level)
- b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- c) Data not based on observable data regarding assets or liabilities (3rd level)

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**XIII. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):**

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value according to the foregoing principles is given in the table below:

<b>31 December 2015</b>	<b>1<sup>st</sup> Level</b>	<b>2<sup>nd</sup> Level</b>	<b>3<sup>rd</sup> Level</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	37.773	72.115	-	109.888
Government Debt Securities	30.507	-	-	30.507
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	72.115	-	72.115
Other Marketable Securities	7.266	-	-	7.266
Available for Sale Financial Assets (*)	538.426	114.904	-	653.330
Share Certificates	-	11.567	-	11.567
Government Debt Securities	538.426	-	-	538.426
Other Marketable Securities	-	103.337	-	103.337
Hedging Derivative Financial Assets	-	40.845	-	40.845
<b>Total Assets</b>	<b>576.199</b>	<b>227.864</b>	<b>-</b>	<b>804.063</b>
Trading Derivative Financial Liabilities	-	76.316	-	76.316
Hedging Derivative Financial Liabilities	-	15.132	-	15.132
<b>Total Liabilities</b>	<b>-</b>	<b>91.448</b>	<b>-</b>	<b>91.448</b>

<b>31 December 2014</b>	<b>1<sup>st</sup> Level</b>	<b>2<sup>nd</sup> Level</b>	<b>3<sup>rd</sup> Level</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	81.130	98.127	-	179.257
Government Debt Securities	58.970	-	-	58.970
Share Certificates	19.664	-	-	19.664
Trading Derivative Financial Assets	-	98.127	-	98.127
Other Marketable Securities	2.496	-	-	2.496
Available for Sale Financial Assets (*)	667.470	57.789	-	725.259
Share Certificates	-	11.775	-	11.775
Government Debt Securities	667.470	-	-	667.470
Other Marketable Securities	-	46.014	-	46.014
Hedging Derivative Financial Assets	-	-	-	-
<b>Total Assets</b>	<b>748.600</b>	<b>155.916</b>	<b>-</b>	<b>904.516</b>
Trading Derivative Financial Liabilities	-	54.942	-	54.942
Hedging Derivative Financial Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>54.942</b>	<b>-</b>	<b>54.942</b>

(\*) As noted in the footnote VII-d of The Third Part, written down values of available for sale securities are reported if the such securities are not traded in the markets and if the fair market value of such securities cannot be determined for any reason. There is no transition between the 1<sup>st</sup> and 2<sup>nd</sup> level.

**XIV. EXPLANATION REGARDING THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PARTIES:**

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

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

**XV. 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.

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

**XV. EXPLANATIONS ON OPERATING SEGMENTS:**

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

Prior period financial information is presented as at 31 December 2014 for balance sheet and 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 December 2015</b>					
Segment revenue	84.838	242.769	51.865	83.215	462.687
Unallocated costs(-)	-	-	-	68.471	394.301
<b>Net Operating Profit</b>	<b>84.838</b>	<b>242.769</b>	<b>51.865</b>	<b>151.578</b>	<b>68.386</b>
Dividend income	-	-	-	-	542
Income/(loss) from investments accounted based on equity method	-	-	-	-	-
<b>Profit Before Tax</b>	-	-	-	-	<b>68.928</b>
Tax expense(-)	-	-	-	-	16.759
<b>Net Profit / Loss</b>	-	-	-	-	<b>52.169</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>

(\*) Other includes operations of subsidiaries of the Parent Bank which are Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.

	<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 December 2014</b>					
Segment revenue	85.607	155.336	35.501	77.490	353.934
Unallocated costs(-)	-	-	-	57.262	329.315
<b>Net Operating Profit</b>	<b>85.607</b>	<b>155.336</b>	<b>35.501</b>	<b>134.752</b>	<b>24.619</b>
Dividend income	-	-	-	-	703
Income/(loss) from investments accounted based on equity method	-	-	-	-	-
<b>Profit Before Tax</b>	-	-	-	-	<b>25.322</b>
Tax expense(-)	-	-	-	-	7.498
<b>Net Profit / Loss</b>	-	-	-	-	<b>17.824</b>
Segment assets	1.372.774	5.545.266	1.314.910	1.017.839	9.250.789
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	236.470
<b>Total Assets</b>	<b>1.372.774</b>	<b>5.545.266</b>	<b>1.314.910</b>	<b>1.017.839</b>	<b>9.487.259</b>
Segment liabilities	2.079.334	3.314.558	2.041.441	1.015.673	8.451.006
Unallocated liabilities	-	-	-	-	1.036.253
<b>Total Liabilities</b>	<b>2.079.334</b>	<b>3.314.558</b>	<b>2.041.441</b>	<b>1.015.673</b>	<b>9.487.259</b>

(\*) Other includes operations of subsidiaries of the Parent Bank which are Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.

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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 December 2015		31 December 2014	
	TL	FC	TL	FC
Cash/Foreign currency	13.420	12.994	13.289	16.877
CBRT	134.468	933.193	228.822	513.880
Other	-	-	-	-
<b>Total</b>	<b>147.888</b>	<b>946.187</b>	<b>242.111</b>	<b>530.757</b>

2. Information on the account of the CBRT:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Demand Unrestricted Amount	134.468	197.171	228.822	117.891
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	736.022	-	395.989
<b>Total</b>	<b>134.468</b>	<b>933.193</b>	<b>228.822</b>	<b>513.880</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 December 2015 (31 December 2014: 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 December 2015 (31 December 2014: 6% and 13 % for all foreign currency liabilities).

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

- As of 31 December 2015, none financial assets at fair value through profit or loss subject to repo transactions: None (31 December 2014: None).
- Positive differences related to trading derivative financial assets:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Forward Transactions	11.203	1.264	6.177	957
Swap Transactions	26.262	14.697	44.721	22.859
Futures Transactions	-	-	-	-
Options	133	18.556	1.775	21.638
Other	-	-	-	-
<b>Total</b>	<b>37.598</b>	<b>34.517</b>	<b>52.673</b>	<b>45.454</b>

**c. Information on banks:**

- Information on banks:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Banks				
Domestic	87.166	90.513	72.256	38.338
Foreign	-	17.454	-	15.854
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>87.166</b>	<b>107.967</b>	<b>72.256</b>	<b>54.192</b>

- Information on foreign banks

	Restricted Amount		Unrestricted Amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
EU Countries	5.612	3.989	-	-
USA, Canada	3.453	11.149	-	-
OECD Countries (*)	8.049	630	-	-
Off-shore Banking Regions	-	-	-	-
Others	340	86	-	-
<b>Total</b>	<b>17.454</b>	<b>15.854</b>	<b>-</b>	<b>-</b>

(\*) OECD countries except EU countries, USA and Canada.



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

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

As of 31 December 2015, there are TL 70.153 available-for-sale financial assets given as collateral/blocked (31 December 2014: TL 69.260) and those subject to repurchase agreements amounts to TL 470.878 (31 December 2014: TL 313.971).

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

	31 December 2015	31 December 2014
Debt Securities	644.190	713.484
Quoted on Stock Exchange	262.191	667.470
Not Quoted	381.999	46.014
Share Certificates	10.665	11.775
Quoted on Stock Exchange	-	-
Not Quoted	10.665	11.775
Impairment Provision (-)	1.525	-
<b>Total</b>	<b>653.330</b>	<b>725.259</b>

**e. Explanations on loans:**

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

	31 December 2015		31 December 2014	
	Cash	Non-cash	Cash	Non-cash
<b>Direct Loans Granted To Shareholders</b>	-	219	-	-
Corporate Shareholders	-	219	-	-
Real Person Shareholders	-	-	-	-
<b>Indirect Loans Granted To Shareholders</b>	-	-	-	-
<b>Loans Granted To Employees</b>	4.896	-	4.570	-
<b>Total</b>	<b>4.896</b>	<b>219</b>	<b>4.570</b>	<b>-</b>

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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	7.660.377	15.386	-	502.367	223.221	2.476
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	600.624	1.829	-	42.471	13.108	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	248.095	-	-	-	-	-
Consumer Loans	127.961	-	-	10.561	-	-
Credit Cards	8.617	-	-	1.484	-	-
Other (*)	6.675.080	13.557	-	447.851	210.113	2.476
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
<b>Total</b>	<b>7.660.377</b>	<b>15.386</b>	<b>-</b>	<b>502.367</b>	<b>223.221</b>	<b>2.476</b>

(\*) The Group also has TL 1.673 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	9.029	223.221
3,4 or 5 times	4.506	-
Over 5 times	1.851	-
<b>Total</b>	<b>15.386</b>	<b>223.221</b>

iii.

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	12.982	125.684
6 Months – 12 Months	2.172	7.634
1-2 Years	232	3.935
2-5 Years	-	85.968
5 Years and Over	-	-
<b>Total</b>	<b>15.386</b>	<b>223.221</b>

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3. Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables	2.489.965	15.299	61.846	54.117
Non-specialised Loans	2.489.965	15.299	61.846	54.117
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	5.155.026	87	214.824	171.580
Non-specialised Loans	5.155.026	87	214.824	171.580
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
	<b>7.644.991</b>	<b>15.386</b>	<b>276.670</b>	<b>225.697</b>

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4. 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>4.196</b>	<b>116.701</b>	<b>120.897</b>
Real estate loans	-	41.890	41.890
Automotive loans	-	744	744
Consumer loans	4.196	74.067	78.263
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	-	<b>1.265</b>	<b>1.265</b>
Real estate loans	-	1.265	1.265
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>3.320</b>	-	<b>3.320</b>
With installments	-	-	-
Without installments	3.320	-	3.320
<b>Individual Credit Cards- FC</b>	<b>125</b>	-	<b>125</b>
With installments	-	-	-
Without installments	125	-	125
<b>Personnel Loans-TL</b>	<b>391</b>	<b>3.695</b>	<b>4.086</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	391	3.695	4.086
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>799</b>	-	<b>799</b>
With installments	-	-	-
Without installments	799	-	799
<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>12.274</b>	-	<b>12.274</b>
<b>Credit Deposit Account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>21.116</b>	<b>121.661</b>	<b>142.777</b>

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

	Short-term	Medium and long-term	Total
<b>Commercial Installments Loans-TL</b>	<b>51.469</b>	<b>792.000</b>	<b>843.469</b>
Real estate loans	-	-	-
Automotive loans	1.284	8.700	9.984
Consumer loans	50.185	783.300	833.485
Other	-	-	-
<b>Commercial Installments Loans-FC Indexed</b>	<b>24.900</b>	<b>268.320</b>	<b>293.220</b>
Real estate loans	-	-	-
Automotive loans	35	8.255	8.290
Consumer loans	24.865	260.065	284.930
Other	-	-	-
<b>Commercial Installments Loans-FC</b>	<b>-</b>	<b>1.259.657</b>	<b>1.259.657</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	1.259.657	1.259.657
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>5.831</b>	<b>-</b>	<b>5.831</b>
With installment	-	-	-
Without installment	5.831	-	5.831
<b>Corporate Credit Cards-FC</b>	<b>15</b>	<b>-</b>	<b>15</b>
With installment	-	-	-
Without installment	15	-	15
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>42.906</b>	<b>-</b>	<b>42.906</b>
<b>Credit Deposit Account-FC (Legal Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>125.121</b>	<b>2.319.977</b>	<b>2.445.098</b>

6. Loans according to types of borrowers:

	31 December 2015	31 December 2014
Public	4.500	-
Private	8.158.244	6.449.571
<b>Total</b>	<b>8.162.744</b>	<b>6.449.571</b>

7. Distribution of domestic and foreign loans:

	31 December 2015	31 December 2014
Domestic Loans	8.162.744	6.449.571
Foreign Loans	-	-
<b>Total</b>	<b>8.162.744</b>	<b>6.449.571</b>

8. Loans given to investments in associates and subsidiaries:

None. (31 December 2014 : None)

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9. Specific provisions provided against loans:

	31 December 2015	31 December 2014
Loans and Other Receivables with Limited Collectability	4.512	4.410
Loans and Other Receivables with Doubtful Collectability	17.374	20.950
Uncollectible Loans and Other Receivables	115.001	50.575
<b>Total</b>	<b>136.887</b>	<b>75.935</b>

10. 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 December 2015</b>			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	1.245	4.671
<b>31 December 2014</b>			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	31	880	5.218

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>26.454</b>	<b>57.601</b>	<b>61.564</b>
Additions (+)	126.023	26.334	19.825
Transfers from Other Categories of Non-performing Loans (+)	-	83.136	95.613
Transfers to Other Categories of Non-performing Loans (-)	83.460	95.289	-
Collections (-)	29.180	16.373	19.259
Write-offs (-)(*)	-	-	12.374
Corporate and Commercial Loans	-	-	12.374
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>39.837</b>	<b>55.409</b>	<b>145.369</b>
Specific Provision (-)	4.512	17.374	115.001
<b>Net Balance on Balance Sheet</b>	<b>35.325</b>	<b>38.035</b>	<b>30.368</b>

(\*) TL 12,324 consists of non-performing loans removed from assets through sale to Sümer Varlık Yönetim A.Ş. on April 30, 2015.

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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 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>
<b>31 December 2014</b>			
Period-End Balance	4.812	1.271	14.326
Specific Provision (-)	962	634	12.751
<b>Net Balance on balance sheet</b>	<b>3.850</b>	<b>637</b>	<b>1.575</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>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
<b>Prior Period (Net)</b>	<b>22.044</b>	<b>36.651</b>	<b>10.989</b>
Loans Given to Real Persons and Legal Persons (Gross)	24.120	56.900	48.854
Specific Provision Amount (-)	3.943	20.600	38.421
Loans Given to Real Persons and Legal Persons (Net)	20.177	36.300	10.433
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2.334	701	12.710
Specific Provision Amount (-)	467	350	12.154
Other Loans and Receivables (Net)	1.867	351	556

11. Policy followed-up for the collection of uncollectible loans and other receivables:

The Group aims to collect uncollectible loans and other receivables through the liquidation of collaterals and by legal procedures.

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12. Explanations on the write-off policy:

The write off transactions from the Group's assets are performed in accordance with the regulation.

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

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

None (31 December 2014: None).

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

None (31 December 2014: None).

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

None (31 December 2014: None).

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

None (31 December 2014: None).

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

None (31 December 2014: None).

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

None(31 December 2014: None).

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

1. Information on unconsolidated subsidiaries:

None.

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

None.

3. 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	-



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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	1.062.523	137.392	1.084	69.556	-	21.435	12.163	-
2 (*)	150.054	91.412	4.573	10.510	392	(10.645)	4.053	-

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

5. Movement schedules of subsidiaries:

	31 December 2015	31 December 2014
<b>Balance at the beginning of the Period</b>	<b>217.779</b>	<b>99.193</b>
<b>Movements during the Period</b>	<b>10.943</b>	<b>118.586</b>
Purchases	-	97.799
Bonus Shares Obtained	-	5.201
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase(*)	10.943	15.586
Impairment Provision	-	-
<b>Balance at the end of the Period</b>	<b>228.722</b>	<b>217.779</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.

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

Subsidiaries	31 December 2015	31 December 2014
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	137.315	115.879
Finance Companies	-	-
Other Financial Subsidiaries	91.407	101.900
<b>Total</b>	<b>228.722</b>	<b>217.779</b>

7. Subsidiaries quoted on stock exchange:

None. (31 December 2014 : None)

**i. Information on joint ventures:**

None. (31 December 2014 : None)

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

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

	31 December 2015		31 December 2014	
	Gross	Net	Gross	Net
Less than 1 year	346.715	277.631	235.542	189.197
Between 1-4 years	628.910	530.139	447.229	373.364
More than 4 years	143.756	120.957	153.971	133.236
<b>Total</b>	<b>1.119.381</b>	<b>928.727</b>	<b>836.742</b>	<b>695.797</b>

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

	31 December 2015		31 December 2014	
	TP	FC	TP	FC
Hedging Fair Value Risk	-	-	-	-
Hedging Cash Flow Risk	40.809	36	-	-
Hedging of Net Investment In Foreign Operations	-	-	-	-
<b>Total</b>	<b>40.809</b>	<b>36</b>	<b>-</b>	<b>-</b>

**l. Information on investment property:**

	Immovables	Motor Vehicles	Other Tangible Assets	Total
<b>31 December 2013</b>				
Cost	8.901	154	55.783	64.838
Accumulated depreciation (-)	1.701	123	36.028	37.852
<b>Net book value</b>	<b>7.200</b>	<b>31</b>	<b>19.755</b>	<b>26.986</b>
<b>31 December 2014</b>				
Net book value at beginning of the period	7.200	31	19.755	26.986
Additions	1.706	73	6.091	7.870
Disposals (-), (net)	-	-	70	70
Impairment (-)	-	-	-	-
Depreciation (-)	400	22	6.665	7.087
Revaluation Increase	11.495	-	-	11.495
Cost at Period End	22.101	227	60.875	83.203
Accumulated Depreciation at Period End (-)	2.100	145	41.764	44.009
<b>Closing Net Book Value at Period End</b>	<b>20.001</b>	<b>82</b>	<b>19.111</b>	<b>39.194</b>

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	<b>Immovables</b>	<b>Motor Vehicles</b>	<b>Other Tangible Assets</b>	<b>Total</b>
<b>31 December 2014</b>				
Cost	22.101	227	60.875	83.203
Accumulated depreciation (-)	2.100	145	41.764	44.009
<b>Net book value</b>	<b>20.001</b>	<b>82</b>	<b>19.111</b>	<b>39.194</b>
<b>31 December 2015</b>				
Net book value at beginning of the period	20.001	82	19.111	39.194
Additions	20	50	32.029	32.099
Disposals (-), (net)	-	-	517	517
Impairment (-)	-	-	-	-
Depreciation (-)	440	32	9.143	9.615
Revaluation Increase	2.419	-	-	2.419
Cost at Period End	24.541	277	80.153	104.971
Accumulated Depreciation at Period End (-)	2.541	177	38.673	41.391
<b>Closing Net Book Value at Period End</b>	<b>22.000</b>	<b>100</b>	<b>41.480</b>	<b>63.580</b>

**m. Information on intangible assets:**

1. Book value and accumulated depreciation at the beginning and at the end of the period:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Gross Book Value	73.935	65.891
Accumulated Depreciation (-)	28.198	20.348
<b>Net Book Value</b>	<b>45.737</b>	<b>45.543</b>

2. Information on movements between the beginning and end of the period:

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Beginning of the Period</b>	<b>45.543</b>	<b>26.379</b>
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	8.246	24.457
Disposals	-	-
Amount Accounted under Revaluation Reserve	-	-
Impairment(-)	-	-
Impairment Reversal	-	-
Amortisation (-)	8.052	5.293
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
<b>End of the Period</b>	<b>45.737</b>	<b>45.543</b>

**n. Information on investment property:**

None (31 December 2014: None).

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

As of 31 December 2015, the Group has netted-off the calculated deferred tax asset of TL 21.767 (31 December 2014: TL 31.878) and deferred tax liability of TL 12.471 (31 December 2014: TL 14.690) on the basis of company in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 9.296 (31 December 2014: TL 17.188) in the financial statements.

As of 31 December 2015 and 31 December 2014, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Carried Financial Loss (*)	21.007	77.787	4.201	15.557
Provision for Legal Cases	4.652	20.191	930	4.038
Provisions for Possible Risks	28.824	12.301	5.765	2.460
Reserve for Employee Rights	15.867	24.445	3.174	4.889
Other Provisions	19.932	12.844	3.987	2.569
Unearned Revenue	17.303	11.387	3.461	2.277
Other	1.246	439	249	88
<b>Deferred Tax Assets</b>	<b>108.831</b>	<b>159.394</b>	<b>21.767</b>	<b>31.878</b>
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	29.237	27.787	5.847	5.557
Valuation Differences of Derivative Instruments	32.996	39.312	6.599	7.862
Other	123	6.357	25	1.271
<b>Deferred Tax Liabilities</b>	<b>62.356</b>	<b>73.456</b>	<b>12.471</b>	<b>14.690</b>
<b>Deferred Tax Assets / (Liabilities) (Net)</b>	<b>46.475</b>	<b>85.938</b>	<b>9.296</b>	<b>17.188</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 and TL 6.455 TL until 2020.

Movement of deferred tax asset/ liabilities is presented below:

	31 December 2015	31 December 2014
<b>Balance as of 1 January</b>	<b>17.188</b>	<b>24.985</b>
Current year deferred tax income/(expense) (net)	(6.066)	(4.300)
Deferred tax charged to equity (net)	(1.826)	(3.497)
<b>Balance at the End of the Period</b>	<b>9.296</b>	<b>17.188</b>

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

The Group has assets held for resale amounting to TL 6.695 (31 December 2014: TL 10.947) and has no discontinued operations.

<b>Prior Period:</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Cost	11.683	14.659
Accumulated Depreciation (-)	736	656
<b>Net Book Value</b>	<b>10.947</b>	<b>14.003</b>
<b>Current Period:</b>		
Net book value at beginning of the period	10.947	14.003
Additions	2.508	2.198
Disposals (-)	6.504	5.020
Impairment	-	-
Depreciation (-)	256	234
Cost	7.206	11.683
Accumulated Depreciation (-)	511	736
<b>Closing Net Book Value</b>	<b>6.695</b>	<b>10.947</b>

**r. Information on other assets:**

As of 31 December 2015, other assets amount to TL 136.899 (31 December 2014: TL 208.407) 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 December 2015:

	Demand	With 7 days	Up to 1	1-3	3-66 months -	1 year	1 year	Accum.	Total
		notifications	month	months	months	and over	and over	Deposit	
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>-</b>	<b>6.611.511</b>

ii. 31 December 2014:

	Demand	With 7 days	Up to 1	1-3	3-66 months -	1 year	1 year	Accum.	Total
		notifications	month	months	months	and over	and over	Deposit	
Saving Deposits	26.205	-	31.543	904.464	132.127	97.074	68.794	-	1.260.207
Foreign Currency Deposits	190.141	-	264.279	1.980.390	519.656	39.173	59.692	-	3.053.331
Residents in Turkey	171.026	-	249.935	1.964.688	514.125	36.433	25.576	-	2.961.783
Residents Abroad	19.115	-	14.344	15.702	5.531	2.740	34.116	-	91.548
Public Sector Deposits	17.111	-	-	-	-	-	-	-	17.111
Commercial Deposits	116.082	-	101.524	361.234	74.700	33.621	91.673	-	778.834
Other Institutions Deposits	1.705	-	883	64.223	25.582	91	-	-	92.484
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	3.704	-	133.742	-	-	-	-	-	137.446
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	106	-	69.368	-	-	-	-	-	69.474
Foreign Banks	3.598	-	64.374	-	-	-	-	-	67.972
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>354.948</b>	<b>-</b>	<b>531.971</b>	<b>3.310.311</b>	<b>752.065</b>	<b>169.959</b>	<b>220.159</b>	<b>-</b>	<b>5.339.413</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:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Saving Deposits</b>				
Saving Deposits	418.844	407.705	743.266	852.502
Foreign Currency Savings Deposit	198.352	121.979	2.807.719	1.533.681
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>617.196</b>	<b>529.684</b>	<b>3.550.985</b>	<b>2.386.183</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 December 2015	31 December 2014
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	17.299	12.778
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>17.299</b>	<b>12.778</b>

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

Schedule of negative differences concerning trading derivative financial liabilities:

Trading Derivative Financial Liabilities	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Forward Transactions	8.427	4.441	6.925	9.147
Swap Agreements	38.220	7.487	11.294	4.466
Futures Transactions	-	-	-	-
Options	56	17.685	48	23.062
Other	-	-	-	-
<b>Total</b>	<b>46.703</b>	<b>29.613</b>	<b>18.267</b>	<b>36.675</b>

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**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	140.264	79.499	157.275	197.555
From Foreign Banks, Institutions and Funds	-	2.302.485	1.304	1.564.532
<b>Total</b>	<b>140.264</b>	<b>2.381.984</b>	<b>158.579</b>	<b>1.762.087</b>

2. Information on maturity structure of borrowings:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Short-term	37.466	290.235	78.840	140.460
Medium and Long-term	102.798	2.091.749	79.739	1.621.627
<b>Total</b>	<b>140.264</b>	<b>2.381.984</b>	<b>158.579</b>	<b>1.762.087</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 December 2015, deposits and borrowings from Group’s risk group comprise 0,4% (31 December 2014: 0,6%) of total deposits. Besides this, borrowings from Bank’s risk group comprise 57% (31 December 2014: 57%) of subordinated and other borrowings.

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Bills	49.255	-	-	-
Bonds	-	-	-	-
Asset guaranteed securities	-	-	-	-
<b>Total</b>	<b>49.255</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Other foreign liabilities amounting to TL 85.106 (31 December 2014: TL 94.731) 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 December 2015		31 December 2014	
	TL	FC	TL	FC
Hedging Fair Value Risk	-	-	-	-
Hedging Cash Flow Risk	15.132	-	-	-
Hedging Net Investment In Foreign Operations	-	-	-	-
<b>Total</b>	<b>15.132</b>	<b>-</b>	<b>-</b>	<b>-</b>

**h. Information on provisions:**

1. Information on general provisions:

	31 December 2015	31 December 2014
<b>General Provisions</b>	<b>77.497</b>	<b>64.659</b>
Provisions for First Group Loans and Receivables	57.222	48.904
Additional Provision for Loans and Receivables with Extended Maturities	767	2.601
Provisions for Second Group Loans and Receivables	16.853	10.325
Additional Provision for Loans and Receivables with Extended Maturities	11.174	8.167
Provisions for Non-Cash Loans	3.246	2.745
Other	176	2.685

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 3.541,37 (31 December 2014: TL 3.438,22). 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 December 2015	31 December 2014
Discount rate (%)	2,74	2,45
Salary increase rate (%)	8,75	7,00
Average remaining work period (Year)	11,57	11,86

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Movement of reserve for employment termination benefits during the period:

	<b>31 December 2015</b>	<b>31 December 2014</b>
As of January 1	9.071	8.024
Service cost	1.718	1.634
Interest cost	665	679
Settlement cost	508	596
Actuarial loss/gain	585	980
Benefits paid	2.613	2.842
<b>Total</b>	<b>9.934</b>	<b>9.071</b>

In addition, as of 31 December 2015 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 16.883 (31 December 2014: TL 15.374).

3. Other provisions:

i. Information on provisions for possible risks:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Provisions for possible risks (*)	28.824	12.301
<b>Total</b>	<b>28.824</b>	<b>12.301</b>

(\*) Provisions for the Group’s potential risks in credit portfolio. Free provision part of this amount, TL 17.759, belongs to credit receivable of the Bank at an amount of 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 December 31, 2015.

ii. Information on other provisions:

The Group set aside under other provisions amounting to TL 4.652 (31 December 2014: TL 20.191) for lawsuits, TL 1.941 (31 December 2014: TL 2.818) for non-cash loans, TL 1.192 (31 December 2014: TL 590) for customer cheques commitments, TL 62 (31 December 2014: TL 76) for credit card loyalty points and TL 183 (31 December 2014: TL 146) for other receivables.

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

As of 31 December 2015, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 3.128 (31 December 2014: TL 2.858) 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 December 2015, the corporate tax provision of the Bank is TL 3.567 (31 December 2014: 1.435), and it has been offset with advance taxes amounting to TL 7.126.

2. Information on taxes payable:

	31 December 2015	31 December 2014
Corporate Tax Payable	3.567	1.435
Taxation of Marketable Securities	7.154	5.970
Property Tax	168	187
Banking Insurance Transaction Tax	6.208	4.543
Value Added Tax Payable	629	352
Other	3.378	3.747
<b>Total</b>	<b>21.104</b>	<b>16.234</b>

3. Information on premium payables:

	31 December 2015	31 December 2014
Social Security Premiums-Employee	1.099	1.132
Social Security Premiums-Employer	1.303	1.201
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	61	57
Unemployment Insurance-Employer	120	113
Other	-	-
<b>Total</b>	<b>2.583</b>	<b>2.503</b>

4. Information on deferred tax liability:

As of 31 December 2015, the Group has netted-off the calculated deferred tax asset of TL 21.707 (31 December 2014: TL 31.878) and deferred tax liability of TL 12.471 (31 December 2014: TL 14.690) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 9.296 (31 December 2014: 17.188) in the financial statements. The Group does not have a net deferred tax expense in 31 December 2015 (31 December 2014: None).

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

None(31 December 2014: 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 S.A.K.	USD 150.000.000	6 December 2013	4 December 2023	LIBOR+3,75

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

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	438.893	-	349.959
Other Foreign	-	-	-	-
<b>Total</b>	-	<b>438.893</b>	-	<b>349.959</b>

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

1. Presentation of paid-in capital:

	31 December 2015	31 December 2014
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 December 2015		31 December 2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.521)	(857)	795	365
Foreign Currency Translation Difference	-	-	-	-
<b>Total</b>	<b>(1.521)</b>	<b>(857)</b>	<b>795</b>	<b>365</b>

9. Information on tangible assets revaluation reserve:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	15.122	-	13.187	-
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>13.187</b>	<b>-</b>

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

The profit of the year 2014 that is TL 17.824 was not distributed. This amount is transferred as TL 710 legal reserves, TL 251 other reserves and TL 16.863 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 December 2015</b>	<b>31 December 2014</b>
Foreign currency buy/sell commitments	495.701	264.651
Commitments for cheques	299.665	301.592
Loan limit commitments	128.409	152.030
Commitments for credit card limits	25.825	37.353
Promotions for the credit cards and their care services	3.300	2.000
Blocked cheques given to customers	19	2
<b>Total</b>	<b>952.919</b>	<b>757.628</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 December 2015</b>	<b>31 December 2014</b>
Letter of guarantees	1.225.235	914.041
Letter of credits	195.057	176.485
Bank acceptance loans	97.280	69.213
Other guarantees	26.555	30.800
Factoring guarantees	28	213
<b>Total</b>	<b>1.544.155</b>	<b>1.190.752</b>

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

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Irrevocable letters of guarantee	528.011	311.264	436.268	193.467
Guarantees given to customs	24.858	30.931	35.769	27.466
Revocable letters of guarantee	51.280	30.677	32.745	41.033
Letters of guarantee given in advance	9.069	116.668	8.269	73.206
Other letters of guarantee	15.074	107.403	21.647	44.171
<b>Total</b>	<b>628.292</b>	<b>596.943</b>	<b>534.698</b>	<b>379.343</b>

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

	31 December 2015	31 December 2014
Non-cash loans given against cash loans	143.161	88.246
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	143.161	88.246
Other non-cash loans	1.400.994	1.102.506
<b>Total</b>	<b>1.544.155</b>	<b>1.190.752</b>

ii. Information on concentration on non cash loans:

	31 December 2015				31 December 2014			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>10.761</b>	<b>1,70</b>	<b>8.803</b>	<b>0,96</b>	<b>7.320</b>	<b>1,36</b>	<b>11.338</b>	<b>1,73</b>
Farming and Livestock	10.498	1,66	8.803	0,96	6.543	1,22	11.338	1,73
Forestry	-	-	-	-	514	0,10	-	-
Fishing	263	0,04	-	-	263	0,05	-	-
<b>Manufacturing</b>	<b>193.898</b>	<b>30,70</b>	<b>484.018</b>	<b>53,04</b>	<b>200.490</b>	<b>37,37</b>	<b>295.653</b>	<b>45,19</b>
Mining	12.403	1,96	84.198	9,23	24.721	4,61	39.678	6,06
Production	167.702	26,55	396.047	43,40	168.557	31,42	247.421	37,82
Electric, Gas, Water	13.793	2,18	3.773	0,41	7.212	1,34	8.554	1,31
<b>Construction</b>	<b>173.363</b>	<b>27,45</b>	<b>259.092</b>	<b>28,39</b>	<b>112.447</b>	<b>20,96</b>	<b>157.113</b>	<b>24,01</b>
<b>Services</b>	<b>236.264</b>	<b>37,40</b>	<b>158.234</b>	<b>17,34</b>	<b>205.600</b>	<b>38,32</b>	<b>186.313</b>	<b>28,48</b>
Wholesale and Retail Trade	128.311	20,31	73.087	8,01	113.114	21,08	71.429	10,92
Hotel and Food Services	8.546	1,35	2.261	0,25	6.133	1,14	11.531	1,76
Transportation and Telecommunication	22.313	3,53	16.243	1,78	18.622	3,47	24.237	3,70
Financial Institutions	48.875	7,74	38.049	4,17	40.458	7,54	43.661	6,67
Real Estate and Leasing Ser.	18.943	3,00	25.802	2,83	15.927	2,97	29.303	4,48
Professional Services	2.575	0,41	-	-	5.217	0,97	47	0,01
Education Services	98	0,02	-	-	66	0,01	-	-
Health and Social Services	6.603	1,05	2.792	0,31	6.063	1,13	6.105	0,93
<b>Other</b>	<b>17.386</b>	<b>2,75</b>	<b>2.336</b>	<b>0,27</b>	<b>10.624</b>	<b>1,99</b>	<b>3.854</b>	<b>0,59</b>
<b>Total</b>	<b>631.672</b>	<b>100,00</b>	<b>912.483</b>	<b>100,00</b>	<b>536.481</b>	<b>100,00</b>	<b>654.271</b>	<b>100,00</b>

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

	Group I		Group II	
	TL	FC	TL	FC
<b>Non-cash Loans (*)</b>				
Letters of Guarantee	601.707	591.130	22.115	5.770
Bank Acceptances	3.352	93.928	-	-
Letters of Credit	-	194.559	-	498
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	28	-	-	-
Other Commitments and Contingencies	-	26.139	-	416
<b>Total</b>	<b>605.087</b>	<b>905.756</b>	<b>22.115</b>	<b>6.684</b>

(\*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 4.513. As of 31 December 2015, the Group has recorded a TL 1.941 provision regarding these risks.

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**b. Investment Funds:**

	31 December 2015	31 December 2014
<b>Types of Trading Transactions</b>		
<b>Foreign currency related derivative transactions (I)</b>	<b>12.055.808</b>	<b>6.769.170</b>
Currency forward transactions	1.324.583	886.544
Currency swap transactions	5.706.479	3.663.637
Futures transactions	-	-
Options	5.024.746	2.218.989
<b>Interest related derivative transactions (II)</b>	<b>4.156.866</b>	<b>3.386.880</b>
Forward rate agreements	-	-
Interest rate swaps	4.156.866	3.382.288
Interest rate options	-	4.592
Interest rate futures	-	-
<b>Other Trading Derivative Instruments (III)</b>	<b>1.354</b>	<b>37.827</b>
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>16.214.028</b>	<b>10.193.877</b>
<b>Types of hedging transactions</b>	<b>984.772</b>	<b>-</b>
Fair value hedges	-	-
Cash flow hedges	984.772	-
Foreign currency investment hedges	-	-
<b>B. Total hedging related derivatives</b>	<b>984.772</b>	<b>-</b>
<b>Total derivative transactions (A+B)</b>	<b>17.198.800</b>	<b>10.193.877</b>

**c. Investment Funds:**

As of 31 December 2015, the Group is the founder of 6 investment funds (31 December 2014: 6) with a total fund value of TL 24.248 (31 December 2014: TL 31.546). 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 December 2015, the total amount of legal cases against the Group is TL 34.582 (31 December 2014: TL 51.784) and the Parent Bank sets aside a provision of TL 4.652 (31 December 2014: TL 20.191) regarding these risks. According to the positive developments occurring in the present case, TL 20.504 allocated provision has been cancelled in the current period and paying TL 5.746 that cases were concluded. 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 December 2015		31 December 2014	
	TL	FC	TL	FC
<b>Interest Income on Loans(*)</b>				
Short-term Loans	332.722	16.632	299.264	21.773
Medium/Long-term Loans	141.763	192.752	87.511	98.009
Interest on Loans Under Follow-up	4.119	-	4.940	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
<b>Total</b>	<b>478.604</b>	<b>209.384</b>	<b>391.715</b>	<b>119.782</b>

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

2. Information on interest income on banks:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	3.568	95	1.070	63
From Foreign Banks	-	32	-	13
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>3.568</b>	<b>127</b>	<b>1.070</b>	<b>76</b>

3. Information on marketable securities:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Trading Financial Assets	3.590	60	3.363	18
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	26.090	5.618	61.361	1.021
From Held-to-Maturity Investments	-	-	-	-
<b>Total</b>	<b>29.680</b>	<b>5.678</b>	<b>64.724</b>	<b>1.039</b>

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

None (31 December 2014: None).

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**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
Banks	13.040	79.286	10.705	57.441
The CBRT	-	-	-	-
Domestic Banks	13.025	1.094	10.669	1.618
Foreign Banks	15	78.192	36	55.823
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total(*)</b>	<b>13.040</b>	<b>79.286</b>	<b>10.705</b>	<b>57.441</b>

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

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

None (31 December 2014: None).

3. Information on interest expense on issued securities

	31 December 2015	31 December 2014
Interest expense on issued securities	4.692	-

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	11	523	-	-	-	-	-	534
Savings Deposits	-	6.559	102.945	10.258	9.234	7.041	-	136.037
Public Deposits	-	84	384	-	-	-	-	468
Commercial Deposits	-	9.209	28.963	4.812	3.961	7.706	-	54.651
Other Deposits	-	231	3.776	1.405	9	1.752	-	7.173
7 Day Notice Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11</b>	<b>16.606</b>	<b>136.068</b>	<b>16.475</b>	<b>13.204</b>	<b>16.499</b>	<b>-</b>	<b>198.863</b>
<b>FC</b>								
Foreign Currency Account	-	2.114	71.138	8.422	2.152	2.465	-	86.291
Bank Deposits	-	188	-	-	-	-	-	188
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.302</b>	<b>71.138</b>	<b>8.422</b>	<b>2.152</b>	<b>2.465</b>	<b>-</b>	<b>86.479</b>
<b>Sum Total</b>	<b>11</b>	<b>18.908</b>	<b>207.206</b>	<b>24.897</b>	<b>15.356</b>	<b>18.964</b>	<b>-</b>	<b>285.342</b>

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**c. Information on dividend income:**

	31 December 2015	31 December 2014
Trading Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	542	703
Other	-	-
<b>Total</b>	<b>542</b>	<b>703</b>

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

	31 December 2015	31 December 2014
<b>Income</b>	<b>14.350.055</b>	<b>5.931.255</b>
Capital Market Transactions	32.126	38.509
Derivative Financial Transactions	18.387	53.006
Foreign Exchange Gains	14.299.542	5.839.740
<b>Loss (-)</b>	<b>14.317.367</b>	<b>5.894.954</b>
Capital Market Transactions	27.188	29.503
Derivative Financial Transactions	27.415	50.558
Foreign Exchange Loss	14.262.764	5.814.893
<b>Net Income/(Loss)</b>	<b>32.688</b>	<b>36.301</b>

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

As of 31 December 2015, the Group’s other operating income is TL 19.347 (31 December 2014: TL 13.474). TL 5.011 (31 December 2014: TL 3.705) 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.

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

	31 December 2015	31 December 2014
Specific Provisions for Loans and Other Receivables	69.776	48.394
III. Group Loans and Receivables	4.628	13.832
IV. Group Loans and Receivables	13.306	16.359
V. Group Loans and Receivables	51.842	18.203
General Provision Expenses	7.897	16.142
Provision Expense for Possible Risks	14.709	6.533
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>92.382</b>	<b>71.069</b>

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

	<b>31 December2015</b>	<b>31 December2014</b>
Personnel Expenses	161.848	140.113
Reserve For Employee Termination Benefits (*)	2.870	3.260
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	9.615	7.087
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	8.052	5.293
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	256	234
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	112.806	81.735
Operational Lease Expenses	32.574	23.813
Maintenance Expenses	2.692	2.466
Advertising Expenses	600	598
Other Expense	76.940	54.858
Loss on Sales of Assets	580	187
Other (**)	5.892	20.337
<b>Total</b>	<b>301.919</b>	<b>258.246</b>

(\*) As of 31 December2015, the employee vacation fee provision is TL 40 (31 December2014: TL351).

(\*\*) In the “Other” account; as a result of the conclusion of the present case, which is reserved for per TL 13.220 was allocated in the current period have been cancelled, TL 14.758 recorded revenue.

**h. 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 68.928 (31 December 2014: TL 25.322 income before tax).

**i. 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 December 2015, the Group has current tax expense amounting to TL 10.693 and deferred tax expense amounting to TL 6.066.

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

The Group has TL 4.448 deferred tax income from temporary differences, TL 4.945 deferred tax income from carried financial loss, TL 15.459 deferred tax expense and income due to temporary differences closed to net TL 6.066 deferred tax expense.

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

As of 31 December 2015, the Group has TL 11.011 deferred tax expense arising from temporary differences and TL 4.945 deferred tax income as a result of carried financial loss.

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

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

**k. 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.

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

1. As of 31 December 2015, the Group’s interest income amounts to TL 924.709 (31 December 2014: TL 674.020) and TL 120.099 (31 December 2014: TL 49.348) of the related amount is classified as “Other Interest Income” account in income statement.

	31 December 2015	31 December 2014
<b>Other Interest Income</b>		
Interest income related to derivative transactions	108.571	40.282
Other	11.528	9.066
<b>Total</b>	<b>120.099</b>	<b>49.348</b>

2. As of 31 December 2015, the Group’s interest expense amount to TL 559.611 (31 December 2014: TL 426.553) and TL 163.152 (31 December 2014: TL 83.228) of the related amount is classified “Other Interest Expense” account in income statement.

	31 December 2015	31 December 2014
<b>Other Interest Expense</b>		
Interest expense related to derivative transactions	162.070	82.299
Other	1.082	929
<b>Total</b>	<b>163.152</b>	<b>83.228</b>

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3. As of 31 December 2015, the Group’s fee and commission income amounts to TL 58.178 (31 December 2014: TL 73.407) and TL 46.456 (31 December 2014: TL 62.683) of the related amount is classified under “Other fee and commission income” account.

	31 December 2015	31 December 2014
<b>Other Fee and Commissions Received</b>		
Commissions From Brokerage Activity-Leveraged Trading	11.664	13.934
Commissions From Brokerage Activity in Istanbul Stock Exchange	8.829	8.373
Commissions From Brokerage Activity in Turkish Derivative Exchange	6.169	8.061
Credit Card and POS Transaction Commission	4.706	9.352
Insurance Commissions	2.161	2.052
Investment Consultancy Fees	1.862	475
Transfer Commissions	1.763	1.512
Commissions on Investment Fund Services	1.396	1.253
Commissions from Correspondent Banks	503	1.010
Ortak Nokta Commissions	406	463
Letter of Credit Commissions	116	105
Commissions from Credit Commissions	20	21
Other	6.860	16.072
<b>Total</b>	<b>46.456</b>	<b>62.683</b>

4. As of 31 December 2015, Group’s fee and commission expense amounts to TL 12.624 (31 December 2014: TL 16.715) and TL 12.069 (31 December 2014: TL 16.203) of the related amount is classified under “Other” account.

	31 December 2015	31 December 2014
<b>Other Fee and Commissions Given</b>		
Credit Card Transaction Commission	5.127	9.102
Stock Exchange Contribution Expenses	2.247	1.572
Commissions Granted to Correspondent Banks	848	482
EFT Commissions	593	556
Ortak Nokta Clearing Commissions	461	241
Transfer Commissions	136	140
Other	2.657	4.110
<b>Total</b>	<b>12.069</b>	<b>16.203</b>

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**V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS’ EQUITY**

**a. Information on change in the shareholder structure of the Parent Bank:**

There is no change in Bank’s partnership structure in 2015.

**b. Information on distribution of profit:**

According to the decision was taken in the Ordinary General Meeting of the Parent Bank on March 30, 2015; the profit of the year 2014 that is TL 6.809 was not distributed and was classified in extraordinary reserves.

**c. Information on capital increase:**

There is no capital increase of the Group in 2015.

**d. Information on valuation differences of marketable securities:**

Unrealized gains and losses” arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the “Marketable securities valuation reserve” account under equity, until the financial assets are sold, disposed or impaired.

	31 December 2015		31 December 2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.521)	(857)	795	365
Foreign Currency Difference	-	-	-	-
<b>Total</b>	<b>(1.521)</b>	<b>(857)</b>	<b>795</b>	<b>365</b>

**e. Information on revaluation differences of tangible and intangible assets :**

The reversal from revaluation reserve to their fair value for immovables amounting to TL 1.935 net of tax (31 December 2014: TL 9.195) is accounted under “Revaluation differences of tangible assets and intangible assets”.

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**VI. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CASH  
FLOWS**

**a. Information on cash and cash equivalent assets:**

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as “Cash”; interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash Equivalents”.

i. Cash and cash equivalents at the beginning of period:

	31 December 2015	31 December 2014
<b>Cash</b>	<b>393.945</b>	<b>263.688</b>
Cash, Foreign Currency and Other	30.166	31.333
Demand Deposits in Banks	363.779	232.355
<b>Cash Equivalents</b>	<b>239.205</b>	<b>67.707</b>
Interbank Money Market	130.141	21.691
Time Deposits in Bank	109.064	46.016
<b>Total Cash and Cash Equivalents</b>	<b>633.150</b>	<b>331.395</b>

The total amount from the operations that occurred in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

ii. Cash and cash equivalents at the end of the period:

	31 December 2015	31 December 2014
<b>Cash</b>	<b>376.251</b>	<b>393.945</b>
Cash, Foreign Currency and Other	26.414	30.166
Demand Deposits in Banks	349.837	363.779
<b>Cash Equivalents</b>	<b>198.231</b>	<b>239.205</b>
Interbank Money Market	22.195	130.141
Time Deposits in Bank	176.036	109.064
<b>Total Cash and Cash Equivalents</b>	<b>574.482</b>	<b>633.150</b>

**b. Information on other items presented in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents :**

“Other” items presented in “Net operating income before changes in operating assets and liabilities” amount to negative TL 203.626 (31 December 2014: negative TL 185.072) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

“Net increase/decrease in liabilities” items presented in “Changes in operating assets and liabilities” amount to negative TL 51.804 (31 December 2014: negative TL 244.012) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2015, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL13.347 (31 December 2014: positive TL 2.407).



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**VII. 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 2014 for balance sheet and 31 December 2014 for income statements items.

1. 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>	-	-	-	-	7	-

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

31 December 2014:

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	-	18.786	-	126	13.267	892
Balance at the End of the Period	-	18.079	-	-	24	26.972
<b>Interest and Commission Income Received</b>	-	-	-	-	1.234	-

(\*) 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	-	-	21.433	576	13.257	8.812
End of the Period	-	-	6.185	21.433	17.841	13.257
<b>Interest Expense on Deposits</b>	-	-	-	30	967	412

(\*) 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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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	1.680.890	56,76
Non-cash loans	32.491	2,10
Deposit	24.026	0,36
Banks and Other Financial Institutions	253	0,13
Loans	89	-

As of 31 December 2015, the Goup has realized interest expense amounting to TL 51.244 (31 December2014: TL 35.723) 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 0,33% (31 December 2014: 0,58%) of the Group's total cash and non-cash loans.

As of 31 December 2015 there are no purchase-sales transactions on any assets including real-estate with the risk group consisting the Bank.

As of 31 December 2015 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 22.044 (31 December 2014: TL15.037) which include total gross salary, travel, meal, health, life insurance and other expenses.

**VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK**

- a. Information on domestic, foreign branches and foreign representatives:

	Number	Employee number			
Domestic Branch	56	1.022			
			<b>Country of Incorporation</b>		
Foreign Representative	-	-			
				<b>Total Asset</b>	<b>Statutory share capital</b>
Foreign Branch	-	-		-	-
Off-Shore Banking Region Branch	-	-		-	-

- b. There is no event that would affect opening or closing a domestic branch, a foreign branch or a representative office.

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

None.

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**SECTION SIX**

**OTHER EXPLANATIONS**

**I. OTHER EXPLANATIONS**

None.

**SECTION SEVEN**

**EXPLANATIONS ON AUDIT REPORT**

**I. EXPLANATIONS ON AUDIT REPORT**

The consolidated financial statements for the period ended 31 December 2015 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young) and the auditor’s report dated March 7, 2016 has been presented prior to the consolidated financial statements.

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

None.

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