



2015 ANNUAL REPORT



**T-BANK
2015
ANNUAL REPORT**

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T-Bank's results are in line with its **prudent growth** strategy and risk management approach.

PART I
CORPORATE PROFILE



Maiden's Tower - Salacak / Üsküdar

FINANCIAL HIGHLIGHTS AND KEY RATIOS

Summarized Financial Information (TL thousand, US Dollars thousand)

	December 31, 2015		December 31, 2014		Change %
	TL	US Dollars	TL	US Dollars	
Total Assets	5,818.733	1,997.231	5,088.560	2,183.838	14%
Loan Portfolio (Gross)	4,040.744	1,386.951	3,409.795	1,463.369	19%
Loan Portfolio (Net)	3,963.343	1,360.384	3,365.142	1,444.205	18%
Securities Portfolio (Net)	691.465	237.340	875.987	375.944	-21%
Receivables from Banks/Money Market	438.378	150.470	273.092	117.202	61%
Total Deposits	4,481.311	1,538.172	3,588.525	1,540.073	25%
Credits Obtained	225.049	77.246	138.252	59.333	63%
Borrowings	742.814	254.965	753.737	323.478	-1%
Guarantees and Suretyships	2,234.530	766.984	2,043.323	876.925	9%

	December 31, 2015		December 31, 2014		Change %
Net Interest Income	183.804	63.089	181.307	77.811	
Net Commission Income	28.021	9.618	28.080	12.051	%0%
Profit Before Tax	19.832	6.807	40.242	17.271	-51%
Net Profit	14.506	4.979	31.931	13.704	-55%

Summarized Financial Ratios

	December 31, 2015	December 31, 2014
Capital Adequacy Ratio	15.57%	18.52%
Credits/Deposits	88.44%	93.78%
Credits/Total Assets	68.11%	66.13%
Liquid Assets/Total Assets (*)	20.88%	21.37%
Non-Performing Credits (net)/Total Credits (net)	4.15%	1.51%
Non-Performing Credits (gross)/Total Credits (gross)	5.98%	2.80%
Non-Performing Credits (net)/Total Assets	2.83%	1.00%
Credit Provisions/Non-Performing Credits	32.01%	46.72%

(*) Fair value difference includes financial assets reflected in profit/loss account and Financial Assets Available for Sale.

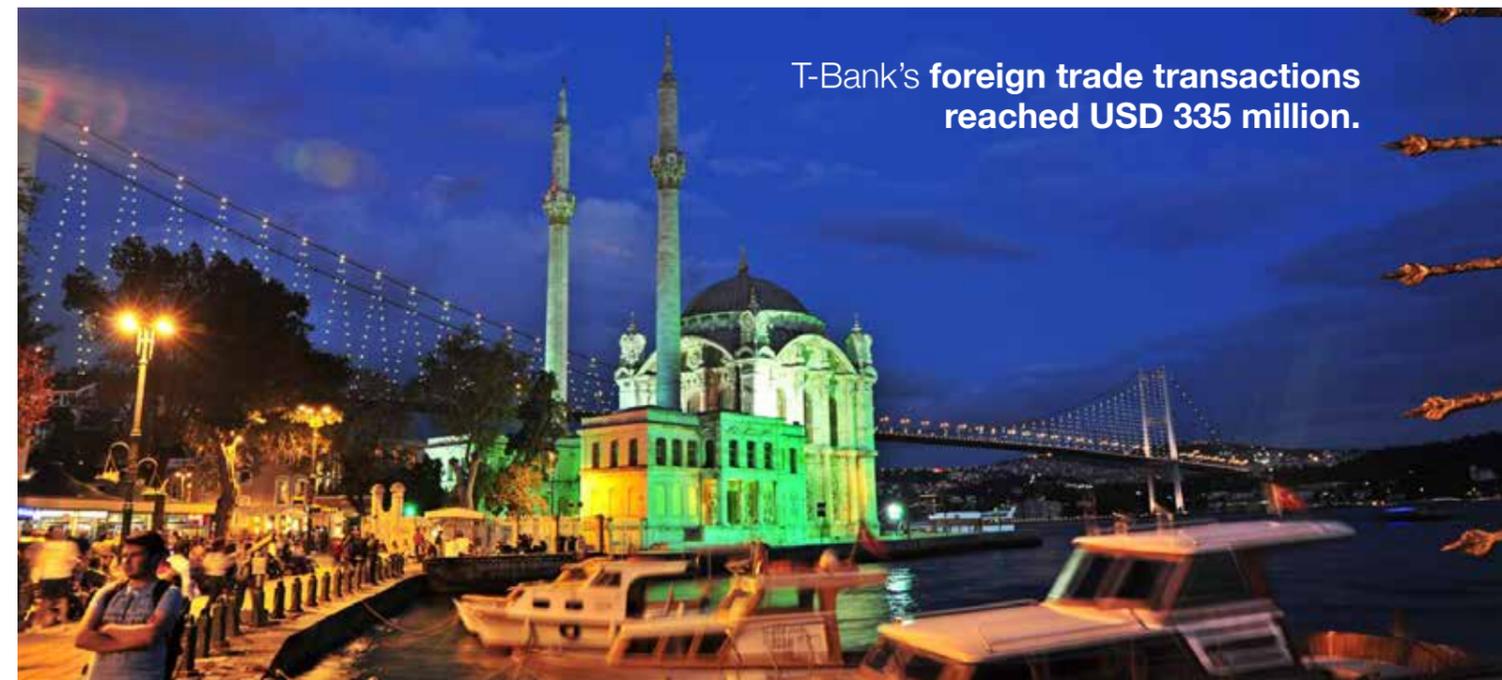
Loans (Net)/Total Assets (%)



Capital Adequacy Ratio (%)



Loans (Net)/Deposits (%)



T-Bank's **foreign trade transactions** reached **USD 335 million.**

BRIEF HISTORY

Established in 1985 as the Istanbul Branch of Bank of Bahrain and Kuwait, T-Bank became an independent institution under the name Bahreyn ve Kuveyt Bankası A.Ş. in 1991. The Bank was later acquired by Doğuş Group in 1992, and its name was changed to Garanti Yatırım ve Ticaret Bankası A.Ş. In 1997, the Bank was acquired by Mehmet Nazif Günel, and its name was changed to MNG Bank A.Ş.

In 2006, following a mutual agreement with Mehmet Nazif Günel, Arab Bank and Bankmed acquired 91% of the shares of MNG Bank A.Ş. The transaction was approved by the Banking Regulation and Supervision Agency (BRSA) on December 29, 2006. The transfer of the Bank's shares was completed in January 2007 with Arab Bank and Bankmed owning 50% and 41% of shares respectively. On April 3, 2007, the Bank's name was changed to Turkland Bank A.Ş. better known as (T-Bank). In July 2010, Bankmed acquired the remaining 9% shares held by Mehmet Nazif Günel, increasing its shares from 41% to 50%.

The following year, in November 2011, T-Bank's capital was increased from 170 million TRL to 300 million TRL with a partial contribution from an Arab Bank Group entity, Arab Bank Switzerland. This contribution had no effect on the partnership structure, which remained at 50% for Bankmed and 50% for Arab Bank Group.

In April 15, 2014, T-Bank's capital was further increased from TL 500 million to TL 650 million, with both shareholders, Bankmed and Arab Bank Group maintaining their shares.

T-Bank capitalizes on the vast banking experience of its shareholders. Arab Bank and Bankmed, which dates back to the 1930s. This synergy created by its shareholders strengthens T-Bank's position, allowing it to enhance its activities and become its customers' preferred financial partner.

Today, T-Bank continues to expand its banking operations focusing mainly on its areas of expertise, namely Corporate and Commercial Banking in addition to Small and Medium Enterprises (SMEs).

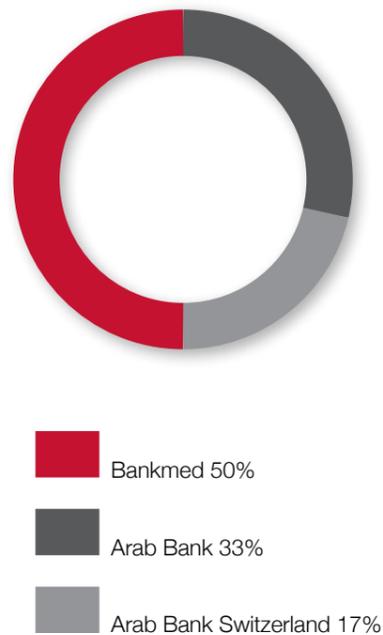
In 2015, T-Bank continued to provide financial solutions to a growing client base, following the expansion of its branch network by six branches into new commercial centers in Turkey.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As of December 31, 2015, no amendments were made to the Articles of Association.

SHAREHOLDERS AND CAPITAL STRUCTURE

As of December 31, 2015, T-Bank's paid in capital is TL 650 million.



Bankmed

With 70 years of solid banking experience, Bankmed has successfully positioned itself as one of the top-tier banks in Lebanon. The Bank operates according to its newly introduced corporate signature, "You! Count," through which it demonstrates an unwavering commitment to its clients, providing them with highly efficient financial solutions and personalized services that best meet their needs.

Bankmed has been recognized for its leading role in corporate banking, which stemmed from its active participation in the resurgence of the Lebanese economy back in the nineties. This dynamic role and extensive know-how have endowed the Bank with the competence to broaden the scope of its operations. Capitalizing on its experience in Corporate Banking, the Bank has actively expanded its banking services to include Retail Banking, Private Banking, Commercial, Investment and Brokerage services, as well as Small and Medium Enterprises (SME) businesses, an increasingly important segment in the Lebanese economy.

In terms of expansion, Bankmed has established presence in new markets within the region and beyond. The Bank is present in Switzerland through its fully owned Private Banking subsidiary, BankMed Suisse, in Cyprus through a branch in Limassol, in Saudi Arabia through its investment banking arm, SaudiMed Investment Company (SaudiMed), and in Turkey through a commercial bank, Turkland Bank (T-Bank). Bankmed also extended its presence to Iraq where it conducts operations in three cities: Baghdad, Erbil, and Basra. Moreover, capitalizing on Dubai's strategic position and its importance as a hub for trade and financial services, Bankmed and its fully owned subsidiary, MedSecurities Investment (MedSecurities) established branches in Dubai's International Financial Center (DIFC). Through this step, Bankmed became the first Bank in the MENA region entitled to operate in DIFC and one of the few financial institutions to operate under a Category 1 License, the most comprehensive license granted by the Dubai Financial Services Authorities (DFSA).

Bankmed sustained its growth momentum in 2015. The Bank's shareholders' equity was recorded at 1.53 billion while its total consolidated assets increased to reach USD 15.6 billion by end of 2015. Bankmed's loans reached USD 5.1 billion, and its customer deposits were reported at USD 12.1 billion by the end of the year.

In addition, the Bank continued to receive international recognition. In this regard, Bankmed earned a number of prominent awards that attest to its unmitigated efforts across its various business lines. The Bank was recognized as the "Best Investment Bank" for the sixth time by Global Finance magazine, which also granted Bankmed the "Best Trade Finance" award for the third year in a row. In addition, Bankmed received World Finance Banking Award for the "Best Banking Group Lebanon" and "Most Sustainable Bank." On the investment front, Global Investor magazine presented MedSecurities Investment, Bankmed's investment banking arm, the "Best Broker" award.

Bankmed remains strategically positioned to carefully capitalize on opportunities that could be available in new markets within the region. Hereby, the Bank will continue to explore expansion opportunities while cementing its presence in existing markets.

Arab Bank

Established in 1930, Arab Bank headquartered in Amman, Jordan is the largest global Arab banking network with over 600 branches spanning five continents. Arab Bank's extensive network covers key financial markets and centers such as London, Dubai, Singapore, Geneva, Paris, Frankfurt, Sydney and Bahrain. Across its global network, the Bank provides a wide range of financial solutions through its main business lines which entail Consumer Banking, Corporate and Institutional Banking and Treasury, serving individuals, corporations, and other financial institutions.

As one of the leading banks in the MENA region, Arab Bank plays an integral role in financing vital infrastructure projects and strategic industries throughout the region. True to its founding vision of enabling the Arab world to reach preeminence, Arab Bank continues to be an engine of economic growth and an enabler of social and community development. The Bank succeeded in strengthening its financial position in 2015 by maintaining key financial indicators on par with the highest local and global standards. At the end of 2015, Arab Bank Group reported net operating

income of USD 1.1 billion and net income after tax and provisions of USD 442 million. Assets grew in 2015 to reach USD 49 billion and owners' equity equaled USD 8 billion.

During 2015, Arab Bank received many international awards and recognitions from prestigious organizations, most notably the award for Best Trade Finance Bank in the Middle East from both Global Finance and EMEA Finance magazines. The Bank also received Best Corporate Social Responsibility award in the Middle East from EMEA Finance magazine.

The list of Arab Bank's 2015 awards also entails Best Bank in Jordan by Global Finance, Euromoney, EMEA Finance, The Banker Middle East and Asiamoney magazines. In addition, the Bank received several awards from Global Finance magazine including: Best Trade Finance Bank in Jordan, Morocco and Yemen, Best Foreign Exchange Provider in Jordan and Best Bank in Social Media award in the Middle East and Africa.

Furthermore, Arab Bank received Best Asset Manager award in Jordan from EMEA Finance and Best Trade Bank in Jordan award from Global Trade Review magazine. Arab Bank was also recognized by Union of Arab Banks as the Biggest Arab Banking Network for 2015.

Arab Bank Switzerland

Arab Bank (Switzerland) Ltd. was founded in Zurich in 1962. As a Swiss bank, it is subject to all Swiss banking laws, rules and regulations and is supervised by the Swiss Financial Market Supervisory Authority (FINMA).

For more than 50 years, Arab Bank (Switzerland) Ltd. has been offering private banking services and has built an excellent reputation in the successful management of client assets; in addition, the Bank is also a premier partner in several commercial banking areas. The clients of Arab Bank (Switzerland) Ltd. originate from or reside predominantly in the Middle-East. Arab Bank (Switzerland) Ltd. is a member of the Arab Bank Group and an independent sister company of Arab Bank PLC and hence has the advantage of drawing upon the wide network of branches in the Arab world and global financial centers.

Arab Bank (Switzerland) Ltd. is directly owned by approximately 22,000 shareholders. The ratio of our shareholders' equity is well above the standard set by Swiss and international monetary supervisory bodies, bearing witness to the bank's excellent capitalization.

Name-Surname/Trade Title	Share Amounts	Share Rates	Paid up Shares	Outstanding Shares
BANKMED, SAL	324.999.997,71	50,0	3.249.999,977	-
ARAB BANK PLC	216.666.665,59	33,3	2.166.666,656	-
ARAB BANK (Switzerland)	108.333.333,33	16,7	1.083.333,333	-
OTHER	3,37	0%	34	-
Total	650.000,000	100%	650.000,000	-

SHARES OWNED BY THE CHAIRMAN OF THE BOARD, BOARD MEMBERS, GENERAL MANAGER AND DEPUTY GENERAL MANAGERS

The Chairman of the Board, Board Members, General Manager and Deputy General Managers do not hold shares at T-Bank as of December 31, 2015.

CHAIRMAN'S MESSAGE



T-Bank reflected steady growth despite global, regional, and domestic challenges.

The Turkish economy, while it lost some momentum over the past three years, was stronger than expected, and is estimated to have grown by 3.8% last year driven by domestic demand and a sound financial sector. Domestic demand is expected to continue to drive growth this year, owing to higher minimum wage, lower oil prices, and supportive monetary and fiscal policies. On the other hand, increasingly difficult global financial conditions weakened capital inflows and geopolitical issues cloud Turkey's longer-term economic outlook. Currency depreciation has also created pressures on corporate balance sheets and added to already high inflation while the exchange rate weakened.

The Turkish banking sector, well regulated with high quality and highly liquid assets, has managed to maintain its solid position and continued to support the national economy in 2015. Nevertheless, the overall growth in the banking sector slightly declined, strained by the effect of the previously-taken macro-prudential measures and the lower exchange rate levels, which resulted in a limited rise in loan volume. The capital adequacy ratio of the sector was reported at 15.3% as of December 2015, surpassing Basel requirements. Net profit of the sector was reported at TL 23.9 billion representing a 5.6% increase compared to December 2014.

T-Bank adopted a prudent strategy in light of the slowing economic environment. The Bank continued to support Small and Medium Enterprises Sector (SMES) which continues to be the backbone of the Turkish economy. The Bank strengthened its risk management and compliance frameworks, systems, and processes and enhanced customer satisfaction through a superior customer service experience. Despite the slowdown, the Bank witnessed a significant growth in its assets of 14% in 2015, to reach TL 5.82 billion while deposits witnessed a 25% year-on-year growth to reach TL 4.48 billion. The Bank also sustained growth in its loan portfolio which expanded by 18% to reach TL 3.96 billion. The Bank recorded a net profit of TL 14.51 million. T-Bank remains strongly capitalized as reflected in its capital adequacy ratio of 15.57%.

Lastly, I thank the board of directors, management team, and all employees for their hard work on behalf of our customers and thank our customers for their confidence in T-Bank. Moving forward, our goal is to continue to focus on the needs of customers and provide a roadmap for their financial success.

Nehme Sabbagh

T-Bank strengthened its risk management and compliance frameworks, systems, and processes and enhanced customer satisfaction through a superior customer service experience.

CEO'S MESSAGE



T-Bank continued to grow and invest effort in strengthening its relationship with **existing clients and enhancing its activities**, in spite of **the challenging business environment**.

Marked by its well capitalized system, the Turkish banking industry continued to pose a healthy growth in 2015, albeit at a slower rate, given the economic challenges that loomed over Turkey during the year. The Banking industry's total assets increased by 17.5% to reach TL 2.346 trillion (as at November 2015), and its net profit recorded an annual growth of 5.6% to reach TL 23.9 billion during the same period. The industry's asset quality remains high and well covered by loan provisions. Moreover, the robust banking sector regulation has been successful in protecting and safeguarding the banking system.

T-Bank continued to grow strengthening its relationship with existing clients and enhancing its activities, in spite of the challenging business environment, The Bank managed to sustain its position among Turkey's banks, capitalizing on strong risk management and compliance functions, through which the Bank constantly ensures proper implementation of global and local regulatory guidelines and standards.

As indicated in its financial results, T-Bank's assets recorded an annual growth of 14% to reach TL 5.8 billion. The Bank was very prudent while growing its loan portfolio, which increased by 15% cash-on-total to reach TL 6.4 billion. T-Bank's total deposits grew by 25% and reached TL 4.5 billion by the end of 2015. The Bank's fees and commissions stood at TL 28 million and its operating expenses were reported at TL 163.7 million. In terms of

profitability, T-Bank recorded a net profit of TL 14.5 million while its net interest income stood at TL 510.2 million, growing by an annual average of 15.6%. Capital adequacy ratio stood at 15.57% by the end of the year, surpassing that of the banking sector which stood at 15.3%.

Despite the economic slowdown, T-Bank continued to leverage its Small and Medium Enterprises (SMEs) portfolio, which composed about 20% of the total loan portfolio. On the trade finance front, T-Bank's volumes reached USD 504 million. In addition, T-Bank continued to selectively finance projects in countries where its main shareholders, Arab Bank and Bankmed, have presence. The Bank will continue to capitalize on opportunities in the MENA region, backed by the synergy of its shareholders and their extensive know-how in regional corporate and commercial banking.

Finally, I would like to extend my appreciation to our customers for their continued trust, our Board of Directors and Shareholders for their extensive support and guidance, and our employees for their sincere dedication.

Dinçer Alpman

T-Bank recorded **a net profit of TL 14.5 million** while its net interest income stood at **TL 510.2 million**, growing by an annual average of **15.6%**.

PART II OPERATIONS

T-Bank provides tailored **financial solutions** for its customers, across various economic sectors, through a network of 34 branches in Turkey.



TURKEY'S BOUTIQUE BANK

With a sustainable growth strategy, T-Bank provides its customers with tailored solutions that meet their expectations and needs by adopting a “boutique service” approach through a network of 34 branches located in Turkey's industrial and commercial centers.

T-Bank continues to enhance its position in the business capitalizing on its expertise in treasury and cash management, investment services as well as commercial financing. The Bank continuously boosts the quality of its services and products and promotes customer loyalty while simultaneously expanding its operations.

T-Bank capitalizes on itself of the wide network of correspondent banks of its principal shareholders in the MENA region. This allows the Bank to develop long-term services, strengthen its financial structure and enhance its services' scope and quality.

Review of 2015 Operations

Dynamic Organizational Structure

T-Bank is focused on improving its position by developing customized solutions in a timely manner. This allows the Bank to meet the changing requirements of its customers. T-Bank effectively takes advantage of its “boutique service” approach developed in line with the middle-size bank position. This approach allows the Bank to increase efficiency and profitability in all business processes by enhancing the permanent relations established with its customers.

T-Bank introduced innovative solutions and extended its product and services portfolio in 2015 to improve its solutions based on customers' feedback. The tailored and customized financial solutions contributed significantly to customer satisfaction and helped in widening the Bank's client base across a wide range of industries. With its customer-centric approach, T-Bank plans to strengthen its relationships with its customers and extend its market share.

An Effective Network of Branches

T-Bank added one new branch in 2015 to its growing network, which presently consists of 34 branches

operating in Turkey's industrially developed regions and city centers.

T-Bank continues to launch new products to meet the needs and expectations of its various customer clusters while simultaneously expanding its client base.

Valuable Synergy of Experienced Shareholders

Capitalizing on the synergy created by its shareholders: Arab Bank, Bankmed, and Arab Bank Switzerland, T-Bank plays an active role in the MENA region. This strong network has made the Bank one of the preferred institutions for Turkish investors, who plan to carry out their activities in this region.

Segmental Expertise

With the aim to improve quality and provide better services for its customers, T-Bank divides its customer portfolio into two segments: Small and Medium Enterprises (SME) and Corporations. The Bank also aims to target suppliers and manufacturers within the scope of its lending portfolio.

Companies with high turnover and which are mainly in the fields of manufacturing, tourism, construction, energy, and logistics benefit from T-Bank's corporate financial services. The Bank provides these companies with an array of financial solutions that facilitate in their international commercial operations.

Detailed Credit Facility Process

T-Bank's credit facility process consists of two phases. In phase one, financial data is analyzed in detail by measuring the rating, cash flow, investment projection, feasibility, capacity reports and similar indicators. Measurements and evaluations additionally focus on detailed analysis of a company's product/service diversity, market share, morality, current position of business and many other criteria. T-Bank credit facility process relies primarily on to criteria such as financial data, market intelligence, and the historical and estimated performance of the company.

In the second phase, T-Bank develops optimal solutions that meet the needs of the applying company and submits

the proposals for approval to the Credit Committee. At the solution development phase, the applying company's industry, investment finance, operating capital and import requirements are reviewed and a solution is proposed based on these data.

T-Bank maintains an objective outlook towards all customer segments and offers financing opportunities to all customers during the credit facility process. When selecting the companies to work with, the Bank creates working criteria for industries with a share of 5% or more in total loans according to “Risk Acceptance Criteria” and operates accordingly.

High Asset Quality

T-Bank's customer portfolio consists of companies positive cash flows, high profitability, and credibility in their respective industries. T-Bank selects its customers meticulously based on a wide range of criteria used in marketing strategies and operations to maintain its current portfolio. This approach enables the Bank to fulfill its obligations with due diligence in order to maintain the quality of its existing assets. T-Bank also works to include new companies from the various industries that are within the target market.

Loan Portfolio Distribution by Sector (December 31, 2015 - TL thousand)

Sector	Cash Loans		Non-Cash Loans	
	Total	%	Total	%
Agriculture	172,922	4.28%	86,593	3.59%
Farming and Breeding	161,802	4.00%	67,146	2.79%
Forestry	9,385	0.23%	19,414	0.81%
Fishing	1,735	0.04%	33	0.00%
Industry	1,068,581	26.45%	610,196	25.33%
Mining	36,249	0.90%	18,223	0.76%
Manufacturing	999,970	24.75%	579,236	24.04%
Electricity, Gas & Water	32,362	0.80%	12,737	0.53%
Construction	1,093,858	27.07%	925,973	38.44%
Service	1,620,586	40.11%	733,401	30.44%
Wholesale and Retail Trade	413,298	10.23%	204,172	8.48%
Hotel and Restaurant Services	255,318	6.32%	9,870	0.41%
Transportation and Communication	179,192	4.43%	72,445	3.01%
Financial Institutions	292,504	7.24%	192,072	7.97%
Real Estate and Rental Services	300,569	7.44%	36,773	1.53%
Self-Employment Services	125,217	3.10%	150,723	6.26%
Training Services	7,039	0.17%	409	0.02%
Health and Social Services	47,449	1.17%	66,937	2.78%
Other	84,797	2.10%	52,903	2.20%
TOTAL	4,040,744	100.00%	2,409,066	100.00%

Effective Cash Management

T-Bank supports the growth of corporate banking activities by means of an active cash management service, which also contributes to the Bank's profit. The source of this income is the Bank's broad-based commercial deposits.

Corporate Banking

T-Bank provides services for companies with a turnover of TL 15 million and over within the scope of its Corporate Banking activities. In addition to financial institutions, the customer portfolio consists of companies in the fields of trade and industry, service, transportation, the construction industry. The Bank provides services for leading Turkish companies in steel, textile and food industries.

T-Bank's Corporate Banking officers review the needs and requirements of the customers at all branches, provide specific solutions for current and possible future needs and help customers increase efficiency and develop their businesses. Products offered to Corporate and Commercial customers include TL/FX Cash - Non-Cash Loans, Cash Management Products, Project Financing, Foreign Trade Products, Deposit - Investment Products and Insurance Products. The active involvement of T-Bank staff and managers contributes in establishing long-term and strong relationships with the Bank's customers.

With a solid financial structure, steady growth and a well-balanced risk approach, T-Bank continues to be one of the most trustworthy banks of Turkey. In addition to profitability, the Bank shows the same due diligence in risk-income balance. International experience, corporate structure and fast decision-making mechanisms of shareholders enable T-Bank to successfully provide financial services in Middle East and North Africa.

Since the change in T-Bank's partnership structure in 2007, the total size of cash loans and deposits has increased by 10 times. The number of branches has increased from 10 in 2007 to 34 in 2015. In addition, the Bank continues to offer customized solutions to finance business needs, capitalizing on its strong financial position and branches in 12 financial centers within Turkey.

SME Banking

Small and Medium Enterprises (SMEs) are the backbone of the national economy and the main drivers of its growth. SMEs span across various industries mainly services and manufacturing. They act as the primary elements of economic and social stability in the country by creating job opportunities.

Since 2007, T-Bank experienced personnel have been providing SME Banking solutions for Turkey's industrialized and fast-developing areas. The Bank's personnel aim to cater for all SME Banking needs across all of T-Bank's branches. The Bank provides SME Banking services for corporations with net sales ranging from TL 1.5 million to TL 25 million.

Relationship Banking is the highest priority in T-Bank's SME Banking. The Bank's priority is to provide high-quality service to its SME clients. T-Bank's approach to make a difference in this segment is also based on these services. In order to offer value-added services to SME clients and better understand their needs, personnel from the Bank's headquarters visit the SME companies on site and assess their activities in detail. Moving forward, T-Bank will continue to support the SME sector.

In its aim to be the bank of choice for its customers, T-Bank provides a wide range of services including cash non-cash credit facilities check books, salary payments, tax payments, bill payments, treasury bills, social security payments, foreign trade transactions and cash management. With the Direct Debit System, which started in 2014, the Bank handles the transactions of its primary customers and provides finance services for a large customer base. T-Bank places great importance on innovation and strives to approve SME loans with a new and simplified loan process.

In an effort to increase its SME customers' share, T-Bank provides SME Banking services through all its branches. The Bank's top priority among the Bank's services in 2016 is to extend long-term loans that SME clients find difficult to obtain. Hereby, the Bank intends to provide project and investment finance, supply equipment and raw material, as well as support exporting and importing activities. With this approach, T-Bank will continue to help its customers

grow, supporting them with innovative applications for business processes.

Credit Allocation-Monitoring

The Credit Allocation and Risk Monitoring Department handles one of the core business activities at T-Bank by determining credit-related strategies and policies. This department also carries out credit allocation, and measurement, monitoring, controlling and reporting of risks undertaken now and in the future.

The Credit Allocation and Monitoring Department provides services in four specialized areas on the basis of the requirements of customer segments in various industries:

- Corporate /Commercial
- SME
- Construction/Contracting
- Personal Loans

In its aim to use the most advanced products with regards to organization, technology and presentation techniques, T-Bank constantly updates its products and services, offering modern and innovative solutions to credit customers and providing them with easier access

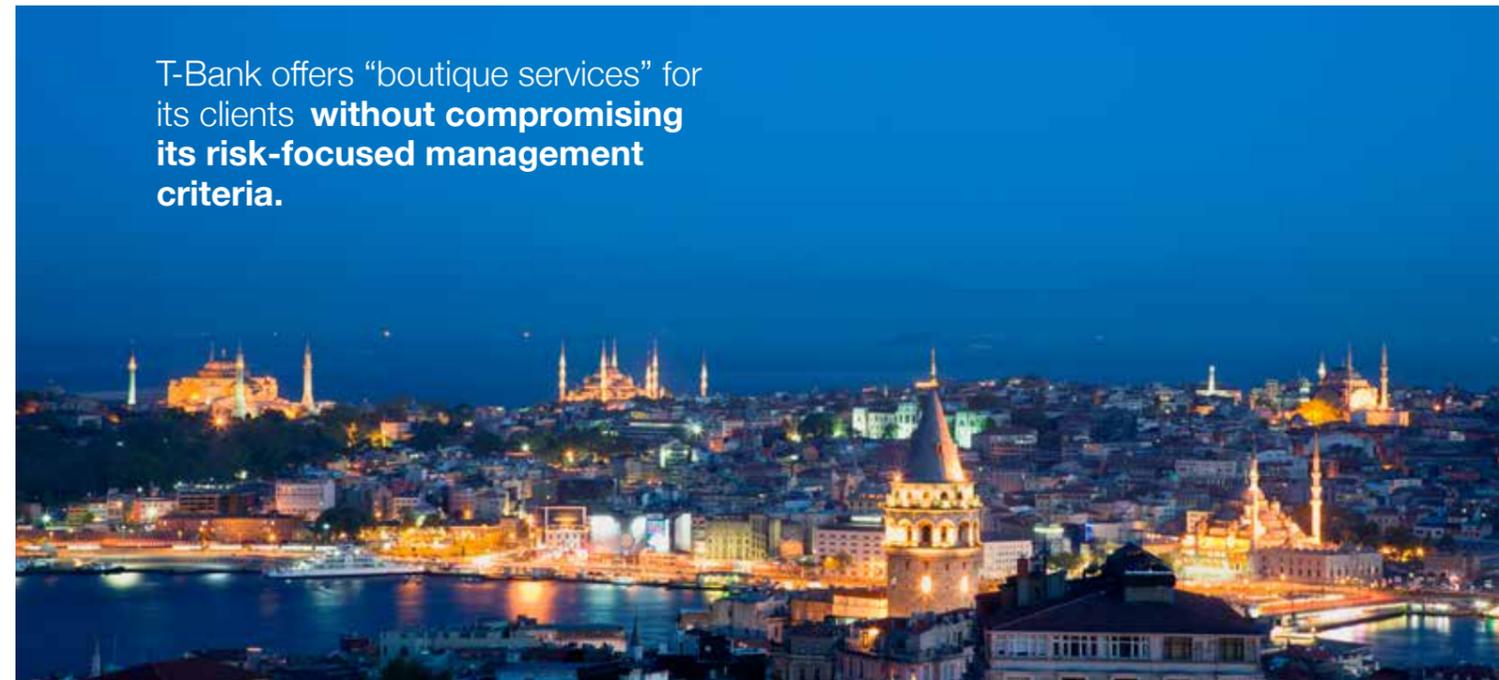
to information during credit allocation process. With a credit allocation personnel specialized in contracting sector, T-Bank also makes use of workflow systems, segmentation-based rating system, credit archiving system, trade registry recording system and the Credit Bureau Of Turkey (KKB).

Customer-Oriented System

T-Bank provides services based on risk-focused management criteria with a "boutique service" approach. In this context, the Bank focuses, among others, on the following sectors: fast discounting of customer checks, as well as medium-sized housing construction projects. Focusing on financial needs of companies that operate in the MENA Region, T-Bank continues to strengthen the specialization in the construction sector.

In order to build strong relationships with its clients, the Credit Allocation Department cooperates with the Marketing Department, which helps it in maximizing the number and frequency of client visits. The relations strengthened by the visits help T-Bank gain a competitive edge in its fast decision-making process and fast

T-Bank offers "boutique services" for its clients **without compromising its risk-focused management criteria.**



implementation of strategies. T-Bank evaluates customer requests through its credit risk based approach, and provides them with adequate limits and loan conditions, based on customers' debt capacity, and makes good use of innovative loan products. The customer portfolio of the Bank consists of companies that create added value, are prone to a healthy and sustainable cooperation, have sufficient repayment capacity and operate under ethical values.

Products and services used in Credit Allocation and Monitoring activities are classified under "Technology Structure," "Early Warning System" and "Scoring and Rating Models" functions.

Technology Structure

The new Banking Package is the basis of the technology structure at T-Bank. It is characterized by its speed, easiness, and scalable system, which supports the short and long-term growth strategies. The Package is a parameter-based function that ensures fast product development and diversification. The Package has many useful functions that improve the quality of service: integration between credit allocation difference check and follow-up flow system, automation of legal reporting, creation of new security, limit, customer and account relation, new monitoring system and automatic monitoring mechanism.

Early Warning System

Early Warning System enables T-Bank to limit credit risks by ensuring that risks are identified and necessary actions are taken before the risk occurs. T-Bank conducts a proactive monitoring, thanks to customer visits and portfolio screening operations. Through its credit management system that is carried out in close cooperation with customers, the Bank is able to detect problems at an early stage. Information about companies gathered from the market, Credit Registration Bureau, TBB/Risk Center and various other sources of information are consolidated and used as an early warning signal in both allocation and monitoring processes. In case evaluations during the process show an increase in the risk level of borrower, credit limits are predetermined or additional surety is obtained.

Credit Monitoring Experts follow up all stages of the credit process in cooperation with the Credit Allocation team and inform the Credit Allocation teams and branches and generate credit reports where necessary.

Scoring and Rating Models

The scoring and rating model used by T-Bank in SME and Corporate/Business Banking segments complies with BASEL II criteria. This model enables important functions such as better credit decisions and higher added value during credit-related decision-making processes.

Treasury

T-Bank's Treasury Department manages T-Bank's liquidity, FX position and securities portfolio based on the Bank's requirements, market risk limits specified by the Board of Directors and correspondent bank transaction limits. The share of securities portfolio of Treasury Department is much smaller than credits in the total balance sheet due to the Bank's customer-focused vision and prudential management approach. The share of securities portfolio in the assets is limited to 20% pursuant to decision of the Board of Directors. Treasury products are offered through branch distribution channels. Treasury Department briefs the Bank's senior management on market conditions, asset-liability term and interest structures and the related balance sheet management during the Asset-Liability Committee meetings.

Financial Institutions

T-Bank's Financial Institutions Department is responsible for developing and maintaining relations with foreign correspondent banks and financial institutions, diversifying the Bank's fund sources, allocation and monitoring of country and finance institution credit limits and financing foreign trade.

The Bank meets its financial needs and those of its customers by means of credit limits obtained from international banks. T-Bank has a strong network of 300 correspondent banks in 78 countries to provide specific solutions to meet its customers' needs. The Bank successfully expands its network of correspondent banks into new countries in accordance with the demand and requirements. T-Bank mediated foreign trade transactions

of USD 335 million in 2015. In addition to non-cash services such as letters of credit and performance bonds, the Bank also created cash and non-cash resources of USD 16 million for its customers in 2015 by mediating credits for foreign trade finance, working capital credits and usury credits from correspondent banks in order to meet the finance needs of its clients. Finance Institutions contributed to the diversification of the Bank's finance resources with a total international resources of USD 66 million, USD 10 million from post-financing and USD 56 million through bilateral credits.

T-Bank's principal shareholders, Arab Bank Group and Bankmed sal, operate through 661 branches in 32 countries and 5 continents. The shareholders' banking activity is concentrated in the Middle East and North Africa. The diversity of regions and countries in which the principal shareholders operate helps T-Bank offer foreign

trade products with competitive prices to its customers engaged in international trade.

Information Technology

Information Technology (IT) Department makes the latest technology advancements available to employees and customers in order to render business processes more effectively and in a faster manner in line with the strategies and policies of T-Bank.

Effective System Architecture

The Core Banking System located at T-Bank headquarter runs on three application servers using two database servers with IBM that offer high performance and extension capability, and IBM storage device. The multi-tier system provides a secure infrastructure at the application phase. The main operating system server of the Bank runs on a Unix-based system while other



T-Bank's **Early Warning System** enables the Bank to limit credit risks by ensuring that risks are identified and necessary actions are taken before the risk occurs.

servers and personal computers run on Windows and Linux platforms. The main banking system uses Oracle server, while other systems use SQL Server as the database. For emergencies, an additional database server, which is synchronized instantly with active servers, and backups of other mission critical services are located at the Emergency Center outside of Istanbul.

T-Bank uses industry-standard hardware and software from industry leaders for the network architecture of its IT systems and web, e-mail and antivirus protection as well as its automation infrastructure and superstructure. IT technology infrastructure and superstructure are continually upgraded.

Applications Used in 2015

T-Bank Banking System consists of applications that are built around and integrated with the Core Banking System. In 2015, improvements continued to ensure

secure, fast and integrated operation of the main Banking System and the auxiliary systems and the functions were supported with new products and applications. Reporting efforts were continued in order to meet reporting needs of users. In 2015, T-MA (T-Bank Customer Analyses-360 Degrees CRM), Single-Key Investigation, Budgeting and Fixed Assets projects were completed. Projects were implemented to review all workflows and upgrade the application infrastructure, improve the processes and increase the level of integration with other systems. This project is scheduled for completion in 2016. Adaption projects including AML (Anti Money Laundering), Fatca (Foreign Account Tax Compliance Act) and Know Your Customer were started.

In an effort to constantly update the IT infrastructure, hardware and software were updated to be aligned with the new technologies.

HUMAN RESOURCES

Human Resources Structure

One of T-Bank's most valuable assets is the experienced and qualified human resources. T-Bank Human Resources Department, plays a strategic role in the Bank's operations and performs its practices in accordance with the Bank's strategies and goals. As at end of 2015, the total headcount at T-Bank reached 662 employees servicing clients at the Bank's headquarters and through a network of 34 branches.

Recruitment Process

T-Bank Human Resources practices are based on transparency, effective communication and equality. The primary objective of the recruitment process is to hire the employees that have the required skills and experience.

In batch recruitment programs, written or online exams are held and successful candidates are invited to group and personal interviews with related business line units. In recruitment of experienced candidates, "Human Resources Recruitment Team" and the managers of the related business line are involved in the selection process. Following face-to-face interviews, pre-employment evaluations for positively reviewed candidates are conducted. Following the evaluations, offers are made and the recruitment process is completed. During this process, evaluation tools such as foreign language tests and professional personality assessments are applied for the candidates in accordance with the requirements of the vacant position.

"Suggest a Friend" project enables employees to suggest candidates for an open position and have them apply via the Bank's website. Evaluation of whether candidates are suitable for the position or not is done according to the Recruitment and Placement Procedure. If a candidate offered by a T-Bank employee is recruited by T-Bank, the employee is awarded. This ensures that employee satisfaction is improved and recruitment processes are

efficient. With the online interview application for branches outside the cities, the process is made faster and simpler.

The number of T-Bank employees increased by 130 in 2015. T-Bank lays special emphasis on training, providing student interns with the necessary and practical skills. This aspect resulted in recruiting 25 new employees, who had previously joined the Bank as interns.

Performance Management

"Performance Evaluation" is carried out in accordance with the Bank's objectives and strategies and for the purposes of measuring the employees' contributions to business results. "Competency assessments" are used for structuring employees' career and training plans.

T-Bank conducts "Employee Loyalty" and "Internal Customer Satisfaction" surveys to make the level of service quality level even higher. The Bank also attaches great importance on simulations inventory and coaching practices for supporting the personal development of employees, thanks to 7 years of uninterrupted measuring-evaluation practices, changes are monitored easily.

Employees who are successful at their tasks and have maintained performance viability are promoted to higher positions with the approval of the Promotion Committee. Four successful Portfolio Managers of T-Bank were promoted to the position of Branch Manager and 2 Directors in the Headquarters were promoted to the position of Department Manager.

Bonus and Incentive System

Incentive payments are made to managers and higher level executives once a year based on achieved annual targets. The incentives are paid on certain criteria such as the accomplishment of branch/department goals and

Number of Employees and Branches	2015	2014	2013	2012	2011
Head Office Employees	290	269	241	228	215
Branch Employees	372	372	294	296	281
Total Number of Employees	662	641	535	524	496
Number of Branches	34	33	27	27	27

Demographics	2015	2014	2013	2012	2011
Male (%)	46	47	48	51	52
Female (%)	54	53	52	49	48
Average Age of Employees	37	36	37	36	36



the effective utilization of personal skills. Managers and higher level executives employed at the Headquarters are evaluated by the manager who is one level senior to them. The incentive amount is determined based on the annual performance, the effect of the tasks in helping the Bank reach its targets and the results of the Internal Customer Satisfaction survey. For Branch Managers, the premium amount is determined according to the goals they accomplished. In this context, a gross total of TL 6,498,175 incentive payment has been paid in April 2015.

In addition, starting 2014, an incentive payment of TL 997,600 has been allotted for branch employees according to the criteria based on the operation size and realized goal accomplishments.

Applications

Human Resources Department deployed "Vacation System, Employee Information System, Performance Management System" projects to manage the business processes in an integral manner. This has helped the Bank to take major steps in managing the employee information centrally as well as monitor and evaluate the performance management applications digitally based on objectives and skills.

In 2015, 7th Internal Customer Satisfaction survey was conducted. This survey ensured that the communication, cooperation, quality and timing expectations from the Bank's departments which provide services as 'internal customers' were clearly communicated. The survey aims at defining the actions and applications required to improve service quality and increase the performance.

T-Bank Human Resources Department started a pilot in-house coaching system with the coaches accredited by International Coaching Federation and volunteers from the SAGES group to increase the motivation of the employees, help them define their personal objectives and support their improvement. This step was taken to secure the coaching culture at the Bank and improve the efficiency is expected to positively affect business results.

Training

T-Bank Training Department provides in-depth training and improvement activities in an effort to increase the skills and shared culture of the employees. The activities in this scope include Initiation programs that allow quick adaptation for new employees, Trainee Programs that provide basic

banking information for employees with no banking experience, Technical-Personal Development Courses for experienced bankers, Manager Development Trainings and Coaching Applications for employees at the management level, and e-learning Programs provided via e-learning platform. In addition, Development Seminars carried out by experts in their fields are provided within the scope of training-development activities.

T-Bank started an in-depth development program in 2015 for new graduates and inexperienced bankers. Following the one-month Training Program including basic training on banking, new employees educated on T-Bank culture are assigned to positions at the branches and Headquarters.

T-Bank continues with 2012 "Personal Leadership and Development" for experienced directors in an aim to help them with their career development.

Managers participate in management and leadership trainings consisting of certain modules within the scope of Sage Project. These modules are "Me", "Being Us" "Improving My Work" and "Designing Our Future." These trainings are also supported by face-to-face coaching, forum messages, presentations and various development tools. The last phase of the project is the "Graduation Project." Here, the directors work on developing projects that they believe can support T-Bank. The projects are later presented to the Upper Committee. Actions for approved projects were taken and the training of the third SAGE Group was completed in 2015. Third-level SAGES will prepare their Graduation Projects in the first months of 2016 and deliver their presentations afterward. T-Bank attaches great importance to the Capital Markets License and provided class and e-learning training for the employees who are required to be certified in 2015.

In 2015, employees from the Headquarters and Istanbul branch attended the Turkish Banks Union trainings again. In addition, many employees at the Headquarters and T-Bank branches participated in the training and certificate programs provided by private training companies in an aim to develop themselves. Each T-Bank employee has an account on the e-learning platform. Employees can access their accounts and e-learning courses at any time around the clock from both, their offices or homes.

IN-HOUSE COMMUNICATION AND T-CLUB

Corporate Social Responsibility

Under the theme, "Music Is Our Life," T-Bank organized its second national photography contest in 2015. With a growing success, the competition, which was held in collaboration with IFSAK (Istanbul Photography and Movie Amateurs Association), featured 1000 contestants and almost 3000 photographs. More than 40 winning photographs were selected for an exhibition held at T-Bank's headquarters. An award ceremony was held in recognition of the winners, and three contestants received honorable mentions. Following the event, 44 photos were later compiled in a special book.

In-house Communication

The following periodical activities were held at T-Bank in order to improve in-house communication and employee motivation are as follows:

- In 2015, the "Thank You" campaign was initiated to ensure that Bank employees communicate their satisfaction to each other, increase motivation and create awareness. Employees can say thanks via The Bank's intranet portal "Birlik-T". This application displays the number of thanks received by an employee and the employees with the highest number of thanks. At the end of each quarter, 3 employees with the highest number of thanks are listed as "Employees Creating the Highest Level of Satisfaction" and awarded.
- Up-to-date information such as the birthdays, promotions and reassignments of employees and press mentions are displayed via the active data sharing platform "Birlik-T".
- Post Graduate discounts are provided by various universities for T-Bank employees and these are announced via Birlik-T.
- Special discounts for T-Bank employees offered at restaurants, hair dressers and health centers frequently visited by them are also announced through the "Birlik-T" Portal.
- T-Bank stands by its employees especially during their special occasions. Employees are sent celebration e-mails in birthdays, recruitment anniversaries and when they have newborn.

- T-Bank continues its tradition of sending gifts in the name of newborn children of employees.
- Newcomers to the Bank are introduced to existing employees with "New Teammates" e-mails including photographs.
- The Human Resources Department makes a "welcome call" to new recruits on their first day to greet them and accelerate the process of adaptation. On the first day, new recruits also find a "welcome box" on their desks with a calendar, pens, a day planner, business cards and the Bank's ID card.

T-Club

T-Bank offers employees a social worklife in addition to professional career.

Social events organized for T-Bank employees in 2015 are as follows:

- A "Writing Workshop" of 8 weeks
- Photography tours to Balat, Beyoğlu-Pera, Sultanahmet and Karaköy regions of Istanbul organized by the Photography Club which is established in 2015 and "Colors" exhibition at the Headquarters with the selected photos chosen after these tours.
- Two bowling tournaments organized within the year
- Backgammon tournament
- Children's painting contest
- Monthly "Guest of the Month" event hosting experts in certain areas
- Paper Marbling Workshop to introduce the art of paper marbling
- New year's draw

PART III
T-BANK MANAGEMENT AND CORPORATE
GOVERNANCE IMPLEMENTATIONS

Capitalizing on a well-defined **Governance system**, T-Bank operates within a stringent regulatory framework, complying with local and international best practices.



BOARD OF DIRECTORS

Board of Directors

Nemeh Sabbagh
 Mohamed Ali Beyhum
 A. Dinçer Alpman
 Henri Marie Rene Jacquand
 Mustafa Selçuk Tamer
 Riad Burhan Taher Kamal
 Mehmet Behçet Perim
 Nadya Nabil Talhouni
 Faten Matar
 Haitham Helmi Mohammed Foudeh

Chairman
 Vice Chairman
 Board Member / CEO
 Board Member
 Board Member
 Board Member
 Board Member
 Board Member
 Board Member
 Board Member

Nemeh Sabbagh Chairman

Nemeh Sabbagh assumed the position of CEO of Arab Bank in January 2010. He has an MBA in Finance from the University of Chicago, an MA in International Economics from the Johns Hopkins University and completed his undergraduate studies (BA) in Economics and French at Austin College in Texas and at L' Institut d'Etudes Politiques in Paris. He is also an alumnus of Stanford University where he completed the Senior Executive Program at the Graduate School of Business. He began his banking career at the World Bank in 1973 and has served at various banks, including the National Bank of Kuwait for 19 years, as the CEO of the Arab National Bank for seven and a half years, and as Executive General Manager of Bankmed for four years.

Mohamed Ali Beyhum Vice Chairman

Mohamed Ali Beyhum is the Executive General Manager of Bankmed since 2010 and a Board Member of the Banking Group holding company. He serves on the board of all the Bank's major banking and finance subsidiaries. Mr. Beyhum is also the Chairman of the Board of Directors of MedSecurities Investment Company and Emkan Finance. Prior to joining Bankmed in December 2005, he was working with Irving Trust and the Bank of New York in the United States and served as Vice President Senior Representative in Lebanon. Mr. Beyhum holds a Master's degree in Industrial Management from Columbia University in N.Y., and a B.E. degree in Mechanical Engineering from the American University of Beirut.

A. Dinçer Alpman Board Member and CEO

Dinçer Alpman is a graduate of Management Engineering from Istanbul Technical University. He started his banking career at Pamukbank in 1988 and later held the same positions in Marmara Bank, Tekfen İnşaat and Alternatif Bank. Before joining Turkland Bank A.Ş., he spent 10 years at DenizBank as Executive Vice President in charge of Retail Banking.

Henri Marie Rene Jacquand Board Member

Henri Jacquand is a graduate of Ecole des Hautes Etudes Commerciales and holds an MBA in Business Management from the University of Chicago. During his managerial career, he served as Vice President at Citibank, New York, Executive Vice President at CIC Group and Executive Vice President at Rabobank.

Mustafa Selçuk Tamer Board Member

Selçuk Tamer is a graduate from the University of Ankara with a degree in Business Administration from the Faculty of Political Sciences. He started his banking career in 1976 and worked at a number of banks. Prior to his current position as a Board member at Turkland Bank A.Ş., he served as Assistant General Manager and finally Vice Chairman at Yapı ve Kredi Bankası A.Ş., for 18 years.

Riad Burhan Taher Kamal Board Member

Riad Kamal is the Founder and former CEO of Arabtec Holding, one of the largest general contractors in the Middle East. He founded Arabtec in 1974, led its growth and

development for almost 40 years. Arabtec became a listed company in 2004. Mr. Kamal is a graduate of the Imperial College at London University and holds a B.Sc. in Civil Engineering and a Master's degree in Structural Engineering. Mr. Kamal serves on the boards of Arab National Bank (KSA), Arabia Insurance (Lebanon), Oman Arab Bank (Oman), Gulf Capital (Abu Dhabi), Rotana Hotels (Abu Dhabi) and is a member of the Board Of Trustees of The American University of Beirut.

Mehmet Behçet Perim Board Member

Behçet Perim is a graduate of Boğaziçi University with a degree in Electrical and Electronic Engineering in addition to an MBA from the same institution. He started his banking career in 1991 at Interbank. After three years of experience in Interbank, he served in significant roles at Bank Ekspres. Before joining T-Bank as a Board member, he worked in Denizbank for 10 years with important titles including Executive Vice President in charge of Risk Management and Internal Control.

Nadya Nabil Talhouni Board Member

Nadya N. Talhouni is a graduate of Bryn Mawr College in the USA and holds a degree in Economics with a minor in Political Science. She worked for Citibank NA within the Financial Institutions Group and also held a position of Securities Business Manager before joining Arab Bank in

July 2002. She currently serves as Senior Vice President and the Global Head of Cash Management and Trade Finance at Arab Bank.

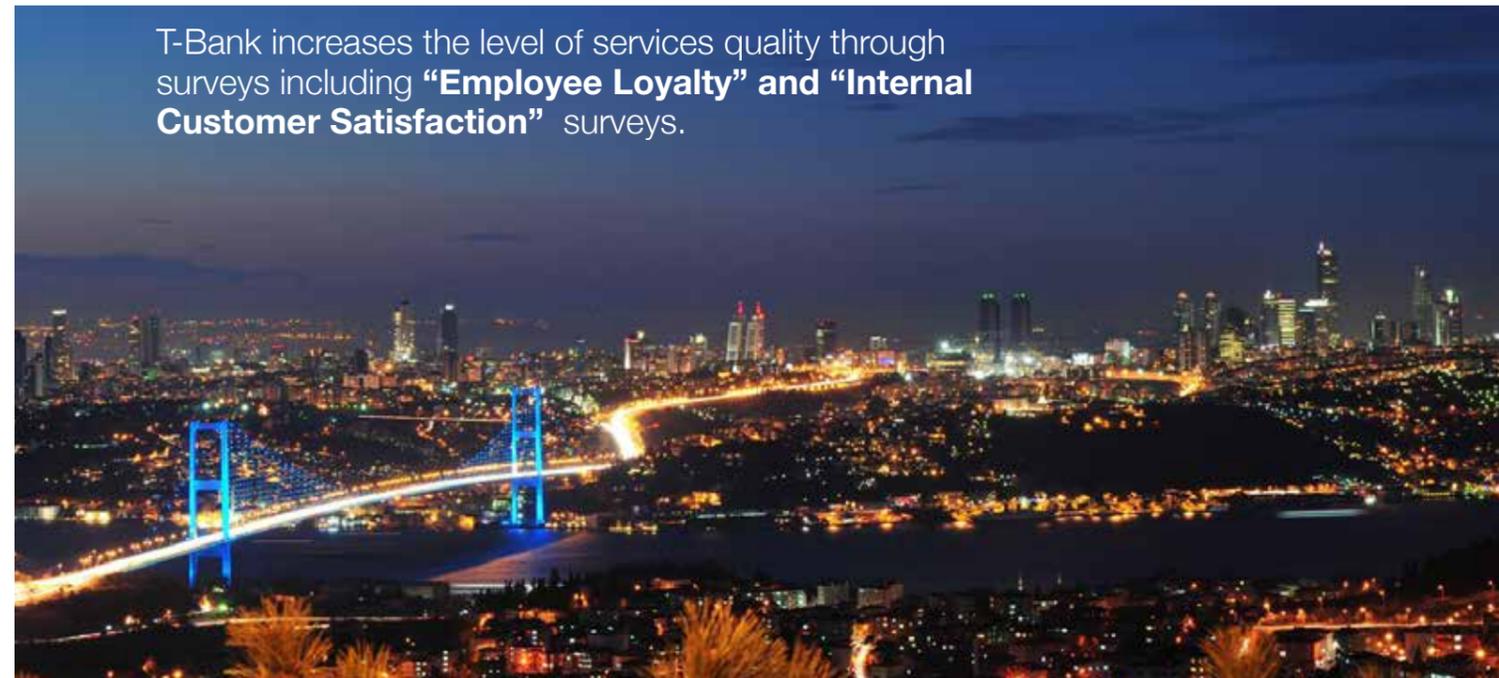
Faten Matar Board Member

Faten Matar holds an MBA from the American University of Beirut. He worked for more than 15 years at the MENA and European Divisions of Citibank in both the Institutional and Consumer business segments. He occupied the position of Vice General Manager of Byblos Bank, prior to joining Bankmed Group, where he served as General Manager of Banque de la Mediterranée sal and Allied Bank sal. He is currently Advisor to the Executive General Manager of Bankmed and a member of the Board of Directors of BankMed (Suisse), Emkan Finance SAL and GroupMed Insurance Brokers SAL.

Haitham Helmi Mohammed Foudeh Board Member

Haitham Foudeh is a graduate of Civil Engineering from the University of Jordan and holds an MS in International Construction and Engineering from Leeds University. He served as a planning engineer in Saudi B.L. Construction Group, Planning Director in Taylor Woodrow International, Project Manager in Abdul Latif Jameel Group Real Estate Investments and Project Portfolio Manager in Islamic Development Bank. Mr. Foudeh is the Project and Structured Funding President at Arab Bank, Jordan.

T-Bank increases the level of services quality through surveys including “Employee Loyalty” and “Internal Customer Satisfaction” surveys.



Bosphorus views from Çamlıca

EXECUTIVE MANAGEMENT

The Executive Management Team is as follows:

Ali Has	Head of Internal Audit
Doruk Parman, Phd	Executive Vice President, Marketing and Sales
Emre Demircan	Executive Vice President, Strategic Planning
Hakkı Yıldırım, Phd	Executive Vice President, Human Resources
İlhan Zeki Köroğlu	Executive Vice President, Operation and Information Technologies
Mehmet Özgüner	Executive Vice President, Financial Affairs
Münevver Eröz	Executive Vice President, Treasury and Financial Institutions
Yurdakul Özdoğan	Executive Vice President, Credit Allocation and Follow-up

Ali Has

Head of Internal Audit

Ali Has is a graduate of the Faculty of Management at Istanbul University and has an Executive MBA from Boğaziçi University. He started his business career at the Foreign Transactions Department of Yapı Kredi Bankası in 1994 and continued at İş Factoring Finansal Hizmetler AŞ. He worked in TEB A.Ş. for 10 years as the Vice President of the Inspection board before his current position as the Head of T-Bank Internal Audit Department. Has is also a Certified Internal Auditor (CIA).

Doruk Parman, Phd

Executive Vice President, Marketing and Sales

Doruk Parman is a graduate of Middle East Technical University with a degree in Mechanical Engineering and holds an MBA degree from Bilkent University as well as a Doctorate in Banking from Marmara University. Parman started his business career at Interbank and later served at DenizBank for 10 years in a number of positions including Senior Vice President of Retail Banking Division, prior to his current position as Executive Vice President at T-Bank.

Emre Demircan

Executive Vice President, Strategic Planning

Emre Demircan is a graduate of Boğaziçi University, Electrical and Electronical Engineering Department. He earned an MS from the George Washington University in Engineering and an MBA from Yale School of Management in Business Administration. Demircan started his career in 2001 in Castle Rock Consultants as a Senior Consultant and continued his career in Credit Suisse New York as an Investment Banker and served as an Assistant Partner in McKinsey&Company. Demircan is currently serving as the Executive Vice President for Strategic Planning at T-Bank.

Hakkı Yıldırım, Ph.D.

Executive Vice President, Human Resources

Hakkı Yıldırım is a graduate of Middle East Technical University and holds a degree in Industrial Engineering. He earned his MBA and PhD in Management and Organization at Yeditepe University. His banking career began in 1993 at Türkiye İş Bankası; he later worked with İktisat Bankası, Alternatifbank and Denizbank. Prior to his current position as Executive Vice President at T-Bank, he served as Alternative Distribution Channels Senior Vice President at Denizbank.

İlhan Zeki Köroğlu

Executive Vice President, Operation and Information Technologies

İlhan Zeki Köroğlu is a graduate of Middle East Technical University with a degree in Public Administration. He started his banking career at Pamukbank and later assumed senior positions at Körfezbank and Garanti Investment. Prior to becoming Executive Vice President-Operation and Information Technologies at T-Bank, he served as Executive Vice President at Alternatifbank.

Mehmet Özgüner

Executive Vice President, Financial Affairs

Mehmet Özgüner is a graduate from the department of Mining Engineering at Middle East Technical University. He started his banking career at the Banking School of Ziraat Bankası. He later served as an Internal Auditor on the Board of Internal Auditors at Osmanlı Bankası for six years. In 2002, he joined T-Bank's Board of Internal Audit Department and was appointed Head of Internal Audit in 2003. Since 2004, Özgüner has been serving as the Executive Vice President-Financial Affairs at T-Bank.

Münevver Eröz

Executive Vice President, Treasury and Financial Institutions

Münevver Eröz is a graduate from the Business Administration Department at Boğaziçi University and holds an MBA from Koç University. She joined the banking industry in 1987 at the Saudi American Bank, serving in several managerial positions over a ten-year period. She joined the Bank in 1997 and has been Executive Vice President since 2000.

Yurdakul Özdoğan

Executive Vice President, Credit Allocation and Follow-up

Yurdakul Özdoğan holds a degree in Economics from the Faculty of Political Sciences at Ankara University. He started his banking career at Pamukbank and later worked in Toprakbank, İktisatbank and Finansbank. Prior to becoming T-Bank's Executive Vice President-Credit Allocation and Follow-up, his last position was Senior Vice President of Credit at Oyakbank.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT MANAGERS

M. Behçet Perim

Board Member in Charge of Internal Systems

Behçet Perim is a graduate of Boğaziçi University with a degree in Electrical and Electronic Engineering in addition to an MBA from the same institution. He started his banking career in 1991 at Interbank. After three years of experience in Interbank, he served in significant roles at Bank Ekspres. Before joining T-Bank as a Board member, he worked in Denizbank for 10 years with important titles including Executive Vice President in charge of Risk Management and Internal Control.

Ali Has

Head of Internal Audit

Ali Has is a graduate of the Faculty of Management at Istanbul University and has an Executive MBA from Boğaziçi University. He started his business career at the Foreign Transactions Department of Yapı Kredi Bankası in 1994 and continued at İş Factoring Finansal Hizmetler AŞ. He worked in TEB A.Ş. for 10 years as the Vice President of the Inspection board before his current position as the Head of T-Bank Internal Audit Department. Has is also a Certified Internal Auditor (CIA).

Gülgün Figen Öztaş

Group Head, Risk Management Department (till08.05.2015)

Gülgün Figen Öztaş is a graduate of Business Administration at Marmara University, Faculty of Economics. She holds a Master of Science in Financial Economics Quantitative Finance from Bilgi University. She began her career in the banking sector at Türkiye İş Bankası in 1994 as a Financial Analyst. Starting from 1995, she served as a Senior Analyst at Türkiye Sınai Kalkınma Bankası and later joined the Risk Management Group of T-Bank in 2005. Öztaş is a Certified Financial Risk Manager (FRM).

Burcu Daş

Group Head, Risk Management Department (11.05.2015-30.11.2015)

She has a BA degree in Economics in English from Marmara University and a masters degree in Banking and Entrepreneurship from University of Udine (Italy). She started her banking career as a manager at Yapı Kredi Bank's Risk Management Department in 2006 and joined T-Bank's Risk Management Department in 2015.

Murat Oltulular

Head of Internal Control

Murat Oltulular is a graduate of Business Administration at Near East University and has an MBA from İstanbul Bilgi University. He started his business career at the Turkish Trade Bank in 1996 and continued at FortisBank as Director of Internal Control and Operational Risk Group. Working as the Head of Risk Management, Internal Control and Compliance in Groupama, he was also a Board Member and Trainee Director of ACFE. He joined T-Bank in 2014.

Attendance at the Board of Directors, Auditing Committee and Other Committees

All Board and Committee members attended all the meetings unless a valid excuse was presented.

COMMITTEES

The Committees are as follows as of December 2015

Audit Committee

The Audit Committee ensures the effectiveness and efficiency of the Bank's internal control, risk management, anti-money laundering, and the prevention of terrorism financing systems. It also ensures that the operation of internal audit systems and the compliance of these systems and the accounting and reporting systems are in line with the Banking Law as well as other applicable regulations and the integrity of the generated data on behalf of the Bank. The committee meets on quarterly basis.

Mohamed Ali Beyhum	Vice Chairman of the Board
Nadya Nabil Tawfik Talhouni	Board Member
Mehmet Behçet Perim	Board Member

Credit Committee

Chaired by the General Manager, the Credit Committee evaluates the loan proposals within the limits set by the Banking Law and other applicable regulations. The committee meets on weekly basis.

A. Dinçer Alpman	CEO and Board Member
Henri Marie Rene Jacquand	Board Member
M. Selçuk Tamer	Board Member

Corporate Governance Committee

This The Corporate Governance Committee monitors compliance of the Bank with corporate governance principles to protect the rights and benefits of the shareholders and depositors in line with the set objectives, laws, regulations and other applicable legislation as well as the articles of incorporation, the Bank's internal regulations and Business Ethics Rules. The committee meets at a minimum once a year.

Mohamed Ali Beyhum	Vice Chairman of the Board
Nadya Nabil Tawfik Talhouni	Board Member
Mehmet Behçet Perim	Board Member

Remuneration Committee

This Remuneration committee discusses all issues relevant to and aspects of the remuneration policies and the benefits paid to the employees within the framework of the Bank's Remuneration Policies and reports them to the Board of Directors. The committee meets annually before the Board Meeting.

Mohammed Ali Beyhum	Vice Chairman of the Board
Faten Matar	Board Member
M. Selçuk Tamer	Board Member

Executive Committee

The basic purpose of the Executive Committee is to ensure the implementation of T-Bank's strategic plan. The tasks and responsibilities of the committee include: observing the benefits of T-Bank; ensuring that the business objectives are met, reviewing business initiatives which may significantly effect T-Bank and creating implementation plans; and monitoring the critical projects and ensuring that they are completed in full and in a timely manner. The Executive Committee meets every week. If requested by the General Manager, the Executive Committee can meet more than once a week.

A. Dinçer Alpman	CEO and Board Member
Dr. Doruk Parman	Assistant CEO
Dr. Hakkı Yıldırım	Assistant CEO
İlhan Zeki Köroğlu	Assistant CEO
Mehmet Özgüner	Assistant CEO
Münevver Eröz	Assistant CEO
Yurdakul Özdoğan	Assistant CEO
Emre Demircan	Assistant CEO
Ali Has	Head of Inspection Committee

Assets- Liabilities Management Committee

The Assets- Liabilities Committee (ALCO) is responsible for effective distribution and efficient use of resources, observing the revenues provided by risk-based assets and increasing profitability, managing possible risks including interest, foreign currency exchange rates, liquidity, funding, loans, countries and commodities and monitoring external factors including the customers and competitors, finance and monetary policies, market trends and expectations and detecting their possible effects on profitability. ALCO meets regularly every week. When required, representatives from business lines or support units can be invited to the meeting.

A. Dinçer Alpman	General Manager
M. Behçet Perim	Risk Management Group, Inspection Committee Member for Inspection and Internal Control Center
Dr. Doruk Parman	Assistant CEO
İlhan Zeki Köroğlu	Assistant CEO
Mehmet Özgüner	Assistant CEO
Münevver Eröz	Assistant CEO
Yurdakul Özdoğan	Assistant CEO
Emre Demircan	Assistant CEO
Serhan Yazıcı	Corporate Banking Director

COMMITTEES

Elif Ertemel	Retail Banking Director
Cengizhan Cengiz	SME Banking Manager
Alper Üstündağ	Treasury Manager
Kaan Gürsal	Financial Institutions Manager
Gülgün Figen Öztaş	Risk Management Group Manager (until 08.05.2015)
Burcu Daş	Risk Management Group Manager (11.05.2015-30.11.2015)
İsmail Dokur	Budget Planning and Management Reporting Manager
Veyis Fertekligil	Chief Economist

Risk Management Committees

Executive Risk Committee

This committee ensures that the works of the Risk Management Group are shared by the Executive Management. The Executive Risk Committee meets when required by the agenda and by invitation of the Risk Management Group Manager.

A. Dinçer Alpman	General Manager
M. Behçet Perim	Risk Management Group, Inspection Committee Member for Inspection and Internal Control Center
Dr. Doruk Parman	Assistant CEO
Hakkı Yıldırım	Assistant CEO
İlhan Zeki Köroğlu	Assistant CEO
Mehmet Özgüner	Assistant CEO
Münevver Eröz	Assistant CEO
Yurdakul Özdoğan	Assistant CEO
Emre Demircan	Assistant CEO
Ali Has	Inspection Committee Chairman-Member
Gülgün Figen Öztaş	Risk Management Group Department Manager-Member (until 08.05.2015)
Burcu Daş	Risk Management Group Manager-Member (11.05.2015-30.11.2015)

Operational Risk Committee

Operational Risk Committee discusses the internal and external risks faced by the Bank regarding the operations, possible risks and the methods of preventing such risks. The committee meets when required by the agenda and by invitation of the Internal Control Unit.

A. Dinçer Alpman	CEO
M. Behçet Perim	Member of Audit Committee
Dr. Doruk Parman	Assistant CEO
İlhan Zeki Köroğlu	Assistant CEO
Ali Has	Inspection Committee Chairman-Member
Murat Oltulular	Internal Control Center Manager
Gülgün Figen Öztaş	Risk Management Group Manager (until 08.05.2015)
Burcu Daş	Risk Management Group Manager (11.05.2015-30.11.2015)

Information Technologies Risk Committee

This committee discusses and makes decisions on IT process risks, their impacts and possible actions. The committee meets when required by the agenda.

A. Dinçer Alpman	General Manager
M. Behçet Perim	Member of Audit Committee
İlhan Zeki Köroğlu	Assistant CEO
Ali Has	Head of Inspection Committee
Murat Oltulular	Internal Control Center Manager
Gülgün Figen Öztaş	Risk Management Group Manager (until 08.05.2015)
Burcu Daş	Risk Management Group Manager (11.05.2015-30.11.2015)

(*All members have attended as necessary throughout the year.)

SUMMARY REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL ASSEMBLY

The Turkish economy continued to grow at a rate of three in 2015 in spite of the challenges. Growth parameters, however, were constricted by record low exchange rate and high inflation rate, which weighed heavily on the Turkish economy in general.

This sustainability is largely attributed to the Turkish banking sector, which continued to weather challenges, proving to be the anchor of economic stability in the country year after year. Nonetheless, the effect of the previously-taken macro-prudential measures and the depreciation of the exchange rate levels had impacted the overall growth within the banking sector. The capital adequacy ratio of the sector was reported at 15.3% as of December 2015, surpassing Basel requirements. Net profit of the sector was reported at TL 23.9 billion representing 5.6% increase compared to December 2014.

In view of these developments, T-Bank adopted prudent measures that helped in sustaining its position within the Turkish banking sector. The Bank's assets recorded a yearly growth of 14% as it reached TL 5.8 billion, while its loan portfolio grew by 15% to reach TL 3.9 billion. T-Bank's total deposits increased by 25% and reached TL 4.5 billion by the end of 2015. In terms of profitability, T-Bank recorded a net profit of TL 14.5 million. Capital adequacy ratio stood at 15,57% by the end of the year, well above the required regulatory limit.

T-Bank continued to prudently enhance its Small and Medium Enterprises (SMEs) portfolio, which composed about 20% of the loan portfolio. With respect to trade finance, T-Bank's volumes reached USD 504 million, well exceeding the volumes reported at the end of 2014. Furthermore, T-Bank continued to selectively finance projects in countries where its main shareholders, Arab Bank and Bankmed, have presence.

We would like to extend our appreciation to our shareholders for their extensive guidance and support, to our customers for their continued confidence in us and in our Bank, and for our employees for their unrelenting efforts.

Nehme Sabbagh

Dinçer Alpman

RELATED PARTY TRANSACTIONS

T-Bank Group Risks by Sector (thousand TL)

	Cash Credits	Risk Share (%)	Non-Cash Credits	Risk Share (%)	Total Credits	Risk Share (%)
Financial Institutions	112	0,00%	3,650	0.15%	3,762	0.06%
Communication	-	0,00%	8,531	0.35%	8,531	0.12%
Information Technology	-	0,00%	6,266	0.26%	6,266	0.09%
Other	-	0,00%	75	0.00%	75	0.00%
Total	112	0,00%	18,522	0.77%	18,634	0.27%

PERSONS AND COMPANIES THAT PROVIDE SUPPORT SERVICE

As required by "The Regulations on Banks Receiving Support Services and the Authorization of the Support Service Institutions," T-Bank engages with several highly qualified companies to outsource some of its support services for its basic banking activities. T-Bank contracts with, among others, Finecus Yazılım Danışmanlık Sanayi A.Ş. for the calculation of capital adequacy, G Teknoloji Bilişim San.ve Tic.Ltd.Şti. for the organization of legal reports, DHL Worldwide Express Taşımacılık ve Ticaret Limited Şirketi for the transportation of valuable documents and Desmer Güvenlik Hizmetleri Ticaret A.Ş. for cash transportation.

T-Bank engages with several highly qualified companies to outsource some of its **support services**.

T-Bank is keen to ensure
that risk awareness
is spread across
all levels.

PART IV
FINANCIAL INFORMATION AND RISK MANAGEMENT



RISK MANAGEMENT POLICIES

T-Bank Risk Management Department is an independent unit reporting to the Internal Audit, Internal Control and Risk Management Committee. Risk Management operates under the Audit Committee in accordance with the “Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process” by BDDK.

Risk Management measures the risks attached to credits, market, interest rate, concentration, liquidity and operations and defines the limits and control processes for such risks. T-Bank considers Risk Management as a vital element of the banking process and works on creating risk awareness at all levels of the organization.

Risk Management Group regularly submits daily, weekly, monthly and quarterly reports on risks, concentrations, legal limits and internal limits exposed by the Bank to the Top Management and the Audit Committee. These reports include Value at Risk (VAR) analyses, market risk limits, stress tests and scenario analyses, liquidity and interest risk reports as well as economic capital and capital adequacy analyses. These reports indicate the daily VAR analyses, weekly interest rate risks, economic capital calculations and market risk limits and they are weekly submitted to the Asset-Liability Management Committee. Volatility and final rates of multiple market risk instruments are monitored and included in the reports.

Stress tests and economic capital scenario analyses, capital adequacy, liquidity and profitability scenarios, T-Bank credit portfolio and relevant developments and credit risk results are quarterly reported to the Audit Committee. These Top Management reports also ensure that the Bank’s performance and limits are periodically monitored. T-Bank’s asset-liability management policy is based on creating the funds required for customer’s credit requests and fulfilling the Bank’s legal obligations. Decisions on credit periods, assets and liabilities and finance rates are discussed and decided at weekly meetings of the Asset-Liability Management Committee. A quarterly presentation is made to the Audit Committee and Board of Directors on the primary risks related with the Bank. This presentation is inclusive of economic capital calculations based on credit, market and operational risks. The Audit Committee and Top

Management are informed on any risk limit excess. Risks are periodically reviewed by the Risk Management Committee and are updated when necessary, and the Executive Management is informed.

The Board of Directors set limits for the economic capital at 50% of the equities, market risk VAR at 2.5% of the equities and securities at 20% of the Bank’s assets. Securities are also subject to volume and portfolio limits. These limits are monitored and reported. New risk limits set by the Risk Management and Executive Management were approved by the Board of Directors in December 2013. Risk Management Groups periodically makes Basel - II Capital Adequacy calculations for Credit Risks, Market Risks and Operational Risks in accordance with “Regulations on Measurement and Evaluation of Capital Adequacy of Banks”.

Credit Risk

Credit risk refers to the possibility of the counter party’s failure to fulfill its obligations in agreements signed by the Bank. Credit risk management has a critical role in T-Bank’s sustainable growth policy. The Board of Directors determines the credit limits used by the various industries, groups, and companies. Credit limits of the customers are defined based on many criteria including financial position, trade capacity, industry, capital and morality. Finances of the customers are analyzed in detail based on the account balance certificates and other data in accordance with the applicable legislation. Credit limits are regularly updated based on the general economic developments and changes in customers’ finances. Customers are offered certain commitments and amounts regarding the credit limits. Credit processes are based on limits assigned to products and customers and risk, limit and commitment data are regularly reviewed.

The Credit Monitoring Department is responsible for monitoring the credit risks and issuing early warnings for possible delays. Capital requirements arising from the Bank’s credit applications should be calculated as per the Banking Law and “Regulations on Measurement and Evaluation of Capital Adequacy of Banks”. T-Bank has a committee responsible for ensuring that the internal rating system is compliant with Basel – II standards. In addition,

Finar A.Ş. (Dun and Bradstreet’s agency in Turkey) provides consultancy services based on an agreement since January 2009. T-Bank now employs a rating system “based on expert opinions” as a result of the efforts of expert managers and the consulting agency. The rating system was validated by Finar in June 2011. The system was put to use following the agency’s suggestions and the approval of Executive Management in October 2011. The system is in use since 2012. Risk Management Group daily monitors the correspondent bank credit risk limits specified by the Board of Directors and informs the Committee, Executive Management and relevant departments in case of limit access. Repo, derivatives and money market transactions performed by T-Bank’s Treasury Department are also closely monitored against risks arising from possible default of counterparties.

Market Risk

Fluctuations in the Bank’s position due to price fluctuation is referred to as Market Risk. In the specific case of T-Bank, market risk is reviewed under the subtitles, namely, “trade-risk” and “asset-liability mismatch risk.”

Since 2004, the Risk Management Department has been performing VAR calculations daily and weekly with a one day look-up period and a 99% reliability level. VAR results are obtained with parametric, historical and Monte Carlo simulation methods with the purposes of defining the capital requirements for trade risks. VAR calculations based on advanced probability simulation market risk system has been used since 2010 employed methods including the non-linear market trends, which are monitored daily, allowing for a detailed analyses scenario. Accuracy of the VAR method is checked against the number of days when the actual losses exceed the calculated VAR using “backtesting” method.

The Bank has defined the market risk management activities within the scope of the “Regulation on Measurement and Assessment of the Bank’s Capital Adequacy” and the “Regulation on Measurement of the Bank’s Equity” in an aim to avoid market risk using financial management measures.

Interest Rate Risk

The Bank’s policy is to maintain the risk level within prudent limits and within values that are in line with its internal policies. T-Bank acts in accordance with this policy in 2015. To ensure that the interest risk is sufficiently monitored, the Risk Management Department calculates weekly interest rate GAP and Duration GAP analyses as well as sensitivity analyses for the whole balance sheet.

Interest Rate Risk Related to Banking Book

Interest rate risk arising from accounts at T-Bank is closely monitored and managed by the Bank. Except for items other than those monitored in purchase and sale accounts and subordinated debts taken into consideration in the calculation of equity, according to the “Regulation on Banks’ Equity,” the interest rate risk arising from all interest-sensitive in-balance sheet and off-balance sheet items and the interest rate risk resulting from banking accounts are calculated on weekly basis.

Liquidity Risk

Liquidity risk refers to a bank’s possible inadequacy to pay its debts in full and in a timely manner. This may be caused by insufficient cash flow, inadequacy of the current cash configuration and incompliance of internal and external cash flows. Liquidity risk can also be caused by failure to penetrate the market as required, or by market barriers and failure to take suitable positions with adequate amounts and reasonable prices due to segmentation.

T-Bank maintains a high level of liquidity in line with a prudent banking approach. The maturity structure of T-Bank’s assets and liabilities and interest rates is managed within the scope of Asset-Liability Management strategies as per the current policies. The difference between the revenues and costs of TL and FX assets-liabilities in the balance sheet is maintained at a positive level. The ratio is calculated as per “Regulations on Calculation of Liquidity Coverage Ratio of Banks” by BDDK, and they are the Liquidity Coverage Ratio (LCR) as per Basel - III, and they are compared on an FX and total base and are weekly reported to BDDK. “Liquidity Risk analysis” form is also weekly reported to BDDK.

The Risk Management Department creates various scenarios within the scope of this strategy and submits them to the Executive Management and Audit Committee. With respect to funding and liquidity resources, T-Bank can cover a significant amount of its liquidity requirement with deposits, and the Bank can use additional resources like syndication loans and pre-financing products.

Operational Risk

Operational risk refers to the risk of loss due to faulty internal processes, employee or system failures or external effects. This risk is managed by the relevant units of the Bank through clearly defined policies, procedures and internal controls. Risks related to banking processes and associated controls are developed from Audit Committee and Internal Control Center logs and are annually updated.

Operational risks are calculated by the Risk Management Group as per Basel - II Basic Indicators Method.

Quantifiable and non-quantifiable operational risks are detected by the Bank on a process and transaction basis using advanced measuring methods. Risk Management Group creates awareness on operational risks, audits and residual risks by reports submitted to Executive Management.

T-Bank uses an application to manage all operational and IT risks centrally. The Risk Management Department regularly logs the operational risks and losses using a standalone system independent from execution and in integration with daily risk management processes.

Operational risks of companies providing support services are evaluated within the scope of compliance to Support Services Regulation. Risk analyses for support services companies are performed by the relevant units and the Risk Management Department. The annual risk management program for support services was created and submitted to the Board of Directors.

The Risk Management Department evaluates the risks associated with IT processes within the scope of the operational risks system. Improvements are coordinated for critical IT processes. Improvements defined by independent auditors regarding the IT processes are

performed and implemented by the relevant units in cooperation. Improvement actions are evaluated and settled by the IT Risks Committee and IT Risks Sub-Committee. Procedures are defined in coordination with the units relevant to improvements and updated as necessary.

Process implementation steps are reviewed within the scope of improvement activities and improvements are offered where necessary. Relevant departments regularly check whether or not these actions are taken.

BT Risk Management Sub-Committee, which under the management of the Risk Management Group and makes the annual updates required to define the possible effects and probabilities of IT risks. The committee informs the IT Risks Committee on the risks exceeding the thresholds, and accordingly decides to reduce, accept, avoid, invest or transfer and monitors the actions taken.

The Business Continuity Plan and IT Continuity Plan, reviewed within the frame of IT Risk Management, were updated in coordination with the relevant departments. Critical business processes were discussed with the relevant departments within the scope of the Business Continuity Plan and Emergency Plan, Crisis Management Plan, Business Recovery Plan and relevant teams were updated. Business Continuity and IT Continuity Plans regarding the critical processes were also tested last year.

Internal Capital Management

Internal Capital Adequacy Assessment Process (ICAAP) is a process used to effectively measure and evaluate the Bank's risks and determine the capital which will be required within a certain period of time.

In this approach, "First Building Block" includes the Credit Risk, Market Risk and Operational Risk and "Second Building Block" (ICAAP) which includes the risks which are not covered or partially covered by the first building block and the Bank may be exposed to. Market Risk, Liquidity Risk, Concentration Risk and IT Risk are risk groups which the Bank may be exposed to during its activities.

The Bank estimates the maximum possible losses due to Credit, Operational, Market and other risks based

on market changes and manages them with a stress-test-based method within the scope of Internal Capital Management. Stress test results and scenario analyses are reported daily, weekly and quarterly by the Risk Management Department. Capital adequacy ratio is calculated monthly by the Risk Management Group. The Executive Management is informed on capital requirement as per the strategic plans on request.

Internal Capital Management operations are also performed on request. Internal Capital Adequacy Evaluation Process is designed and managed by the Risk Management Department, which directly reports to the Executive Management, or indirectly through the High Level Risk Committee.

THE AUDIT COMMITTEE REPORT ON INTERNAL SYSTEMS

T-Bank Audit Committee ensures the efficiency and adequacy of the Bank's internal systems (Internal Audit, Internal Control, Compliance and Risk Management Systems) on behalf of the Board of Directors. The Audit Committee is also responsible for ensuring that these systems and accounting and reporting systems are in line with the legislation and relevant regulations. The committee is also required to ensure the integrity of the data. T-Bank's internal systems are managed by the Bank's Audit Committee, Internal Control Department, Compliance Department and Risk Management Department.

The Internal Systems Unit effectively defines, evaluates and manages the risks attached to banking processes through the Information Technologies Risk Committee, the Support Services Management Committee, the IT Risk Management Sub-Committee and the Operational Risks Committee. These committees performed their tasks efficiently in 2015.

Internal Audit

The purpose of the Internal Audit operating under the Internal Systems Group is to reasonably ensure the Executive Management that the Bank's activities are in accordance with the laws and other applicable legislations as well as the Bank's internal strategies, policies, principles and objectives and internal control and risk management systems are effective and adequate. The final intention of the Internal Audit is to add value to business processes and ensure that T-Bank's activities are performed in accordance with the Bank's objectives. In this context, Internal Audit makes efforts to ensure that the tools used to support the Bank's internal control and risk management systems are adequate and effective.

The internal auditors' recommendations and results are shared with the T-Bank's Executive Management and Audit Committee to guide the decision making process. Actions based on the outcome of the audit process are carefully implemented and regularly monitored.

Internal Audit operates according to the basic requirement that T-Bank's internal audit activities are in line with international audit standards. The 2015 audit plan, created with a risk-based approach and approved by the Bank's Board of Directors, was fully and successfully implemented in 2015. The Bank's processes are also reviewed within the

framework of audits listed in the Management Declaration. In addition, the performances of audited units were measured with analytic audit grades. Units with a below-average audit grade were reviewed more thoroughly within the scope of the annual audit plan. Audit reports are ensured to be more efficient and effective by means of information systems.

T-Bank attaches great importance to professional improvement and helps auditors assigned to the Internal Audit obtain certificates in an effort to increase the audit quality and ensure compliance with international audit standards. In this context, ten members of the Audit Committee have twelve internationally-valid certificates including four Certified Internal Auditors (CIA), two Certified Information Systems Auditors (CISA), two Certified Fraud Examiners (CFE), one Certified Financial Services Auditor (CFSA), one Certification in Risk Management Assurance (CRMA), one Certified Ethical Hacker (CEH) and one Certified Information Systems Manager (CISM). The Bank also employs an auditor with a Capital Markets Transactions Advanced License at the Audit Committee. This group consists of qualified audit experts and helps T-Bank make a difference in the industry.

Internal Control Department

The Internal Control Department ensures the development and coordination of an effective internal control at T-Bank and regular, efficient and effective in accordance with the management strategies and policies as well as the applicable legislation. It is also responsible for the integrity and reliability of account, logging and reporting system. Internal controls are performed from the headquarters (remote supervision) and through on-site control methods.

Internal Control Department performed its operations accordingly in 2015. A database was created with all possible findings and parametric features including effects and probabilities were logged.

Head Office Internal Control Unit:

By means of the internal controls performed by the Internal Control Unit in 2015, the branches were reviewed in terms of doing business, consistency and reliability of IT applications and accounting processes and operational risks were defined to take the necessary measures.

Branches Audit Unit:

Within the scope of 2015 audit plan, 33 branches except for the new branch were audited. On-site controls at the branches included the audits on credits, physical count, general outlook and security, current assets, teller and cheque transactions, customer information and customer risk policy. Findings of the audits and controls performed by the Internal Control Unit were reported to the Executive Management, and quarterly activity reports were submitted to the Audit Committee.

Compliance Department:

The Compliance Department was established in accordance with the BDDK Regulation on Internal Systems of Banks. It manages the Bank's reputation risk and coordinates internal and external operations to prevent financing of terrorism. The Compliance Department was organized as two units in 2015. These units and their roles are;

- 1- Customer Acceptance and Transaction Monitoring Unit: Ensures that the Bank's activities are in line with the Banking Law, Financial Crimes Investigation Board Regulation 5549, other applicable legislation, bylaws, regulations and mandates as well as the Bank's/Group's "Corporate Policy on Prevention of Laundering of Criminal Revenues and Financing of Terrorism" and "Customer Risk Management Policy."
- 2- Corporate Compliance Unit: Ensures that the Bank's activities are in line with the Banking Law, Financial Crimes Investigation Board Regulation 5549, regulations by the Banks Association of Turkey (TBB) and Capital Markets Board (SPK) as well as other applicable legislation, bylaws, regulations and mandates and updates the Bank's applications in accordance with the applicable and/or amended provisions.

"Policy on Prevention of Laundering of Criminal Revenues and Financing of Terrorism" was drafted in accordance with the Financial Crimes Investigation Board Chairmanship (MASAK) legislation as well as the Financial Action Task Force (FATF) regulations, Wolfsberg Principles, BASEL principles and other international regulations and was approved and made effective by the Board of Directors. Within the frame of this Bank Policy, customer acceptance policy and other compliance policies were drafted. The

Bank employees were encouraged to participate in training programs supported by recent developments in an attempt to raise awareness on prevention of laundering of criminal revenues and financing of terrorism and consequently increase the efficiency of the activities of Turkland Bank A.Ş. in this regard. The training is given on annual basis. The training programs provided within the framework of the Bank's Compliance Program is made effective by the approval of the Board of Directors. Monitoring and control activities of the Compliance Program created by a risk-based approach are managed and updated using technology tools. New/amended legislation are adopted as internal rules within the frame of corporate compliance controls and legal compliance. The Bank's new product/service projects and internal documents are evaluated in terms of legal compliance and control systems.



**Güney Bağımsız Denetim ve
SMMM A.Ş.**

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STATEMENT OF COMPLIANCE

To The Directors Of T-Bank A.Ş.

We have audited the financial statements of Turkland Bank A.Ş. (the Bank) as at December 31, 2015. Our audit is conducted in accordance with the prevailing accounting principles, bookkeeping regulations and auditing standards set out as per the Banking Act No: 5411. Our audit opinion for these financial statements is expressed in our independent audit report dated February 28, 2016.

In accordance with Article 402 no:6102 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted us the necessary explanations and provided required documents within the context of audit. 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 is not in compliance with the code and Bank's articles of association related to financial reporting.

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



Yaşar Bivas
Partner, SMMM

February 26, 2016
İstanbul, Turkey

TURKLAND BANK ANONİM ŞİRKETİ

**INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES FOR THE YEAR
ENDED DECEMBER 31, 2015**

Translated into English from the original Turkish report and financial statements



**Güney Bağımsız Denetim ve
SMMM A.Ş.**

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"Convenience Translation of the Independent Auditor's Report Originally Issued in Turkish"

**To the Board of Directors of
Turkland Bank Anonim Şirketi
İstanbul**

**Turkland Bank Anonim Şirketi
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR JANUARY 1- DECEMBER 31,2015**

Report on the Financial Statements

We have audited the accompanying balance sheet of Turkland Bank A.Ş. ("Bank") as at December 31, 2015 and the related income statement, statement of income and expense items accounted under shareholders' equity, statement of cash flows and 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 financial statements 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 the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation; "BRSA Accounting and Reporting Legislation" 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 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 financial statements. The procedures selected depend on the independent auditor's professional judgment, including the assessment of risks of material misstatement of the 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 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 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 financial statements presents fairly, in all material respects, the financial position of Turkland Bank A.Ş. 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 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 financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying 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



Yaşar Bivas, SMMM
Partner

İstanbul, February 11, 2016

Translated into English from the original Turkish audit report and financial statements

THE UNCONSOLIDATED FINANCIAL AUDIT REPORT OF TURKLANDBANK A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2015

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The unconsolidated financial report for the year end which is prepared in accordance with "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as regulated by the Banking Regulation and Supervision Agency includes the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELEVANT PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in thousands of Turkish Lira, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Bank's records, have been independently audited and presented as attached.

January 29, 2016

Nehme SABBAGH
Chairman of the Board of
Directors

A. Dinçer ALPMAN
General Manager

Mehmet ÖZGÜNER
Executive Vice President

H.Efe İÇLİ
Manager
Financial Affairs

Mehmet Behçet PERİM
Member of Audit Committee

Mohamed Ali BEYHUM
Member of Audit Committee

**Nadya Nabil Tawfik
TALHOUNI**
Member of Audit Committee

Information related to responsible personnel for the questions that can be raised about financial statements:

Name-Surname / Title: Sevgi Üstün / Assistant Manager
Telephone Number: (0212) 368 37 24
Fax Number: (0212) 368 35 35

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TURKLAND BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

AS OF DECEMBER 31, 2015

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

SECTION ONE GENERAL INFORMATION

I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

Turkland Bank Anonim Şirketi ("the Bank"), was established in 1991 in İstanbul under the name of "Bahreyn ve Kuveyt Bankası Anonim Şirketi" (BB&K). Its name was changed as "Tasarruf ve Kredi Bankası Anonim Şirketi" with its acquisition by Doğu Group in 1992. After the change in the name of the bank as "Garanti Yatırım ve Ticaret Bankası Anonim Şirketi" in 1994, Mehmet Nazif Günel (the main shareholder of MNG Group Companies) has acquired the Bank in 1997 and the name of the Bank has been changed as "MNG Bank Anonim Şirketi".

An agreement has been made with Arab Bank and BankMed for the sale of 91% of MNG Bank's shares in mid of 2006 and this agreement was approved by Banking Regulation and Supervision Agency (BRSA) on December 29, 2006. In this regard, while Arab Bank and BankMed purchasing 50% and 41% of MNG bank shares respectively, Mehmet Nazif Günel retained 9% of the shares. Transfer of the Bank was made on January 29, 2007. The title of the Bank was changed as "Turkland Bank Anonim Şirketi" with the amendment to the Articles of Association by the decision of the Extraordinary General Assembly at the meeting on March 22, 2007.

On April 3, 2007, "MNG BANK Anonim Şirketi" title of the bank was registered as "TURKLAND BANK Anonim Şirketi".

According to the Share Sale and Purchase Agreement and Board of Directors' Decision dated February 26, 2010 and July 15, 2010 respectively, Mehmet Nazif Günel's 153 million shares with TRY 15,300 nominal value were purchased by BankMed SAL. As of July 22, 2010 the share transfer was realized.

According to the Extraordinary General Assembly decision dated May 30, 2011, it was decided to increase the Bank's capital from TRY 170,000 to TRY 300,000, and it was registered in the Turkish Trade Registry Gazette dated June 20, 2011 numbered 7840. According to the BRSA approval dated September 15, 2011 numbered 4381 the unused preemptive right of Arab Bank Plc amounting to TRY 65,000 have been used by Arab Bank (Switzerland) Ltd (ABS). Capital commitments have been paid by shareholders and according to the BRSA decision dated October 20, 2011 numbered 22244 it has been transferred to the capital accounts.

According to the Ordinary General Assembly decree dated April 18, 2013, it has been decided to increase the Bank's paid in capital from TRY 300 million to TRY 500 million. The capital increase is committed to be paid in two equal installments, each one amounting to TRY 100 million, respectively by April 30, 2013 and October 30, 2013. BankMed SAL, shareholder of the Bank by 50%, has paid in cash TRY 50.0 million corresponding to its share for the capital increase; Arab Bank PLC, shareholder of the Bank by 28.3%, has paid in cash TRY 28.3 million corresponding to its share for the capital increase; Arab Bank (Switzerland), shareholder of the Company by 21.7%, has paid in cash TRY 21.7 million corresponding to its share for the capital increase. The capital commitments paid by the shareholders were transferred into the share capital accounts with the approval of Banking Regulation and Supervision Agency dated May 28, 2013 and numbered 13388.

For the second installment of the capital increase; BankMed SAL, shareholder of the Bank by 50%, has paid in cash TRY 50 million corresponding to its share for the capital increase in October 4, 2013, Arab Bank PLC, shareholder of the Bank by 28.3%, has paid in cash TRY 28.3 million corresponding to its share for the capital increase and Arab Bank (Switzerland), shareholder of the Bank by 21.7%, has paid in cash TRY 21.7 million corresponding to its share for the capital increase in October 21, 2013. The capital commitments paid by the shareholders were transferred into the share capital accounts with the approval of Banking Regulation and Supervision Agency dated November 11, 2013 and numbered 28000.

According to the Ordinary General Assembly decree dated April 15, 2014, it has been decided to increase the Bank's paid in capital from TRY 500 million to TRY 650 million. In April, 2014, TRY 150 million has been paid in cash. The capital commitments paid by the shareholders were transferred into the share capital accounts with the approval of Banking Regulation and Supervision Agency dated August 28, 2013 and numbered 20637.

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TURKLAND BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

AS OF DECEMBER 31, 2015

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

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

As of December 31, 2015, the shareholders' structure and their ownerships are summarized as follows:

Name of shareholders	Share Amount	Share Ratios %	Paid up Shares	Unpaid Shares
ARAB BANK PLC	216,666.67	33,3%	216,666.67	-
ARAB BANK (Switzerland)	108,333.33	16,7%	108,333.33	-
BANKMED, SAL	324,999.99	50,0%	324,999.99	-
Others	<1	0,0%	<1	-
Total	650,000.00	%100,0	650,000.00	-

As of December 31, 2015 the nominal value of the Bank's capital is amounting to TRY 650,000 and consists of 6,500 million shares.

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TURKLAND BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

AS OF DECEMBER 31, 2015

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

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares and Areas of Responsibility in the Bank

Title	Name and Surname(*)	Responsibility	Education
Chairman of the Board of Directors	NEHME SABBAGH	Chairman	Master Degree
Members of the Board of Directors	MOHAMED ALI BEYHUM	Vice Chairman and Member of Audit Committee	Master Degree
	HENRI MARIE RENE JACQUAND	Member	Master Degree
	MUSTAFA SELÇUK TAMER	Member	Bachelor's Degree
	RIAD BURHAN TAHER KAMAL	Member	Master Degree
	MEHMET BEHÇET PERİM	Member of Audit Committee	Master Degree
	NADYA NABIL TAWFIK TALHOUNI	Member of Audit Committee	Bachelor's Degree
	FATEN MATAR	Member	Master Degree
General Manager and Member of Board of Directors	HAITHAM HELMI MOHAMMAD FOUDEH	Member	Master Degree
	A.DİNÇER ALPMAN	Chief Executive Officer	Bachelor's Degree
Assistant General Mangers	DORUK PARMAN	Marketing Sales	PHD Degree
	EMRE DEMİRCAN	Strategic Planning	Master Degree
	HAKKI YILDIRMAZ	Human Resources	PHD Degree
	İLHAN ZEKİ KÖROĞLU	Operation and Information Technologies	Bachelor's Degree
	MEHMET ÖZGÜNER	Finance	Bachelor's Degree
	MÜNEVER ERÖZ	Treasury and Financial Institutions	Master Degree
	YURDAKUL ÖZDOĞAN	Credit & Follow up	Bachelor's Degree

(*) The above stated persons do not have Bank shares.

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TURKLAND BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

AS OF DECEMBER 31, 2015

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

IV. Information About The Persons and Institutions That Have Qualified Shares:

Information about the persons and institutions that have qualified shares as of December 31, 2015:

Name of Shareholders	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
ARAB BANK PLC	216,666.67	33,3%	216,666.67	-
ARAB BANK (Switzerland)	108,333.33	16,7%	108,333.33	-
BANKMED, SAL	324,999.99	50,0%	324,999.99	-

V. Summary on the Bank's Functions and Areas of Activity

The Bank has 34 branches and 662 personnel. The Bank has no any subsidiaries in the financial sector (December 31, 2014: 33 branches, 641 personnel).

The Bank was established with private capital, has the authority to accept deposits and its operations are mostly based on retail and corporate banking transactions. As it is indicated in Articles of Association, the Bank is mainly dealing in the transactions below:

- Acceptance of Deposit
- Corporate and Retail Banking
- Foreign Trade
- Capital Market Transactions
- Bank Assurance

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to full consolidation method or proportional consolidation and institutions which are deducted from equity or not included in these three methods:

The Bank has no consolidated subsidiaries.

VII. The existing or potential, actual or legal obstacles on the transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities:

The Bank has no consolidated subsidiaries.

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TURKLAND BANK ANONİM ŞİRKETİNOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2015

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

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**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off Balance Sheet Contingencies and Commitments
- III. Statement of Income
- IV. Statement of Profit and Loss Accounted for Under Equity
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flow
- VII. Profit Distribution Table

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİBALANCE SHEETS AS OF DECEMBER 31, 2015 AND DECEMBER 31, 2014
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)**I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)**

	Dipnot (Beşinci Bölüm)	Bağımsız Denetimden Geçmiş Cari Dönem 31.12.2015			Bağımsız Denetimden Geçmiş Önceki Dönem 31.12.2014		
		TP	YP	Toplam	TP	YP	Toplam
I. NAKİT DEĞERLER VE MERKEZ BANKASI	I-1	49.906	565.182	615.088	52.568	424.576	477.144
II. GERÇEĞE UYGUN DEĞER FARKI KAR ZARARA YANSITILAN FV (Net)	I-2	406	29	435	934	19	953
2.1 Alım Satım Amaçlı Finansal Varlıklar		406	29	435	934	19	953
2.1.1 Devlet Borçlanma Senetleri		25	-	25	27	-	27
2.1.2 Sermayede Payı Temsil Eden Menkul Değerler		-	-	-	-	-	-
2.1.3 Alım Satım Amaçlı Türev Finansal Varlıklar		381	29	410	907	19	926
2.1.4 Diğer Menkul Değerler		-	-	-	-	-	-
2.2 Gerçeğe Uygun Değer Farkı Kar/Zarara Yansıtılan Olarak Sınıflandırılan FV		-	-	-	-	-	-
2.2.1 Devlet Borçlanma Senetleri		-	-	-	-	-	-
2.2.2 Sermayede Payı Temsil Eden Menkul Değerler		-	-	-	-	-	-
2.2.3 Krediler		-	-	-	-	-	-
2.2.4 Diğer Menkul Değerler		-	-	-	-	-	-
III. BANKALAR	I-3	24.022	364.341	388.363	64.037	209.055	273.092
IV. PARA PIYASALARINDAN ALACAKLAR		50.015	-	50.015	-	-	-
4.1 Bankalararası Para Piyasasından Alacaklar		-	-	-	-	-	-
4.2 İMKB Takasbank Piyasasından Alacaklar		-	-	-	-	-	-
4.3 Ters Repo İşlemlerinden Alacaklar		50.015	-	50.015	-	-	-
V. SATILMAYA HAZIR FİNANSAL VARLIKLAR (Net)	I-4	669.357	3	669.360	775.537	3	775.540
5.1 Sermayede Payı Temsil Eden Menkul Değerler		138	-	138	137	-	137
5.2 Devlet Borçlanma Senetleri		669.219	3	669.222	775.400	3	775.403
5.3 Diğer Menkul Değerler		-	-	-	-	-	-
VI. KREDİLER VE ALACAKLAR	I-5	3.436.235	527.108	3.963.343	2.842.700	522.442	3.365.142
6.1 Krediler ve Alacaklar		3.271.816	527.108	3.798.924	2.791.783	522.442	3.314.225
6.1.1 Bankanın Dahil Olduğu Risk Grubuna Kullanılan Krediler		-	-	-	-	-	-
6.1.2 Devlet Borçlanma Senetleri		-	-	-	-	-	-
6.1.3 Diğer		3.271.816	527.108	3.798.924	2.791.783	522.442	3.314.225
6.2 Takipteki Krediler		241.820	-	241.820	95.570	-	95.570
6.3 Özel Karşılıklar (-)		(77.401)	-	(77.401)	(44.653)	-	(44.653)
VII. FAKTÖRİNG ALACAKLARI		-	-	-	-	-	-
VIII. VADEYE KADAR ELDE TUTULACAK YATIRIMLAR (Net)	I-6	22.080	-	22.080	100.420	-	100.420
8.1 Devlet Borçlanma Senetleri		22.080	-	22.080	100.420	-	100.420
8.2 Diğer Menkul Değerler		-	-	-	-	-	-
IX. İŞTİRAKLER (Net)	I-7	-	-	-	-	-	-
9.1 Özkaynak Yöntemine Göre Muhasebeleştirilenler		-	-	-	-	-	-
9.2 Konsolide Edilmeyenler		-	-	-	-	-	-
9.2.1 Mali İştirakler		-	-	-	-	-	-
9.2.2 Mali Olmayan İştirakler		-	-	-	-	-	-
X. BAĞLI ORTAKLIKLAR (Net)	I-8	-	-	-	-	-	-
10.1 Konsolide Edilmeyen Mali Ortaklıklar		-	-	-	-	-	-
10.2 Konsolide Edilmeyen Mali Olmayan Ortaklıklar		-	-	-	-	-	-
XI. BİRLİKTE KONTROL EDİLEN ORTAKLIKLAR (İŞ ORTAKLIKLARI) (Net)	I-9	-	-	-	-	-	-
11.1 Özkaynak Yöntemine Göre Muhasebeleştirilenler		-	-	-	-	-	-
11.2 Konsolide Edilmeyenler		-	-	-	-	-	-
11.2.1 Mali Ortaklıklar		-	-	-	-	-	-
11.2.2 Mali Olmayan Ortaklıklar		-	-	-	-	-	-
XII. KİRALAMA İŞLEMLERİNDEN ALACAKLAR	I-10	-	-	-	-	-	-
12.1 Finansal Kiralama Alacakları		-	-	-	-	-	-
12.2 Faaliyet Kiralaması Alacakları		-	-	-	-	-	-
12.3 Diğer		-	-	-	-	-	-
12.4 Kazanılmamış Gelirler (-)		-	-	-	-	-	-
XIII. RİSKTEN KORUNMA AMAÇLI TÜREV FİNANSAL VARLIKLAR	I-11	-	-	-	-	-	-
13.1 Gerçeğe Uygun Değer Riskinden Korunma Amaçlılar		-	-	-	-	-	-
13.2 Nakit Akış Riskinden Korunma Amaçlılar		-	-	-	-	-	-
13.3 Yurtdışındaki Net Yatırım Riskinden Korunma Amaçlılar		-	-	-	-	-	-
XIV. MADDİ DURAN VARLIKLAR (Net)	I-12	45.404	-	45.404	48.020	-	48.020
XV. MADDİ OLMAYAN DURAN VARLIKLAR (Net)	I-13	12.716	-	12.716	18.231	-	18.231
15.1 Şerefiye		-	-	-	-	-	-
15.2 Diğer		12.716	-	12.716	18.231	-	18.231
XVI. YATIRIM AMAÇLI GAYRİMENKULLER (Net)	I-14	-	-	-	-	-	-
XVII. VERGİ VARLIĞI	I-15	4.851	-	4.851	3.972	-	3.972
17.1 Cari Vergi Varlığı		1.238	-	1.238	-	-	-
17.2 Ertelenmiş Vergi Varlığı		3.613	-	3.613	3.972	-	3.972
XVIII. SATIŞ AMAÇLI ELDE TUTULAN VE DURDURULAN FAALİYETLERE İLİŞKİN DURAN VARLIKLAR (Net)	I-16	-	-	-	-	-	-
18.1 Satış Amaçlı		-	-	-	-	-	-
18.2 Durdurulan Faaliyete İlişkin		-	-	-	-	-	-
XIX. DİĞER AKTİFLER	I-17	47.068	10	47.078	25.510	536	26.046
AKTİF TOPLAMI		4.362.060	1.456.673	5.818.733	3.931.929	1.156.631	5.088.560

The accompanying notes are an integral part of these financial statements.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ

BALANCE SHEETS AS OF DECEMBER 31, 2015 AND DECEMBER 31, 2014

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

II. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

	Dipnot (Beşinci Bölüm)	Bağımsız Denetimden Geçmiş Cari Dönem 31.12.2015			Bağımsız Denetimden Geçmiş Önceki Dönem 31.12.2014		
		TP	YP	Toplam	TP	YP	Toplam
I. MEVDUAT	II-1	2.760.498	1.720.813	4.481.311	2.157.865	1.430.660	3.588.525
1.1 Bankanın Dahil Olduğu Risk Grubunun Mevduatı		13.913	6.125	20.038	86.815	3.608	90.423
1.2 Diğer		2.746.585	1.714.688	4.461.273	2.071.050	1.427.052	3.498.102
II. ALIM SATIM AMAÇLI TÜREV FİNANSAL BORÇLAR	II-2	3	34	37	9	59	68
III. ALINAN KREDİLER	II-3	16.785	208.264	225.049	13.812	124.440	138.252
IV. PARA PİYASALARINA BORÇLAR		199.302	-	199.302	430.464	-	430.464
4.1 Bankalararası Para Piyasalarına Borçlar		-	-	-	-	-	-
4.2 İMKB Takasbank Piyasasına Borçlar		-	-	-	-	-	-
4.3 Repo İşlemlerinden Sağlanan Fonlar	II-4	199.302	-	199.302	430.464	-	430.464
V. İHRAÇ EDİLEN MENKUL KIYMETLER (Net)		-	-	-	-	-	-
5.1 Bonolar		-	-	-	-	-	-
5.2 Varlığa Dayalı Menkul Kıymetler		-	-	-	-	-	-
5.3 Tahviller		-	-	-	-	-	-
VI. FONLAR		-	-	-	-	-	-
6.1 Müstakriz Fonları		-	-	-	-	-	-
6.2 Diğer		-	-	-	-	-	-
VII. MUHTELİF BORÇLAR		24.549	12.577	37.126	52.464	9.282	61.746
VIII. DİĞER YABANCI KAYNAKLAR	II-5	55.469	2.278	57.747	38.957	1.491	40.448
IX. FAKTORİNG BORÇLARI		-	-	-	-	-	-
X. KİRALAMA İŞLEMLERİNDEN BORÇLAR	II-6	-	-	-	-	-	-
10.1 Finansal Kiralama Borçları		-	-	-	-	-	-
10.2 Faaliyet Kiralaması Borçları		-	-	-	-	-	-
10.3 Diğer		-	-	-	-	-	-
10.4 Ertelenmiş Finansal Kiralama Giderleri (-)		-	-	-	-	-	-
XI. RİSKTEN KORUNMA AMAÇLI TÜREV FİNANSAL BORÇLAR	II-7	-	-	-	-	-	-
11.1 Gerçeğe Uygun Değer Riskinden Korunma Amaçlılar		-	-	-	-	-	-
11.2 Nakit Akış Riskinden Korunma Amaçlılar		-	-	-	-	-	-
11.3 Yurtdışındaki Net Yatırım Riskinden Korunma Amaçlılar		-	-	-	-	-	-
XII. KARŞILIKLAR	II-8	60.679	913	61.592	60.731	730	61.461
12.1 Genel Karşılıklar		39.402	-	39.402	32.370	-	32.370
12.2 Yeniden Yapılanma Karşılığı		-	-	-	-	-	-
12.3 Çalışan Hakları Karşılığı		12.236	-	12.236	10.529	-	10.529
12.4 Sigorta Teknik Karşılıkları (Net)		-	-	-	-	-	-
12.5 Diğer Karşılıklar		9.041	913	9.954	17.832	730	18.562
XIII. VERGİ BORCU	II-9	13.755	-	13.755	13.859	-	13.859
13.1 Cari Vergi Borcu		13.755	-	13.755	13.859	-	13.859
13.2 Ertelenmiş Vergi Borcu		-	-	-	-	-	-
XIV. SATIŞ AMAÇLI ELDE TUTULAN VE DURDURULAN FAALİYETLERE İLİŞKİN DURAN VARLIK BORÇLARI (Net)		-	-	-	-	-	-
14.1 Satış Amaçlı		-	-	-	-	-	-
14.2 Durdurulan Faaliyetlere İlişkin		-	-	-	-	-	-
XV. SERMAYE BENZERİ KREDİLER		-	-	-	-	-	-
XVI. ÖZKAYNAKLAR	II-12	742.814	-	742.814	753.737	-	753.737
16.1 Ödenmiş Sermaye		650.000	-	650.000	650.000	-	650.000
16.2 Sermaye Yedekleri		(373)	-	(373)	25.056	-	25.056
16.2.1 Hisse Senedi İhraç Primleri		-	-	-	-	-	-
16.2.2 Hisse Senedi İptal Kârları		-	-	-	-	-	-
16.2.3 Menkul Değerler Değerleme Farkları		(26.132)	-	(26.132)	(265)	-	(265)
16.2.4 Maddi Duran Varlıklar Yeniden Değerleme Farkları		-	-	-	-	-	-
16.2.5 Maddi Olmayan Duran Varlıklar Yeniden Değerleme Farkları		-	-	-	-	-	-
16.2.6 Yatırım Amaçlı Gayrimenkuller Yeniden Değerleme Farkları		-	-	-	-	-	-
16.2.7 İştirakler, Bağlı Ort. ve Birlikte Kontrol Edilen Ort. (İş Ort.) Bedelsiz Hisse Senetleri		45	-	45	45	-	45
16.2.8 Riskten Korunma Fonları (Etkin kısım)		-	-	-	-	-	-
16.2.9 Satış Amaçlı Elde Tutulan ve Durdurulan Faaliyetlere İlişkin Duran Varlıkların Birikmiş Değerleme Farkları		-	-	-	-	-	-
16.2.10 Diğer Sermaye Yedekleri		25.714	-	25.714	25.276	-	25.276
16.3 Kâr Yedekleri		78.681	-	78.681	46.750	-	46.750
16.3.1 Yasal Yedekler		3.919	-	3.919	2.322	-	2.322
16.3.2 Statü Yedekleri		-	-	-	-	-	-
16.3.3 Olağanüstü Yedekler		63.044	-	63.044	37.377	-	37.377
16.3.4 Diğer Kâr Yedekleri		11.718	-	11.718	7.051	-	7.051
16.4 Kâr veya Zarar		14.506	-	14.506	31.931	-	31.931
16.4.1 Geçmiş Yıllar Kâr/ Zararı		-	-	-	-	-	-
16.4.2 Dönem Net Kâr/ Zararı		14.506	-	14.506	31.931	-	31.931
16.5 Azınlık Hakkı		-	-	-	-	-	-
PASİF TOPLAMI		3.873.854	1.944.879	5.818.733	3.521.898	1.566.662	5.088.560

The accompanying notes are an integral part of these financial statements.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ

OFF-BALANCE SHEETS AS OF DECEMBER 31, 2015 AND DECEMBER 31, 2014

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

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Dipnot (Beşinci Bölüm)	Bağımsız Denetimden Geçmiş Cari Dönem 31.12.2015			Bağımsız Denetimden Geçmiş Önceki Dönem 31.12.2014		
		TP	YP	Toplam	TP	YP	Toplam
A. BİLANÇO DIŞI YÜKÜMLÜLÜKLER (I+II+III)		1.763.162	763.760	2.526.922	1.609.294	834.550	2.443.844
I. GARANTİ ve KEFALETLER	III-1	1.552.479	682.051	2.234.530	1.361.040	682.283	2.043.323
1.1 Teminat Mektupları		1.551.886	374.649	1.926.535	1.360.112	397.604	1.757.716
1.1.1 Devlet İhale Kanunu Kapsamına Girenler		13.038	2.484	15.522	14.141	9.108	23.249
1.1.2 Dış Ticaret İşlemleri Dolayısıyla Verilenler		75.652	34.029	109.681	81.279	54.894	136.173
1.1.3 Diğer Teminat Mektupları		1.463.196	338.136	1.801.332	1.264.692	333.602	1.598.294
1.2 Banka Kredileri		-	2.701	2.701	-	2.532	2.532
1.2.1 İthalat Kabul Kredileri		-	2.701	2.701	-	2.532	2.532
1.2.2 Diğer Banka Kabulleri		-	-	-	-	-	-
1.3 Akreditifler		-	150.969	150.969	78	164.633	164.711
1.3.1 Belgili Akreditifler		-	150.969	150.969	78	164.633	164.711
1.3.2 Diğer Akreditifler		-	-	-	-	-	-
1.4 Garanti Verilen Prefinansmanlar		-	-	-	-	-	-
1.5 Cirolar		-	-	-	-	-	-
1.5.1 T.C. Merkez Bankasına Cirolar		-	-	-	-	-	-
1.5.2 Diğer Cirolar		-	-	-	-	-	-
1.6 Menkul Kıy. İh. Satın Alma Garantilerimizden		-	-	-	-	-	-
1.7 Faktoring Garantilerimizden		-	-	-	-	-	-
1.8 Diğer Garantilerimizden		593	153.732	154.325	850	117.514	118.364
1.9 Diğer Kefaletlerimizden		-	-	-	-	-	-
II. TAHHÜTLER	III-1	175.479	13.934	189.413	159.176	15.928	175.104
2.1 Cayılamaz Taahhütler		175.479	13.934	189.413	159.176	15.928	175.104
2.1.1 Vadeli, Aktif Değerler Alım Satım Taahhütleri		1.437	13.440	14.877	3.260	6.374	9.634
2.1.2 Vadeli, Mevduat Alım-Satım Taahhütleri		-	-	-	-	-	-
2.1.3 İştir. ve Bağ. Ort. Ser. İst. Taahhütleri		-	-	-	-	-	-
2.1.4 Kul. Gar. Kredi Tahsis Taahhütleri		62.401	-	62.401	48.896	-	48.896
2.1.5 Men. Kıy. İhr. Aracılık Taahhütleri		-	-	-	-	-	-
2.1.6 Zorunlu Karşılık Ödeme Taahhüdü		-	-	-	-	-	-
2.1.7 Çekler İçin Ödeme Taahhütleri		111.641	-	111.641	105.800	-	105.800
2.1.8 İhracat Taahhütlerinden Kaynaklanan Vergi ve Fon Yükümlülükleri		-	-	-	-	-	-
2.1.9 Kredi Kartı Harcama Limit Taahhütleri		-	-	-	-	-	-
2.1.10 Kredi Kartları ve Bankacılık Hizmetlerine İlişkin Promosyon Uyg. Taahhütleri		-	-	-	-	-	-
2.1.11 Açığa Menkul Kıymet Satış Taahhütlerinden Alacaklar		-	-	-	-	-	-
2.1.12 Açığa Menkul Kıymet Satış Taahhütlerinden Borçlar		-	-	-	-	-	-
2.1.13 Diğer Cayılamaz Taahhütler		-	494	494	1.220	9.554	10.774
2.2. Cayılabılır Taahhütler		-	-	-	-	-	-
2.2.1 Cayılabılır Kredi Tahsis Taahhütleri		-	-	-	-	-	-
2.2.2 Diğer Cayılabılır Taahhütler		-	-	-	-	-	-
III. TÜREV FİNANSAL ARAÇLAR	III-2	35.204	67.775	102.979	89.078	136.339	225.417
3.1 Riskten Korunma Amaçlı Türev Finansal Araçlar		-	-	-	-	-	-
3.1.1 Gerçeğe Uygun Değer Riskinden Korunma Amaçlı İşlemler		-	-	-	-	-	-
3.1.2 Nakit Akış Riskinden Korunma Amaçlı İşlemler		-	-	-	-	-	-
3.1.3 Yurtdışındaki Net Yatırım Riskinden Korunma Amaçlı İşlemler		-	-	-	-	-	-
3.2 Alım Satım Amaçlı İşlemler		35.204	67.775	102.979	89.078	136.339	225.417
3.2.1 Vadeli Döviz Alım-Satım İşlemleri		3.989	3.925	7.914	5.024	5.022	10.046
3.2.1.1 Vadeli Döviz Alım İşlemleri		620	3.342	3.962	2.513	2.511	5.024
3.2.1.2 Vadeli Döviz Satım İşlemleri		3.369	583	3.952	2.511	2.511	5.022
3.2.2 Para ve Faiz Swap İşlemleri		-	32.993	32.993	-	48.075	48.075
3.2.2.1 Swap Para Alım İşlemleri		-	16.492	16.492	-	24.011	24.011
3.2.2.2 Swap Para Satım İşlemleri		-	16.501	16.501	-	24.064	24.064
3.2.2.3 Swap Faiz Alım İşlemleri		-	-	-	-	-	-
3.2.2.4 Swap Faiz Satım İşlemleri		-	-	-	-	-	-
3.2.3 Para, Faiz ve Menkul Değer Opsiyonları		-	-	-	538	546	1.084
3.2.3.1 Para Alım Opsiyonları		-	-	-	269	273	542
3.2.3.2 Para Satım Opsiyonları		-	-	-	269	273	542
3.2.3.3 Faiz Alım Opsiyonları		-	-	-	-	-	-
3.2.3.4 Faiz Satım Opsiyonları		-	-	-	-	-	-
3.2.3.5 Menkul Değerler Alım Opsiyonları		-	-	-	-	-	-
3.2.3.6 Menkul Değerler Satım Opsiyonları		-	-	-	-	-	-
3.2.4 Futures Para İşlemleri		-	-	-	-	-	-
3.2.4.1 Futures Para Alım İşlemleri		-	-	-	-	-	-
3.2.4.2 Futures Para Satım İşlemleri		-	-	-	-	-	-
3.2.5 Futures Faiz Alım-Satım İşlemleri		-	-	-	-	-	-
3.2.5.1 Futures Faiz Alım İşlemleri		-	-	-	-	-	-
3.2.5.2 Futures Faiz Satım İşlemleri		-	-	-	-	-	-
3.2.6 Diğer		31.215	30.857	62.072	83.516	82.696	166.212
B. EMANET VE REHİNLİ KIYMETLER (IV+V+VI)		77.568.021	6.327.175	83.895.196	73.622.569	6.565.254	80.187.823
IV. EMANET KIYMETLERİ		630.014	42.945	672.959	597.396	66.013	663.409
4.							

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TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF PROFIT LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2015 AND 2014

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

III. STATEMENT OF INCOME

	Dipnot (Beşinci Bölüm)	Bağımsız	Bağımsız
		Denetimden Geçmiş Cari Dönem 01.01-31.12.2015	Denetimden Geçmiş Önceki Dönem 01.01-31.12.2014
I. FAİZ GELİRLERİ	IV-1	510.211	441.218
1.1 Kredilerden Alınan Faizler		436.080	368.099
1.2 Zorunlu Karşılıklardan Alınan Faizler		4.502	195
1.3 Bankalardan Alınan Faizler		955	494
1.4 Para Piyasası İşlemlerinden Alınan Faizler		753	62
1.5 Menkul Değerlerden Alınan Faizler		65.946	71.096
1.5.1 Alım Satım Amaçlı Finansal Varlıklardan		-	5
1.5.2 Gerçeğe Uygun Değer Farkı Kar/ Zarara Yansıtılan Olarak Sınıflandırılan FV		-	-
1.5.3 Satılmaya Hazır Finansal Varlıklardan		61.138	62.831
1.5.4 Vadeye Kadar Elde Tutulacak Yatırımlardan		4.808	8.260
1.6 Finansal Kiralama Gelirleri		-	-
1.7 Diğer Faiz Gelirleri		1.975	1.272
II. FAİZ GİDERLERİ	IV-2	(326.407)	(259.911)
2.1 Mevduata Verilen Faizler		(287.082)	(218.618)
2.2 Kullanılan Kredilere Verilen Faizler		(4.468)	(4.631)
2.3 Para Piyasası İşlemlerine Verilen Faizler		(29.847)	(34.784)
2.4 İhraç Edilen Menkul Kıymetlere Verilen Faizler		-	-
2.5 Diğer Faiz Giderleri		(5.010)	(1.878)
III. NET FAİZ GELİRİ/ GİDERİ (I - II)		183.804	181.307
IV. NET ÜCRET VE KOMİSYON GELİRLERİ/ GİDERLERİ		28.021	28.080
4.1 Alınan Ücret ve Komisyonlar		29.738	29.710
4.1.1 Gayri Nakdi Kredilerden		18.212	16.123
4.1.2 Diğer	IV-12	11.526	13.587
4.2 Verilen Ücret ve Komisyonlar		(1.717)	(1.630)
4.2.1 Gayri Nakdi Kredilere		(66)	(83)
4.2.2 Diğer	IV-12	(1.651)	(1.547)
V. TEMETTÜ GELİRLERİ	IV-3	8	17
VI. TİCARİ KÂR / ZARAR (Net)	IV-4	(1.502)	1.126
6.1 Sermaye Piyasası İşlemleri Kâr/Zarar		2	12
6.2 Türev Finansal İşlemlerden Kâr/Zarar		(5.391)	(19.817)
6.3 Kambiyo İşlemleri Kâr/Zarar		3.887	20.931
VII. DİĞER FAALİYET GELİRLERİ	IV-5	23.360	37.882
VIII. FAALİYET GELİRLERİ/GİDERLERİ TOPLAMI (III+IV+V+VI+VII)		233.691	248.412
IX. KREDİ VE DİĞER ALACAKLAR DEĞER DÜŞÜŞ KARŞILIĞI (-)	IV-6	(50.176)	(44.826)
X. DİĞER FAALİYET GİDERLERİ (-)	IV-7	(163.683)	(163.344)
XI. NET FAALİYET KÂRI/ZARARI (VIII-IX-X)		19.832	40.242
XII. BİRLEŞME İŞLEMİ SONRASINDA GELİR OLARAK KAYDEDİLEN FAZLALIK TUTARI		-	-
XIII. ÖZKAYNAK YÖNTEMİ UYGULANAN ORTAKLIKLARDAN KÂR/ZARAR		-	-
XIV. NET PARASAL POZİSYON KÂRI/ZARARI		-	-
XV. SÜRDÜRÜLEN FAALİYETLER VERGİ ÖNCESİ K/Z (XI+...+XIV)		19.832	40.242
XVI. SÜRDÜRÜLEN FAALİYETLER VERGİ KARŞILIĞI (±)	IV-9	(5.326)	(8.311)
16.1 Cari Vergi Karşılığı		-	(12.979)
16.2 Ertelenmiş Vergi Karşılığı		(5.326)	4.668
XVII. SÜRDÜRÜLEN FAALİYETLER DÖNEM NET K/Z (XV±XVI)		14.506	31.931
XVIII. DURDURULAN FAALİYETLERDEN GELİRLER		-	-
18.1 Satış Amaçlı Elde Tutulan Duran Varlık Gelirleri		-	-
18.2 İştirak, Bağlı Ortaklık ve Birlikte Kontrol Edilen Ortaklıklar (İş Ort.) Satış Karları		-	-
18.3 Diğer Durdurulan Faaliyet Gelirleri		-	-
XIX. DURDURULAN FAALİYETLERDEN GİDERLER (-)		-	-
19.1 Satış Amaçlı Elde Tutulan Duran Varlık Giderleri		-	-
19.2 İştirak, Bağlı Ortaklık ve Birlikte Kontrol Edilen Ortaklıklar (İş Ort.) Satış Zararları		-	-
19.3 Diğer Durdurulan Faaliyet Giderleri		-	-
XX. DURDURULAN FAALİYETLER VERGİ ÖNCESİ K/Z (XVIII-XIX)		-	-
XXI. DURDURULAN FAALİYETLER VERGİ KARŞILIĞI (±)		-	-
21.1 Cari Vergi Karşılığı		-	-
21.2 Ertelenmiş Vergi Karşılığı		-	-
XXII. DURDURULAN FAALİYETLER DÖNEM NET K/Z (XX±XXI)		-	-
XXIII. NET DÖNEM KARI/ZARARI (XVII+XXII)	IV-11	14.506	31.931

The accompanying notes are an integral part of these financial statements.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF PROFIT LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2015 AND 2014

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Bağımsız	Bağımsız
	Denetimden Geçmiş Cari Dönem 01.01- 31.12.2015	Denetimden Geçmiş Önceki Dönem 01.01- 31.12.2014
I. MENKUL DEĞERLER DEĞERLEME FARKLARINA SATILMAYA HAZIR FİNANSAL VARLIKLARDAN EKLENEN	(32.334)	40.849
II. MADDİ DURAN VARLIKLAR YENİDEN DEĞERLEME FARKLARI	-	-
III. MADDİ OLMAYAN DURAN VARLIKLAR YENİDEN DEĞERLEME FARKLARI	-	-
IV. YABANCI PARA İŞLEMLERİ İÇİN KUR ÇEVİRİM FARKLARI	-	-
V. NAKİT AKIŞ RİSKİNDEN KORUNMA AMAÇLI TÜREV FİNANSAL VARLIKLARA İLİŞKİN KÂR/ZARAR (Gerçeğe Uygun Değer Değişikliklerinin Etkin Kısmı)	-	-
VI. YURTDIŞINDAKİ NET YATIRIM RİSKİNDEN KORUNMA AMAÇLI TÜREV FİNANSAL VARLIKLARA İLİŞKİN KÂR/ZARAR (Gerçeğe Uygun Değer Değişikliklerinin Etkin Kısmı)	-	-
VII. MUHASEBE POLİTİKASINDA YAPILAN DEĞİŞİKLİKLER İLE HATALARIN DÜZELTİLMESİNİN ETKİSİ	-	-
VIII. TMS UYARINCA ÖZKAYNAKLARDA MUHASEBELEŞTİRİLEN DİĞER GELİR GİDER UNSURLARI	438	(678)
IX. DEĞERLEME FARKLARINA AİT ERTELENMİŞ VERGİ	6.467	(8.170)
X. DOĞRUDAN ÖZKAYNAK ALTINDA MUHASEBELEŞTİRİLEN NET GELİR/GİDER (I+II+...+IX)	(25.429)	32.001
XI. DÖNEM KÂRI/ZARARI	14.506	31.931
1.1 Menkul Değerlerin Gerçeğe Uygun Değerindeki Net Değişime (Kar-Zarara Transfer)	-	-
1.2 Nakit Akış Riskinden Korunma Amaçlı Türev Finansal Varlıklardan Yeniden Sınıflandırılan ve Gelir Tablosunda Gösterilen Kısmı	-	-
1.3 Yurtdışındaki Net Yatırım Riskinden Korunma Amaçlı Yeniden Sınıflandırılan ve Gelir Tablosunda Gösterilen Kısmı	-	-
1.4 Diğer	14.506	31.931
XII. DÖNEME İLİŞKİN MUHASEBELEŞTİRİLEN TOPLAM KÂR/ZARAR (X±XI)	(10.923)	63.932

The accompanying notes are an integral part of these financial statements.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

FOR THE PERIODS ENDED DECEMBER 31, 2015 AND 2014

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Bağımsız Sınırlı Denetimden Geçmiş	Ödenmiş Sermaye Ertesi Dönem	Hisse Senedi İhraç Primleri	Hisse Senedi İptal Karları	Yasal Akçeler	Statü Akçeler	Yedek Akçeler	Düzeltilmiş Yedek Akçeler	Diğer Yedekler	Dönem Net Karı/Zararı	Geçmiş Dönem Karı/Zararı	Menkul Değerleme Farkı	Maddi ve Maddi Olmayan Duran Varlık YDF	Ortaklıklardan Bedelsiz Hisse Senetleri	Risikto Korunma Fonları	Risikto Durdurulan F. Payları	Satış A./ Alışın Dur. V. Bir.Deg.F.	Azınlık Payları	Toplam Özksaymak
Önceki Dönem - 01.01-31.12.2014	500.000	25.999	-	1.602	-	23.696	7.051	14.401	14.401	-	(32.944)	-	-	-	-	-	539.805	539.805
I. Önceki Dönem Sonu Bakıyesi	500.000	25.999	-	1.602	-	23.696	7.051	14.401	14.401	-	(32.944)	-	-	-	-	-	539.805	539.805
II. TMS 8 Uyarınca Yapılan Düzeltmeler	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Hataların Düzeltmesinin Etkisi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Muhasebe Politikasında Yapılan Değişikliklerin Etkisi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Yeni bakiye	500.000	25.999	-	1.602	-	23.696	7.051	14.401	14.401	14.401	(32.944)	-	-	-	-	-	539.805	539.805
IV. Birleşmeden Kaynaklanan Artış/ Azalış	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Menkul Değerler Değerleme Farkları	-	-	-	-	-	-	-	-	-	-	32.679	-	-	-	-	-	32.679	32.679
VI. Riskten Korunma Fonları (Etkin kısm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Nakit Akış Riskinden Korunma Amaçlı Yurtiçindeki Net Yatırım Riskinden Korunma Amaçlı	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Yurtiçindeki Net Yatırım Riskinden Korunma Amaçlı	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Maddi Duran Varlıklar Yeniden Değerleme Farkları	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Maddi Olmayan Duran Varlıklar Yeniden Değerleme Farkları	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. İşletmeler, Bağlı Ort. ve Birlikte Kontrol Edilen Ort.(İş Ort.) Bedelsiz HS	-	-	-	-	-	-	-	-	-	-	-	-	-	45	-	-	45	45
X. Kur Farkları	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Varlıkların Elden Çıkarılmasından Kaynaklanan Değişiklik	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Varlıkların Yeniden Sınıflandırılmasından Kaynaklanan Değişiklik	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. İştirak Özkaynağındaki Değişikliklerin Banka Özkaynağına Etkisi	150.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150.000	150.000
XIV. Sermaye Artırımı	150.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150.000	150.000
14.1 Nakden	150.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150.000	150.000
14.2 İç Kaynaklardan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Hisse Senedi İhraç Primi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Hisse Senedi İptal Karları	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Ödenmiş Sermaye Enflasyon Düzeltme Farkı	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Diğer (*)	-	(723)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(723)	(723)
XIX. Dönem Net Kâr veya Zararı	-	-	-	-	-	-	-	31.931	31.931	(14.401)	-	-	-	-	-	-	31.931	31.931
XX. Kâr Dağıtımı	-	-	-	-	-	-	-	720	720	13.681	-	-	-	-	-	-	-	-
20.1 Dağıtılan Temettü	-	-	-	-	-	-	-	720	720	13.681	-	-	-	-	-	-	-	-
20.2 Yedeklere Aktarılan Tutarlar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Diğer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dönem Sonu Bakıyesi (I+II+III+...+XVI+XVII+XVIII)	650.000	25.276	-	2.322	-	37.377	7.051	31.931	31.931	-	(265)	-	-	45	-	-	753.737	753.737

(*) Represents actuarial gains and losses amount after January 1, 2013 are accounted under equity in accordance with revised Turkish Accounting Standard 19 published in the Official Gazette on 12 March 2013 (Communiqué No:28585).

The accompanying notes are an integral part of these financial statements.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

FOR THE PERIODS ENDED DECEMBER 31, 2015 AND 2014

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Bağımsız Denetimden Geçmiş	Ödenmiş Sermaye Dönem	Hisse Senedi İhraç Primleri	Hisse Senedi İptal Karları	Yasal Akçeler	Statü Akçeler	Yedek Akçeler	Düzeltilmiş Yedek Akçeler	Diğer Yedekler	Dönem Net Karı/Zararı	Geçmiş Dönem Karı/Zararı	Menkul Değerleme Farkı	Maddi ve Maddi Olmayan Duran Varlık YDF	Ortaklıklardan Bedelsiz Hisse Senetleri	Risikto Korunma Fonları	Risikto Durdurulan F. Payları	Satış A./ Alışın Dur. V. Bir.Deg.F.	Azınlık Payları	Toplam Özksaymak
Önceki Dönem - 01.01-31.12.2015	650.000	25.276	-	2.322	-	37.377	7.051	31.931	31.931	-	(265)	-	-	-	-	-	753.737	753.737
I. Dönem Başı Bakıyesi	650.000	25.276	-	2.322	-	37.377	7.051	31.931	31.931	-	(265)	-	-	-	-	-	753.737	753.737
II. Birleşmeden Kaynaklanan Artış/Azalış	-	-	-	-	-	-	-	(31.931)	(31.931)	31.931	-	-	-	-	-	-	-	-
III. Menkul Değerler Değerleme Farkları	-	-	-	-	-	-	-	-	-	-	(25.867)	-	-	-	-	-	(25.867)	(25.867)
IV. Riskten Korunma Fonları (Etkin kısm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Nakit Akış Riskinden Korunma Amaçlı Yurtiçindeki Net Yatırım Riskinden Korunma Amaçlı	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Yurtiçindeki Net Yatırım Riskinden Korunma Amaçlı	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Maddi Duran Varlıklar Yeniden Değerleme Farkları	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Maddi Olmayan Duran Varlıklar Yeniden Değerleme Farkları	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. İşletmeler, Bağlı Ort. ve Birlikte Kontrol Edilen Ort.(İş Ort.) Bedelsiz HS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Kur Farkları	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Varlıkların Elden Çıkarılmasından Kaynaklanan Değişiklik	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Varlıkların Yeniden Sınıflandırılmasından Kaynaklanan Değişiklik	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. İştirak Özkaynağındaki Değişikliklerin Banka Özkaynağına Etkisi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Sermaye Artırımı	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Nakden	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 İç Kaynaklardan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Hisse Senedi İhraç Primi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Hisse Senedi İptal Karları	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Ödenmiş Sermaye Enflasyon Düzeltme Farkı	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Diğer(*)	-	438	-	-	-	-	-	-	-	-	-	-	-	-	-	-	438	438
XVII. Dönem Net Kâr veya Zararı	-	-	-	-	-	-	-	14.506	14.506	(31.931)	-	-	-	-	-	-	14.506	14.506
XVIII. Kâr Dağıtımı	-	-	-	-	-	-	-	4.667	4.667	(31.931)	-	-	-	-	-	-	-	-
18.1 Dağıtılan Temettü	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Yedeklere Aktarılan Tutarlar	-	-	-	-	-	-	-	4.667	4.667	(31.931)	-	-	-	-	-	-	-	-
18.3 Diğer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dönem Sonu Bakıyesi (I+II+III+...+XVI+XVII+XVIII)	650.000	25.714	-	3.919	-	63.044	11.718	14.506	14.506	-	(26.132)	-	45	-	-	-	742.814	742.814

(*) Represents actuarial gains and losses amount after January 1, 2013 are accounted under equity in accordance with revised Turkish Accounting Standard 19 published in the Official Gazette on 12 March 2013 (Communiqué No:28585).

The accompanying notes are an integral part of these financial statements.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ**STATEMENTS OF CASH FLOWS**

FOR THE PERIODS ENDED DECEMBER 31, 2015 AND 2014

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

VI. STATEMENT OF CASH FLOWS

	Dipnot (Beşinci Bölüm)	Bağımsız	Bağımsız
		Denetimden Geçmiş Cari Dönem 01.01-31.12.2015	Denetimden Geçmiş Önceki Dönem 01.01-31.12.2014
A. BANKACILIK FAALİYETLERİNE İLİŞKİN NAKİT AKIMLARI			
1.1 Bankacılık Faaliyet Konusu Aktif ve Pasiflerdeki Değişim Öncesi Faaliyet Kârı		(26.966)	70.373
1.1.1 Alınan Faizler		455.943	403.136
1.1.2 Ödenen Faizler		(328.281)	(247.550)
1.1.3 Alınan Temettüer		8	17
1.1.4 Alınan Ücret ve Komisyonlar		29.109	31.312
1.1.5 Elde Edilen Diğer Kazançlar		(69.570)	5.121
1.1.6 Zarar Olarak Muhasebeleştirilen Donuk Alacaklardan Tahsilatlar		37.968	24.819
1.1.7 Personele ve Hizmet Tedarik Edenlere Yapılan Nakit Ödemeler		(90.946)	(76.255)
1.1.8 Ödenen Vergiler		(2.780)	(2.193)
1.1.9 Diğer	VI-1	(58.417)	(68.034)
1.2 Bankacılık Faaliyetleri Konusu Aktif ve Pasiflerdeki Değişim		(29.680)	(109.462)
1.2.1 Alım Satım Amaçlı Finansal Varlıklarda Net (Artış) Azalış		-	90
1.2.2 Gerçeğe Uygun Değer Farkı K/Z'a Yansıtılan Olarak Sınıflandırılan FV'larda Net (Artış) Azalış		-	-
1.2.3 Bankalar Hesabındaki Net (Artış) Azalış		(75.220)	(62.913)
1.2.4 Kredilerdeki Net (Artış) Azalış		(674.360)	(774.655)
1.2.5 Diğer Aktiflerde Net (Artış) Azalış	VI-1	(22.094)	(7.111)
1.2.6 Bankaların Mevduatlarında Net Artış (Azalış)		(236.241)	19.118
1.2.7 Diğer Mevduatlarda Net Artış (Azalış)		899.780	754.290
1.2.8 Alınan Kredilerdeki Net Artış (Azalış)		86.754	(77.744)
1.2.9 Vadesi Gelmiş Borçlarda Net Artış (Azalış)		-	-
1.2.10 Diğer Borçlarda Net Artış (Azalış)	VI-1	(8.299)	39.463
I. Bankacılık Faaliyetlerinden Kaynaklanan Net Nakit Akımı		(56.646)	(39.089)
B. YATIRIM FAALİYETLERİNE İLİŞKİN NAKİT AKIMLARI			
II. Yatırım Faaliyetlerinden Kaynaklanan Net Nakit Akımı		206.777	(189.057)
2.1 İktisap Edilen İştirakler, Bağlı Ortaklıklar ve Birlikte Kontrol Edilen Ortaklıklar (İş Ortaklıkları)		-	-
2.2 Elden Çıkarılan İştirakler, Bağlı Ortaklıklar ve Birlikte Kontrol Edilen Ortaklıklar (İş Ortaklıkları)		-	-
2.3 Satın Alınan Menkuller ve Gayrimenkuller		(5.905)	(10.588)
2.4 Elden Çıkarılan Menkul ve Gayrimenkuller		38.002	10.228
2.5 Elde Edilen Satılmaya Hazır Finansal Varlıklar		(101.527)	(242.818)
2.6 Elden Çıkarılan Satılmaya Hazır Finansal Varlıklar		202.576	58.545
2.7 Satın Alınan Yatırım Amaçlı Menkul Değerler		-	(20.016)
2.8 Satılan Yatırım Amaçlı Menkul Değerler		76.258	20.443
2.9 Diğer		(2.627)	(4.851)
C. FİNANSMAN FAALİYETLERİNE İLİŞKİN NAKİT AKIMLARI			
III. Finansman Faaliyetlerinden Sağlanan Net Nakit		-	150.045
3.1 Krediler ve İhraç Edilen Menkul Değerlerden Sağlanan Nakit		-	-
3.2 Krediler ve İhraç Edilen Menkul Değerlerden Kaynaklanan Nakit Çıkışı		-	-
3.3 İhraç Edilen Sermaye Araçları		-	-
3.4 Temettü Ödemeleri		-	-
3.5 Finansal Kiralamaya İlişkin Ödemeler		-	-
3.6 Diğer		-	150.045
IV. Döviz Kurundaki Değişimin Nakit ve Nakde Eşdeğer Varlıklar Üzerindeki Etkisi	VI-1	76.216	18.499
V. Nakit ve Nakde Eşdeğer Varlıklardaki Net Artış	VI-2	226.347	(59.602)
VI. Dönem Başındaki Nakit ve Nakde Eşdeğer Varlıklar	VI-2	356.741	416.343
VII. Dönem Sonundaki Nakit ve Nakde Eşdeğer Varlıklar		583.088	356.741

The accompanying notes are an integral part of these financial statements.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ**STATEMENTS OF PROFIT DISTRIBUTION**

FOR THE PERIODS ENDED 31 DECEMBER 2015 AND 2014

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

VII. PROFIT DISTRIBUTION TABLE

	Bağımsız	Bağımsız
I. DÖNEM KÂRININ DAĞITIMI		
1,1 DÖNEM KÂRI	19.832	40.242
1,2 ÖDENECEK VERGİ VE YASAL YÜKÜMLÜLÜKLER (-)	(5.326)	(8.311)
1.2.1 Kurumlar Vergisi (Gelir Vergisi)	-	(12.979)
1.2.2 Gelir Vergisi Kesintisi	-	-
1.2.3 Diğer Vergi ve Yasal Yükümlülükler(**)	(5.326)	4.668
A. NET DÖNEM KÂRI (1.1-1.2)	14.506	31.931
1,3 GEÇMİŞ DÖNEMLER ZARARI (-)	-	-
1,4 BİRİNCİ TERTİP YASAL YEDEK AKÇE (-)	-	-
1,5 BANKADA BIRAKILMASI VE TASARRUFU ZORUNLU YASAL FONLAR (-)	-	1.597
B. DAĞITILABİLİR NET DÖNEM KÂRI [(A)-(1.3+1.4+1.5)]	-	30.334
1,6 ORTAKLARA BİRİNCİ TEMETTÜ (-)	-	-
1.6.1 Hisse Senedi Sahiplerine	-	-
1.6.2 İmtiyazlı Hisse Senedi Sahiplerine	-	-
1.6.3 Katılma İntifa Senetlerine	-	-
1.6.4 Kâra İştirakli Tahvillere	-	-
1.6.5 Kâr ve Zarar Ortaklığı Belgesi Sahiplerine	-	-
1,7 PERSONELE TEMETTÜ (-)	-	-
1,8 YÖNETİM KURULUNA TEMETTÜ (-)	-	-
1,9 ORTAKLARA İKİNCİ TEMETTÜ (-)	-	-
1.9.1 Hisse Senedi Sahiplerine	-	-
1.9.2 İmtiyazlı Hisse Senedi Sahiplerine	-	-
1.9.3 Katılma İntifa Senetlerine	-	-
1.9.4 Kâra İştirakli Tahvillere	-	-
1.9.5 Kâr ve Zarar Ortaklığı Belgesi Sahiplerine	-	-
1,10 İKİNCİ TERTİP YASAL YEDEK AKÇE (-)	-	-
1,11 STATÜ YEDEKLERİ (-)	-	-
1,12 OLAĞANÜSTÜ YEDEKLER	-	25.667
1,13 DİĞER YEDEKLER	-	4.667
1,14 ÖZEL FONLAR	-	-
II. YEDEKLERDEN DAĞITIM		
2,1 DAĞITILAN YEDEKLER	-	-
2,2 İKİNCİ TERTİP YASAL YEDEKLER (-)	-	-
2,3 ORTAKLARA PAY (-)	-	-
2.3.1 Hisse Senedi Sahiplerine	-	-
2.3.2 İmtiyazlı Hisse Senedi Sahiplerine	-	-
2.3.3 Katılma İntifa Senetlerine	-	-
2.3.4 Kâra İştirakli Tahvillere	-	-
2.3.5 Kâr ve Zarar Ortaklığı Belgesi Sahiplerine	-	-
2,4 PERSONELE PAY (-)	-	-
2,5 YÖNETİM KURULUNA PAY (-)	-	-
III. HİSSE BAŞINA KÂR (***)		
3,1 HİSSE SENEDİ SAHİPLERİNE	-	-
3,2 HİSSE SENEDİ SAHİPLERİNE (%)	-	-
3,3 İMTİYAZLI HİSSE SENEDİ SAHİPLERİNE	-	-
3,4 İMTİYAZLI HİSSE SENEDİ SAHİPLERİNE (%)	-	-
IV. HİSSE BAŞINA TEMETTÜ		
4,1 HİSSE SENEDİ SAHİPLERİNE	-	-
4,2 HİSSE SENEDİ SAHİPLERİNE (%)	-	-
4,3 İMTİYAZLI HİSSE SENEDİ SAHİPLERİNE	-	-
4,4 İMTİYAZLI HİSSE SENEDİ SAHİPLERİNE (%)	-	-

(*) Profit distribution is decided by the General Assembly. General Assembly is not held as of the date of this report.

(**) Deferred Tax Income / (Expense) amounts shown in Other Taxes and Duties are not subject to profit distribution.

(***) As the Bank is not publicly listed the information on earnings per shares is not disclosed.

The accompanying notes are an integral part of these financial statements.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

AS OF DECEMBER 31, 2015

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

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

The financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced unconsolidated financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated September 28, 2012. The Bank's accounting books are prepared in accordance with Banking Law, Turkish Commercial Code and Turkish Tax Legislations in Turkish Lira. The preparation of financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities on the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and reflected to the income statement.

The accounting policies adopted in the preparation of the Bank's financial statements are consistent with the accounting policies adopted for financial statements dated December 31, 2014 and changes of TAS/TFRS that is effective from January 1, 2015 have an immaterial effect on the accounting policies, financial position and performance of the Bank. These accounting policies and valuation principles are explained in Notes II to XXII. Changes in TAS and TFRS are issued but not yet effective as the date of the financial statements with the exception of TFRS 9 Financial Instruments Standards do not have any effect on the accounting policies, financial position and performance of the Bank. The bank is assessing the impact of TFRS 9 Financial Instruments Standard.

Except for trading and available for sale assets and derivatives that are shown at fair values, financial statements are prepared based on historical cost.

Additional paragraph for convenience translation:

The effects of differences between accounting principles and standards set out by regulations in conformity with Articles 37 of the Banking Act No: 5411 and the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 20.88% of its resources in liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

Besides its principle activity, the main financial instruments of the Bank are money market placements, treasury bills and government bonds.

Marketable securities comprising 11.88% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 7.53% of the total assets and these assets provide liquidity with low risk and yield.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

AS OF DECEMBER 31, 2015

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

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions(continued)

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of the risk management strategy of the Bank, the management of risk bearing short positions of currency, interest or price movements is performed only by the Treasury and using the limits defined by the Board of Directors.

III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank's derivative instruments consist of foreign currency swaps, forward foreign currency buy/sell transactions and options. Derivative instruments are accounted for at their fair values as of the contract date and subsequently valued at fair value. Certain derivative instruments, although economical hedges, are accounted as trading transactions since they are not qualified to be a hedging instrument as per "Financial Instruments: Recognition and Measurement" ("TAS 39"). Realized gains or losses on these instruments are reflected in the statement of income. Unrealized gains or losses arising from the change in the fair value are recorded in disallowable expenses or income according to the current tax legislation.

Contract amounts of derivatives are recorded in off the balance sheet contingencies and commitments.

There are no embedded derivatives separated from the host contract or that are designated as hedging instruments as of the balance sheet date.

IV. Explanations on Interest Income and Expenses

Interest income and expenses are recognized in the income statement on an accrual basis using the effective interest method. In accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette numbered 26333 dated November 1, 2006, interest accruals of the non-performing loans are reversed and interest income related to these loans is recorded as interest income only when collected.

V. Explanations on Fees and Commission Income and Expenses

All fees and commission income/expenses are recognized as income at the time of realization and during the service is provided. Loan related fees and commissions paid to or received from the other institutions are considered as transaction costs and accounted using the effective interest method.

VI. Explanations on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects. Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities and operations of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date. The settlement date is the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

AS OF DECEMBER 31, 2015

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

VI. Explanations on Financial Assets (continued)

The methods and assumptions used in the recognition and measurement of financial instruments are mentioned below.

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash and are carried at amortized cost. The book values of these assets approximate their fair values.

Financial Assets at Fair Value Through Profit and Loss

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost (which represents the fair value at the time). The positive difference between the cost and fair value of such securities in the accounts is accounted for as interest and income accrual, and the negative difference is accounted for as "Impairment Provision on Marketable Securities".

Held to Maturity Investments

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability and excluding loans and receivables.

Held to maturity investments are initially recorded at cost including transactions costs. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

Held-to-maturity securities are carried at "amortized cost" using the "effective interest method" after their initial recognition. Interest income related with held-to-maturity securities is recorded in "Interest income" and impairment arising from a decrease in cost or revalued amounts is recorded in "Provision for impairment of loans and other receivables" accounts.

Financial Assets Available for Sale

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

The marketable securities are initially recognized at cost including the transaction costs (which represents the fair value at the time).

After the initial recognition, available for sale securities are measured at fair value and the unrealized gains/losses originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market, fair values of these securities are determined by using other valuation methods stated in TAS.

The Bank has an equity investment with participation rate of 0.0129% in the available for sale financial assets portfolio. Since this equity investment does not have fair value, it is carried at cost.

The Bank classifies its securities as referred to above at the acquisition date of related assets.

Loans and receivables

Loans are non-derivative financial assets which have fixed or determinable payments and are not traded.

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VI. Explanations on Financial Assets (continued)

The Bank initially records loans and receivables at fair value. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

Foreign currency indexed loans are converted into TRY from the foreign currency rate as of the opening date and followed in TRY accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the statement of income.

Foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains and losses.

VII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event ("loss event") after the first journalization of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses for future events are not journalized.

Specific reserves are provided for non performing loans in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 26333 dated November 1, 2006 which was amended with communiqué published in the Official Gazette No. 27119 dated January 23, 2009. In this context, the management estimates are determined, on the basis of the Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture. These provisions are reflected in the income statement under "Provision and Impairment Expenses - Special Provision Expense".

The collections made related to loans for which provision is made in the current period are reversed from the "Provision for Loans and Other Receivables" account in the income statement. The collections made related to loans written off or provisioned in prior years are recorded to "Collections Related to the Prior Period Expenses" under "Other Operating Income" account and related interest income is credited to the "Interest Received from Non-performing Loans" account.

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; Bank records general loan loss provisions for loans and other receivables. Together with the change in the same regulation made on February 6, 2008, the Bank started to book general loan loss provision of 2% for cash loans under watch-list and 0.4% for non-cash loans under watch-list. On January 23, 2009 the Article 7 of the regulation has been amended such that the specified rates are applied at one fourth for payment commitments for checks related to checkbooks extended five years ago or earlier.

In accordance with the change in the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside (published in the Official Gazette numbered 27947 dated May 28, 2011); general provision loans which are classified in the first group has to be set at least 5 folds of the general provision rate due to the change in the payment plans of those first group loans. General Provision for loans that are classified in the second group has to be set at least 2.5 folds of the general provision rate due to the change in the payment plans of those second group loans. Information related to standard and close monitoring loans which their payment plans have changed is disclosed under the note 5c under the "Explanations and Disclosures Related to the Assets" section.

In accordance with the changes in the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside (published in the Official Gazette numbered 27947 dated May 28, 2011 and Official Gazette numbered 27968 dated June 18, 2011); banks whose total letters of guarantees, bank acceptances, letters of credit commitments, endorsements, purchasing guarantee on security issuance, factoring guarantees, other guarantees and sureties, and unsecured pre-financing

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VII. Explanations on Impairment of Financial Assets (continued)

loans exceeds 10 folds of equities calculated within the scope of principles and procedures stated in the Regulation on Equities of Banks implement general provision ratio as 3/1000 for all standard non-cash loans.

As of December 31, 2015 the provision rates determined for the non-cash loans do not exceed the required ratios therefore standard rates which are determined in the regulation have been used for the non-cash loans.

In accordance with the change in "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"(published in the Official Gazette numbered 27968 dated June 18, 2011), The banks whose total consumer loans to total loans more than 20% and the auto and housing loans, vehicle classed as non-performing loans consumer loans and consumer loans, housing loans, other than the banks that over 8% of the overall response rate observed in the first group auto and housing for maturities of loans for consumer loans other than loans at 4% in the second group followed the vehicle for consumer loans and mortgage loans, except for maturities of 8% applies" rulling is given as of December 31, 2015 with regard to performing consumer loans, the additional general loan loss provision is reserved amounted TRY 297.

In accordance with the change in the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" (published in the Official Gazette numbered 28158 dated December 30, 2011); Banks are not required to set specific provision for the amount that has to be paid for each cheque leaf of the chequebooks of the loan customers of whose related loans and other receivables are classified under third, fourth or fifth group with 100% specific provision if the Banks informs the chequebooks owners to return the chequebooks back to the Bank within 15 days through registered and reply-paid letter. This is valid for the chequebooks owners whose loans and other receivables are derecognized by the Banks.

In accordance with the change in the "Regulation and Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"(published in the Official Gazette numbered 28418 dated September 21, 2012), the amount of general loan loss provisions calculated over the rates disclosed in the first paragraph of Article 7 of the Communiqué recorded for standard loans as of the end of the month and for the cash loans, letter of guarantees, bills and sureties and the non-cash loans which are closely monitored; at minimum 40% should be booked until December 31, 2012, at minimum 60% until December 31, 2013, at minimum 80% until December 31, 2014 and 100% should be recorded until December 31, 2015.

As of December 31, 2014, the Bank has been recorded all provisions which have should be recorded in according with the comminque.

In accordance with the change in the "Regulation and Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"(published in the Official Gazette numbered 28789 dated October 08, 2013), banks may apply 0% for standard qualified cash and non-cash export credits, 0.5% for SME cash loans, and 0.1% for non cash loans. Hence, the Bank applied the amendment as of December 31, 2015.

In accordance with the change in the "Regulation and Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"(published in the Official Gazette numbered 28789 dated October 8, 2013), Banks shall provide, in the general provision calculated by the end of the most recent month before the date of entry into force of this Regulation for the standard loans and closely monitored loans except mortgage loans, at least twenty-five percent (25%) as of December 31, 2013, at least fifty percent (50%) as of December 31, 2014 and at least hundred percent (100%) as of December 31, 2015 of the increases arising from the implementation of this regulation on the date this Regulation enters into force.

VIII. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

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IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities. These transactions are short-term and consist of domestic public sector debt securities.

Funds given against securities purchased under agreements to resell ("reverse repo") 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 income and expenses from these transactions are reflected to the "Interest Income on Marketable Securities" and "Interest Expense on Money Market Borrowings" accounts in the income statement.

As of December 31, 2015, the Bank has TRY 50,015 reverse repo transactions (December 31, 2014: None).

As of December 31, 2015, the Bank does not have any marketable securities lending transaction (December 31, 2014: None).

X. Explanations on Assets Held for Sale and Discontinued Operations

Assets held for sale with high probability of sale, are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

The Bank does not have any assets held for sale as of December 31, 2015 (December 31, 2014: None).

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. The Bank does not have any discontinued operations.

XI. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Other intangible assets are accounted for at cost less accumulated amortization. Other intangible assets are amortized with straight-line method based on their economic lives. There is no change in the amortization method in the current period.

The intangible assets comprising purchased softwares are in the other intangible fixed assets. As of the balance sheet date, all softwares are purchased and there are no completed or continuing software development projects by the Bank.

	%
Intangible Assets	7-33

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XII. Explanations on Tangible Fixed Assets

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation. Tangible fixed assets are depreciated with straight-line method. While those acquired before January 1, 2004 are depreciated with the rates valid in prior periods, the fixed assets acquired after January 1, 2004 are depreciated with the rates determined by the Ministry of Finance based on useful economic lives.

Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Depreciation method is not changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Financial Lease	2-50
Furniture, fixtures and office equipment and others	6 – 35

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Normal maintenance and repair cost of the properties are expensed.

There is no pledge, mortgage, or any other lien on tangible fixed assets.

XIII. Explanations on Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS No:17. In accordance with this standard, the leasing transactions, which consist only foreign currency liabilities, are translated to Turkish Lira with the exchange rates prevailing at the transaction dates and they are recorded as an asset or a liability. The foreign currency liabilities are translated to Turkish Lira with the Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, the Bank records depreciation expense for the depreciable leased assets in each period.

Operating lease payments are recognized as expense in the income statement on a straight line basis over the lease term.

As of the balance sheet date, the Bank does not have authorization for any financial leasing transactions as lessor.

XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

According to the legal department of the Bank; the total number of ongoing cases against the Bank is 72. The total amount of those cases consists of TRY 1,104, USD 1,643 Thousand and EUR 193 Thousand. There is a provision of TRY 1,427 in the accompanying financial statements for these cases (December 31, 2014: TRY 1,762).

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XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. As per the Official Gazette No. 28585 dated 12 March 2013 which came into effect on 1 January 2013 published the revised IAS 19 required actuarial gains/losses recognized shareholder equity. As of December 31, 2015, the actuarial gains recognized in equity amounts to TRY 285 (December 31, 2014: TRY (155) actuarial loss)

The Bank has no retirement fund or foundation that the employees are the member of.

Defined Contribution Plans

The Bank pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Short-term Employee Benefits

In accordance with TAS 19 "Turkish Accounting Standard on Employee Benefits"; defined liabilities that arise from unused leave payments are accrued in the related period and are not discounted.

XVI. Explanations on Taxation

Corporate tax:

According to the Article 32 of the Corporate Tax Law No 5520, accepted in the meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced in the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased from 30% to 20%, effective from January 1, 2006 as per the Article 37 of the Corporate Tax Law.

The tax legislation, requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offsetted against the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities. The Bank doesn't have any tax provision in current period (December 31, 2014: TRY 12,979).

Deferred Tax Liability / Asset:

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

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XVI. Explanations on Taxation (continued)

In accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the circular of BRSA numbered BDDK. DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculates deferred tax asset on carryforward tax losses and all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The deferred tax resulting from differences related to items that are debited or credited directly to equity is netted with these accounts.

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax income/expense recorded under the tax provision expenses amounts to TRY 5,326 deferred tax expense in the accompanying income statement (December 31, 2014: TRY 4,668 deferred tax income).

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

The Bank does not have any issued debt securities. As of the date of approval of these financial statements, there is no subsequent dividend announcement of the Bank.

XIX. Explanations on Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

Since the Bank is not listed, disclosure requirements of IFRS 8 are not applicable for the Bank.

XXII. Explanations on Other Matters

None, other than above explanations.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio : The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" (the "Regulation") published in the Official Gazette No. 29111 as of September 6, 2014 and "Regulation Credit Risk Mitigation Techniques" and "Regulation on calculation of Risk-Weighted Amounts of Securitizations" and also "Regulation Regarding Banks' Shareholders' Equity" published in the Official Gazette No. 28756 dated September 5, 2013. The Bank's capital adequacy ratio in accordance with the related communiqué is 15.57% as of December 31, 2015 (December 31, 2014: 18.52%).

The Bank manages its capital assessment under integrated and structured style. The Bank under internal capital assessments manages its maximum loss exposures that may arise from credit, operation, market and other risks taking into consideration the market developments with stress tests approach. Apart from this, there is an internal model for market risk. Such stress test analysis are reviewed independently.

In the computation of capital adequacy standard ratio, the information prepared in accordance with statutory accounting requirements is used. Additionally, the market risk amount is calculated in accordance with the communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

In the computation of credit risk amount, the bank classifies its loans in relevant risk weighted assets taking into considerations its risk class, ratings and the remaining risk mitigating items. In taking into consideration of risk mitigation items, comprehensive financial collateral method is used.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating credit risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans and transactions regarding with foreign currency and interest rates subject to credit risk, the net receivable amount from the counter parties net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5, the Clause 3 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

Counterparty credit risk calculations are calculated in accordance with Fair Value Valuation Method defined in the Article 5 of regulations.

In the calculation of the value at credit risk for the derivative financial instruments and credit derivatives, the receivables from counterparties are multiplied by the rates stated in the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in Regulation.

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)**Information related to the capital adequacy ratio:**

	Risk Weight								
	0%	10%	20%	%50	75%	100%	150%	200%	250%
The amount subject to credit risk									
Risk Types									
Contingent and Non-Contingent Receivables on Sovereigns	1,209,942	-	-	64,090	-	-	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	220	-	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	13,595	-	279,641	383,478	-	922	-	-	-
Contingent and Non-Contingent Corporate Receivables	89,903	-	-	-	-	2,774,258	-	-	-
Contingent and Non-Contingent Retail Receivables	24,886	-	-	-	442,178	2,321	-	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	1,028,646	-	372,536	-	-	-
Past Due Receivables	126	-	-	11,911	-	122,971	29,411	-	-
Receivables defined in high risk category by BRSA	461	-	-	-	-	-	14,782	2,592	-
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other Receivables	2,896,297	-	-	-	-	59,726	-	-	-
Weighted amount subject to credit risk	-	-	55,928	744,063	331,634	3,332,954	66,290	5,184	-

Exposures with physical security is stated at 0% risk weights as its fully collateralized, (excluding Central Banks and Claims on Central Government) is shown in the relevant risk class; deposit of risk-weighted asset.

Summary information related to the capital adequacy ratio (*):

	December 31, 2015	December 31, 2014
Required Capital Liabilities for Credit Risk (Main related with Credit Risk *0.08) (RCLCR)	362,884	307,383
Required Capital Liabilities for Market Risk (RCLMR)	120	244
Required Capital Liabilities for Operational (RCLOR)	27,446	20,012
Shareholders' Equity	760,057	758,632
Shareholders' Equity/((CRCR+MRCR+ORCR)*12.5*100)	15.57	18.52
Tier1 Capital/((CRCR+MRCR+ORCR)*12.5*100)	14.77	17.73
Core Capital/((CRCR+MRCR+ORCR)*12.5*100)	15.00	18.19

(*) In accordance with "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as published by Official Gazette in April 26, 2014.

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)**Information related to the components of shareholders' equity (*):**

	December 31, 2015	December 31, 2014
Common Equity Core Capital (CET 1)		
Paid-in capital	650,000	650,000
Share premium	-	-
Share repeal	-	-
Legal reserves	78,681	46,750
Accumulated other comprehensive income in accordance with TAS	25,714	25,276
Profit	14,506	31,931
Net current period profit	14,506	31,931
Prior period profit	-	-
Provisions for possible losses up to 25% of core capital	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	45	-
Common Equity Core capital before regulatory adjustments	768,946	753,957
Common Equity Core capital: regulatory adjustments		
Loss (in excess of Reserves) and other comprehensive expenses (-)	(26,132)	(265)
Leasehold Improvements on Operational Leases (-)	(5,751)	(5,223)
Goodwill and Intangible assets and related deferred tax liabilities (-)	(5,088)	(3,646)
Net Deferred tax assets / liabilities (-)	264	268
Excess amount expressed in the Law (Article 56, 4rd paragraph) (-)	-	-
Investments in own common equity (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued share capital (amount above 10% threshold) (-)	-	-
Mortgage servicing rights (amount above 10% threshold) (-)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) (-)	-	-
Amount exceeding the 15% threshold (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued share capital (amount above 10% threshold) (-)	-	-
Mortgage servicing rights (amount above 10% threshold) (-)	-	-
Deferred tax assets arising from temporary differences (-)	-	-
National specific regulatory adjustments (-)	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions (-)	-	-
Total regulatory adjustments to Common equity Core Capital	(36,707)	(8,867)
Common Equity Core capital (CET1)	732,239	745,091

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

	December 31, 2015	December 31, 2014
Additional Tier 1 capital: instruments	-	-
Privileged stocks which are not included in common equity and share premiums	-	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (after 1.1.2014)	-	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (before 1.1.2014)	-	-
Additional Tier 1 capital before regulatory adjustments	-	-
Additional Tier 1 capital: regulatory adjustments	-	-
Investments in own Additional Tier 1 instruments (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold) (-)	-	-
National specific regulatory adjustments (-)	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	-	-
Regulatory adjustments to Common Equity		
Amount of goodwill and Intangible assets and related deferred tax liabilities that are not covered as regulatory adjustment in Common Equity in accordance with the temporary article 2 of the Own Fund Regulation (-)	7,628	14,585
Amount of net deferred tax assets / liabilities that are not covered as regulatory adjustment in Common Equity in accordance with the temporary article 2 of the Own Fund Regulation (-)	3,877	4,240
Tier 1 capital (T1 = CET1 + AT1)	720,734	726,266
Tier 2 capital: instruments and provisions		
Directly issued qualifying Tier 2 instruments (that are approved by the regülatör) plus related stock surplus (after 1.1.2014)	-	-
Directly issued qualifying Tier 2 instruments (that are approved by the regülatör) plus related stock surplus (before 1.1.2014)	-	-
Pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders	-	-
Generic Provisions	39,402	32,370
Tier 2 capital before regulatory adjustments	39,402	32,370
Tier 2 capital: regulatory adjustments		
Investments in own Tier 2 instruments (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-
National specific regulatory adjustments (-)	-	-
Total regulatory adjustments to Tier 2 capital	-	-
Tier 2 capital (T2)	39,402	32,370
Total capital (TC = T1 + T2)	760,136	758,636

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

	December 31, 2015	December 31, 2014
Deductions from the capital		
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed (-)	(79)	(4)
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-	-
Deductions in accordance with the article number 20 of the Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio (-)	-	-
Other (-)	-	-
Un-adjusted total amount from Common Equity, Tier-1 and Tier-2 due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the temporary paragraph 1 of the article numbered 2 of Own Fund Regulation (-)	-	-
Un-adjusted total amount from Common Equity, Tier-1 and Tier-2 due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the paragraph 1 of the temporary article numbered 2 of Own Fund Regulation (-)	-	-
Un-adjusted total amount from Common Equity,(in accordance with the paragraph 1 and 2 of temporary article numbered 2 of the Own Fund Regulation) due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the paragraph 1 of the temporary article numbered 2 of Own Fund Regulation (-)	-	-
Own Fund	760,057	758,632
Amounts below the thresholds for deduction		
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences	-	-

(*) In accordance with "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as published by Official Gazette in April 26, 2014.

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

Information related to the management of internal capital

Internal Capital Adequacy Assessment Process (ISEDES/ ICAAP) is a process or the processes as a whole which allows senior management to;

- to identify, measure, consolidate and monitor the correct and adequate levels of risks,
- to calculate and gain the necessary internal capital which will be determined according to the Bank's risk profile, strategies and operational plan,
- to have strong risk management systems to be used, and their continuous development facility

The Bank composes "ISEDES Report" in line with the "Banks' Internal Systems and Internal Capital Adequacy Assessment Process" published in the Official Gazette on 11 July 2014 and started to report to BRSA (communiqué No: 29057).

Within internal capital management scope, the Bank has established a stress test based management by taking into account the estimated maximum loss amount that may occur in credit, operational, market and other risks as well as the changes in the market. Stress test and scenario analysis results are reported on a daily, weekly and quarterly basis by Risk Management Group.

Capital adequacy ratio is calculated by Risk Management Group on a monthly basis, when requested by Senior Management capital requirement according to strategic plans is explained and studies on internal capital management is conducted. Capital requirement internal assessment process is designed and conducted by Risk Management Group. Risk Management Group informs Senior Management about these issues directly or through High Level Risk Committee.

II. Explanations Related to Credit Risk

Credit risk is the risk that the Bank is a party in a contract whereby the counterparty fails to meet its obligation and cause to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits and updated on a defined frequency based on market developments. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

Risks and limits related to treasury activities and customer based commercial activities are monitored daily. Moreover, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

The credit worthiness of the debtors of the loans and other receivables is monitored regularly as prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". Most of the statement of accounts for the loans has been tried to derive from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies when the companies are audited. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

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II. Explanations Related to Credit Risk (continued)

Risk Types	Current Year Net Credit Risk Amount After Provisions	Average Net Credit Risk Amount After Provisions
Contingent and Non-Contingent Receivables on Sovereigns	1,274,032	1,302,141
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	297	311
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	765,931	652,361
Contingent and Non-Contingent Corporate Receivables	13,319,419	12,978,495
Contingent and Non-Contingent Retail Receivables	625,575	470,863
Contingent and Non-Contingent Receivables Secured by Mortgages	1,467,084	1,439,536
Past Due Receivables	164,419	107,857
Receivables defined in high risk category by BRSA	28,044	28,975
Collateralized Mortgage Marketable Securities	-	-
Securitisation positions	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-
Investment similar to collective investment funds	-	-
Other Receivables	2,956,023	2,784,281
Total	20,600,824	19,764,820

For the forward transactions and other similar positions of the Bank, operational limits are set by the Board of Directors and the transactions take place within these limits. The Bank is not taking a position and carrying out hedging transactions. The limits are evaluated according to market fluctuations. An update is made via reviewing the limits if it is deemed necessary.

The fulfillment of the benefits and acquirements related to forward transactions is normally realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Foreign financial institutions and country risks of the Bank are generally accepted as investment graded by international rating agencies. Therefore, the probable risks are not material considering the financial structure of the Bank.

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II. Explanations Related to Credit Risk (continued)

The share of cash loans of the Bank from its top 100 and top 200 customers respectively in the total balance sheet are TRY 2,084,606 and TRY 2,629,879 (December 31, 2014: TRY 1,758,216 and TRY 2,254,632), the share of total cash loans are 51.59% and 65.08% as of December 31, 2015 (December 31, 2014: 51.56% and 66.12%).

The share of non-cash loans of the Bank from its top 100 and top 200 customers respectively in the total balance sheet are TRY 1,350,039 and TRY 1,738,668 (December 31, 2014: TRY 1,247,733 and TRY 1,626,925), the share of total non-cash loans are 64.25% ve 82.75% as of December 31, 2015 (December 31, 2014: 56.49% and 73.66%).

The share of cash and non-cash receivables of the Bank from its top 100 and 200 customers respectively in the total balance sheet and non-cash risks are %34.07 and %45.79 as of December 31, 2015 (December 31, 2014: 32.04% and 43.53%).

As of December 31, 2015, the general loan loss provision related with the credit risk is TRY 39,402 (December 31, 2014: TRY 32,370).

Significant Risks that are significant on the profile of the regions:

Current Period	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Regional Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Capital Market Intermediary	Contingent and Non-Contingent Corporate Receivables	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Mortgages Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by BFRSA	Receivables in high risk category by BFRSA	Collateralized Mortgage Marketable Securities	Short-Term Receivables from Banks, brokerage houses and Corporate	Investment similar to collective investment funds	Other Receivables	Total
Domestic	1,274,032	-	220	-	-	566,287	2,750,713	469,382	1,401,182	164,419	17,835	17,835	-	-	-	2,956,023	9,600,093
European Union Countries	-	-	-	-	-	12,968	74,431	3	-	-	-	-	-	-	-	-	87,402
OECD Countries(*)	-	-	-	-	-	333	-	-	-	-	-	-	-	-	-	-	333
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	97,903	-	-	-	-	-	-	-	-	-	-	97,903
Other Countries	-	-	-	-	-	145	39,017	-	-	-	-	-	-	-	-	-	39,162
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,274,032	-	220	-	-	677,636	2,864,161	469,385	1,401,182	164,419	17,835	17,835	-	-	-	2,956,023	9,824,893

Prior Period	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Regional Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Capital Market Intermediary	Contingent and Non-Contingent Corporate Receivables	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Mortgages Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by BFRSA	Receivables in high risk category by BFRSA	Collateralized Mortgage Marketable Securities	Short-Term Receivables from Banks, brokerage houses and Corporate	Investment similar to collective investment funds	Other Receivables	Total
Domestic	1,322,399	-	227	-	-	462,788	2,598,989	283,312 <td>1,263,249</td> <td>50,917</td> <td>26,945</td> <td>26,945</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>13,800</td>	1,263,249	50,917	26,945	26,945	-	-	-	-	13,800
European Union Countries	-	-	-	-	-	13,796	1	3	-	-	-	-	-	-	-	-	1,386
OECD Countries(*)	-	-	-	-	-	1,386	-	-	-	-	-	-	-	-	-	-	1,386
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	29,087	-	-	-	-	-	-	-	-	-	-	29,087
Other Countries	-	-	-	-	-	195	-	-	-	-	-	-	-	-	-	-	195
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,322,399	-	227	-	-	507,222	2,598,990	283,315	1,263,249	50,917	26,945	26,945	-	-	-	2,445,366	8,498,630

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II. Explanations Related to Credit Risk (continued)

Risk profile by sectors or counterparties:

Sectors/Counterparties	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Regional Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Capital Market Intermediary	Contingent and Non-Contingent Corporate Receivables	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Mortgages Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by BFRSA	Collateralized Mortgage Marketable Securities	Short-Term Receivables from Banks, brokerage houses and Corporate	Investment similar to collective investment funds	Other Receivables	Total
1 Agriculture	-	-	-	-	-	-	34,612	5,433	12,774	1,283	10	-	-	-	-	54,112
1.1 Farming and Raising Livestock	-	-	-	-	-	-	17,768	3,215	11,126	1,283	5	-	-	-	-	33,397
1.2 Forestry, Wood and Paper	-	-	-	-	-	-	15,430	2,101	1,435	-	3	-	-	-	-	18,969
1.3 Fishery	-	-	-	-	-	-	1,414	117	213	-	2	-	-	-	-	1,746
2 Manufacturing	-	-	-	-	-	-	378,587	82,239	80,790	13,504	117	-	-	-	1,564	556,801
2.1 Mining and Quarry	-	-	-	-	-	-	23,804	7,064	4,109	295	40	-	-	-	29,087	35,312
2.2 Production	-	-	-	-	-	-	354,282	75,175	76,681	13,209	77	-	-	-	1,564	620,968
2.3 Electricity, Gas and Water	-	-	-	-	-	-	521	-	-	-	-	-	-	-	-	521
3 Construction	-	-	-	-	-	-	45,032	17,687	25,501	5,242	11	-	-	-	-	71,560
3.1 Construction	-	-	-	-	-	-	45,032	17,687	25,501	5,242	11	-	-	-	-	71,560
4 Services	-	-	-	-	-	-	279,104	36,582	227,078	29,682	4,222	-	-	-	2,826,255	93,473
4.1 Wholesale and Retail Trade	-	-	-	-	-	-	32,848	6,811	3,085	370	31	-	-	-	26,342	43,145
4.2 Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	79,880	6,688	155,911	15,171	51	-	-	-	140,461	257,701
4.3 Transportation and Communication	-	-	-	-	-	-	75,574	6,030	35,818	101	13	-	-	-	2,826,255	2,943,791
4.4 Financial Institutions	-	-	-	-	-	-	82,760	14,670	32,264	14,020	4,092	-	-	-	652,636	825,442
4.5 Real Estate and Renting Services	-	-	-	-	-	-	18	54	-	-	-	-	-	-	72	72
4.6 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education Services	-	-	-	-	-	-	5	1,017	-	-	35	-	-	-	1,057	1,057
4.8 Health and Social Services	-	-	-	-	-	-	8,019	1,292	-	-	-	-	-	-	4,316	9,311
5 Other	1,274,032	-	220	-	-	-	2,126,826	327,464	1,055,039	114,728	13,475	-	-	-	128,204	5,039,988
6 Total	1,274,032	-	220	-	-	677,636	2,864,161	469,385	1,401,182	164,419	17,835	-	-	-	2,956,023	9,824,893

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II. Explanations Related to Credit Risk (continued)**Maturity Distribution of Remaining Maturities of time exposures:**

Risk Types	Time to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Due from central governments or central banks	377,929	9,986	73,155	10,458	700,975
Regional Governments or Local Government Receivables	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	20	200
Receivables on Multilateral Development Banks	-	-	-	-	-
Receivables on International Organizations	-	-	-	-	-
Receivables on Banks and Capital Market Intermediary	415,988	29,760	20,925	7,514	94,020
Corporate Receivables	351,182	285,283	318,109	474,194	1,435,393
Retail Receivables	22,189	54,899	58,777	87,998	245,522
Receivables Secured by Mortgages	63,569	56,843	55,117	80,257	1,145,396
Past Due Receivables	-	-	-	-	164,419
Receivables defined in high risk category by BRSA	-	272	9	2,195	15,359
Collateralized Mortgage Marketable Securities	-	-	-	-	-
Securitisation positions	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-
Other Receivables	30,119	-	-	-	-
Total	1,260,976	437,043	526,092	662,636	3,801,284

Risk by Risk Weight Balances:

Risk Weights(*)	0%	10%	20%	50%	75%	100%	150%	200%	250%	Deductions from Equity
1 Amount before the credit risk mitigation	4,106,239	-	287,987	465,457	640,871	7,609,897	44,501	2,891	-	79
2 Amount after the credit risk mitigation	4,235,210	-	279,641	1,488,125	442,178	3,332,954	44,193	2,592	-	79

(*) Amounts of the financial collateral are shown as 0% weight.

Fitch ratings are used in computation of risk weighted assets for central government and foreign banks. The equivalence of Fitch ratings to credit quality are as follows;

Credit Quality
1 AAA & AA-
2 A+ & A-
3 BBB+ & BBB-
4 BB+ & BB-
5 B+ & B-
6 CCC+

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II. Explanations Related to Credit Risk (continued)**Important sectors or type of information according to counterparty**

Sectors/ Counterparties	Impaired(*)	Loans		
		Non-Performing	Value Adjustments	Provisions
1 Agricultural	3,425	6,786	162	3,748
1.1 Farming and Raising Livestock	3,425	6,748	162	3,710
1.2 Forestry, Wood and Paper	-	38	-	38
1.3 Fishery	-	-	-	-
2 Manufacturing	60,452	94,138	2,556	31,003
2.1 Mining and Quarry	1,858	2,596	89	762
2.2 Production	58,594	91,510	2,467	30,209
2.3 Electricity, Gas and Water	-	32	-	32
3 Construction	17,171	42,472	812	13,005
4 Services	54,782	80,031	2,619	25,336
4.1 Wholesale and Retail Trade	40,787	41,573	1,938	15,310
4.2 Hotel, Tourism, Food and Beverage Services	163	16,195	8	1,024
4.3 Transportation and Communication	4,214	469	194	366
4.4 Financial Institutions	213	3	11	3
4.5 Real Estate and Renting Services	-	877	-	219
4.6 Self-Employment Services	2,832	20,431	141	8,268
4.7 Education Services	-	-	-	-
4.8 Health and Social Services	6,573	483	327	146
5 Other	721	18,393	36	4,309
Total	136,551	241,820	6,185	77,401

(*) Rescheduled loans

Information on Credit Value Adjustments and Change in loan loss provisions

	Opening Balance	The amount of provision in the period			Closing Balance
		Reversal of Provision	Other Provisions(*)		
1 Specific Provisions	44,653	41,261	(8,513)	-	77,401
2 General Provisions	32,370	7,520	(488)	-	39,402

(*) Exchange rate differences, business combinations, acquisitions, transactions, and those set by the disposal of subsidiaries.

The table below shows the maximum exposure to credit risk for the components of the financial statements:

Gross Maximum Exposure	December 31, 2015	December 31, 2014
Central Banks	571,883	439,629
Due from banks	388,363	273,092
Due from Money market transactions	50,015	-
Financial assets held for trading	25	27
Derivative financial instruments	410	926
Financial assets available-for-sale	669,222	775,403
Held to maturity investment	22,080	100,420
Loans	3,963,343	3,365,142
Total	5,665,341	4,954,639
Contingent liabilities	2,234,530	2,043,323
Irrevocable commitments	189,413	175,104
Total	2,423,943	2,218,427
Total credit risk exposure	8,089,284	7,173,066

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II. Explanations Related to Credit Risk (continued)

Credit quality per class of financial assets as of December 31, 2015 is as follows:

	Neither past due nor impaired	Past due or individually impaired	Total
Due from banks	388,363	-	388,363
Financial assets designated at fair value through profit or loss	435	-	435
Loans to customers			
<i>Corporate lending</i>	2,702,401	355,650	3,058,051
<i>Small business lending</i>	762,986	138,075	901,061
<i>Retail loans</i>	3,986	245	4,231
<i>Other</i>	-	-	-
Total	3,858,171	493,970	4,352,141
Financial Investments			
Quoted on a stock exchange - <i>domestic public sector debt securities</i>	691,302	-	691,302
Quoted on a stock exchange - <i>Other debt securities</i>	-	-	-
Unquoted on a stock exchange - <i>Debt securities</i>	-	-	-
Total	691,302	-	691,302
Total	4,549,473	493,970	5,043,443

Credit quality per class of financial assets as of December 31, 2014 is as follows:

	Neither past due nor impaired	Past due or individually impaired	Total
Due from banks	273,092	-	273,092
Financial assets designated at fair value through profit or loss	953	-	953
Loans to customers			
<i>Corporate lending</i>	2,161,616	213,098	2,374,714
<i>Small business lending</i>	885,161	98,928	984,089
<i>Retail loans</i>	4,696	1,643	6,339
<i>Other</i>	-	-	-
Total	3,325,518	313,669	3,639,187
Financial Investments			
Quoted on a stock exchange - <i>domestic public sector debt securities</i>	875,823	-	875,823
Quoted on a stock exchange - <i>Other debt securities</i>	-	-	-
Unquoted on a stock exchange - <i>Debt securities</i>	-	-	-
Total	875,823	-	875,823
Total	4,201,341	313,669	4,515,010

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II. Explanations Related to Credit Risk (continued)

	Internal Rating Grade	December 31, 2015	(%)	December 31, 2014	(%)
High					
Risk rating class 1	A+ Excellent	39,317	1.03	13,598	0.41
Risk rating class 2	A- Excellent	236,728	6.23	101,542	3.06
Good					
Risk rating class 3	B+ Very Good	405,946	10.69	317,839	9.59
Risk rating class 4	B- Very Good	598,612	15.76	566,740	17.10
Standard					
Risk rating class 5	C+ Good	854,670	22.50	720,953	21.75
Risk rating class 6	C- Good	714,945	18.82	787,940	23.78
Substandard					
Risk rating class 7	D+ Ordinary	544,959	14.34	478,989	14.45
Risk rating class 8	D- Ordinary	237,765	6.26	200,638	6.05
Risk rating class 9	E Bad	132,964	3.50	93,262	2.82
Risk rating class 10	F Very Bad	3,684	0.10	2,251	0.07
Unrated		29,334	0.77	30,473	0.92
Total		3,798,924	100.00	3,314,225	100.00

The Bank uses 3 main factors for internal credit rating system. These are financial data, non-financial data and specialist decisions. Financial data consist of liquidity, financial structure, profitability, growth ratios and turnover rate. Non financial data consist of loan client business, relation with finance sector and sector analysis. The Bank measures the credit rating of companies by making comparisons regarding the financial data and non financial-data.

In the existing rating system, the collateral assigned to loans are not taken into account in the rating. The information about customers with F, E and D- rating is shown below.

“F” rating;

Number of clients with “F” rating is 7 with an outstanding risk of TRY 3,684 (December 31, 2014 : TRY 2,251; 7 client). 5 of these clients are granted against mortgage with outstanding risk of TRY 2,543 and covers 69% of total risk (December 31, 2014: 2 clients; 51%), 2 of these clients are granted against customer check with outstanding risk of TRY 1,001 and covers 27% of total risk (December 31, 2014: 2 clients; 37%).

“E” rating;

Number of clients with “E” rating is 76 and total outstanding risk is TRY 132,964 (December 31, 2014 : TRY 93,262; 37 clients). 22 of these clients are granted against mortgage with outstanding risk of TRY 93,752 and covers 71% of total “E” Rating Risk (December 31, 2014 : TRY 24,873 TL; %27). 34 of these clients are granted against Customer Check/Note with outstanding risk of TRY 19,319 and covers 15% of total “E” Rating Risk (December 31, 2014 : TRY 16,756; 18%).

“D-” rating;

Number of clients with D- rating is 151 and total outstanding risk is TRY 237,765 (December 31, 2014 : TRY 200,638; 80 client). 53 of these clients granted against mortgage have outstanding risk of TRY 126,120 and covers 53% of total “D-” Rating Risk (December 31, 2014 : TRY 95,841; 48%).

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II. Explanations Related to Credit Risk (continued)

73 of these clients are granted against Customer check/note with outstanding risk of TRY 51,442 and covers 22% of total "D-" Rating Risk (December 31,2014 : TRY 48,151; 24%). 7 of these clients are granted against cash blockage with outstanding risk of TRY 4,320 and cover 2% of "D-" rating risk (December 31,2014 : TRY 1,184; 1%). One of these clients is granted against to commodity collateral with outstanding risk of TRY 2,000 and covers 1% of "D-" rating risk(December 31,2014 : None).

There is no financial assets at fair value through profitted losswhose terms have been renegotiated .

III. Explanations Related to Market Risk

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" which was published in the Official Gazette on September 6, 2014 numbered 29111 and September 5, 2013 numbered 28756 "Regulation Regarding Banks' Shareholders' Equity".

The Board of Directors determines the limits for the basic risk that the Bank is exposed. Those limits are revised periodically in line with the market conditions and strategies of the Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarized below) is taken into consideration. Beside the standard method, market risk (VAR) is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are Monte Carlo, historic simulation and parametric method, and these results are also reported daily to the management.

The bank measures its value at risk of its portfolio using forecasted volatility and yield curve model supported by stress tests and scenario analysis. The purpose of VAR is to define the maximum risk the bank is exposed to. The Bank uses parametric, historical simulation and Monte Carlo methods by considering maximum loss which the bank suffers for predictions. The bank calculates the risk on the portfolio held by the Bank for the amount of loss resulting from excessive fluctuations in the market with stress test and scenario analysis. The ways of self-protection is determined by the Bank taking the portfolio into the consideration in case the volatility is repeated and various different crisis takes place. For market risk, analysis is performed by comparing the standard method with VAR.

The risks of on-balance sheet and off-balance sheet accounts positions depending on fluctuations in the financial markets are measured by the bank. Information regarding market risk which has taken into account in the calculation of the regulatory capital is presented below:

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III. Explanations Related to Market Risk (continued)

Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	3
(II) Capital Requirement to be Employed For Specific Risk - Standard Method Standard Method For Specific Risk of Necessary Capital Requirement on Securitization Positions	-
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	75
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Capital Requirement to be Employed For Counterparty Risk - Standard Method	42
(VIII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	120
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	1,500

	December 31, 2015		
	Average	Maximum	Minimum
Interest Rate Risk	3	10	1
Common Stock Risk	-	-	-
Currency Risk	272	1,111	75
Commodity Risk	-	-	-
Settlement Risk	-	-	-
Option Risk	-	-	-
Counterparty Risk	40	64	15
Total Value Subject to Risk	3,940	14,813	1,138

	December 31, 2014		
	Average	Maximum	Minimum
Interest Rate Risk	2	10	1
Common Stock Risk	-	-	-
Currency Risk	129	212	82
Commodity Risk	-	-	-
Settlement Risk	-	-	-
Option Risk	-	-	-
Counterparty Risk	36	53	20
Total Value Subject to Risk	2,083	3,438	1,288

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III. Explanations Related to Market Risk (continued)

Quantitative Counterparty Risk Information

	Amount
Interest Rate Based Contracts	-
Exchange Rate Based Contracts (*)	27,885
Commodity Based Contracts	-
Common Stock Based Contracts	-
Gross Profit Fair Value (**)	737
Benefits to Clarify	-
Net Amount of Current Risk	-
Guarantees Held	-
The Net Position of Derivatives (***)	1,330
Other (*)	31,215

(*) Principal

(**) Positive Replacement Cost

(***) Calculated Counterparty Credit Risk

For counterparty credit risks, limits are set by Board of Directors. Counterparty credit risk is managed by the Financial Institutions Department of the Bank by taking into account the counterparty's financial reports, general overview, rating, current and expected transaction volumes with the Bank.

Within the scope Regulation on the Internal Systems of Banks and Regulation on Measurement and Assessment of Capital Adequacy of Bank's and "Regulation on the Internal System of Bank's, published in the Official Gazette No. 29111 dated September 6, 2014 , "Counterparty Credit Risk Management Policy" is formed, then approved by the Board of Directors and published in the Bank.

Limits are defined by Board of Directors and controlled daily and reported to the Bank. In addition to that, related current limits are taken into capital accounts.

Other price risks:

The Bank does not invest in share certificates quoted on a stock exchange hence it is not subject to share price risk.

IV. Explanations Related to Operational Risk

Basic indicators approach:

	2 PY Amount	1 PY Amount	CY Amount	Total/Postive gi number of years	Rate (%)	Total
Gross income	141,705	165,625	241,597	182,976	15	27,446
The amount subject to operational risk (Total*12.5)						343,079

The Operational risk is calculated on an annual basis in accordance with the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

Operational risk is the risk of a loss resulting from inadequate or failed internal processes, employee faults or system errors or external factors. The Bank's units manage this risk through clearly defined policies, procedures and internal controls. Bank's, operational processes are planned by the Central Operations Department located at Head Office. Branch operations managers are responsible for all operations done and work under Central Operations Department independent of branch managers.

Risk Management Group calculates operational risk according to Basel II Basic Indicator Method. The Bank's final objective is, by using advanced measurement methods, to detect quantitative and qualitative risks on process and transaction basis and to make the Bank's Senior Management aware of operational risks, controls and residual risks by submitting reports.

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IV. Explanations Related to Operational Risk (continued)

By using this independent analysis tool , independent of execution and integrated with daily risk management processes, Risk Management Group maintains recording operational risks and losses regularly.

In accordance with Procurement of Support Services, operational risk of support service firms are assessed. With departments related with support service firms, risk analysis studies are conducted by Risk Management Group. For support service firms, annual risk management program is formed and then presented to the Board of Directors.

By Risk Management Group , within IT Risk Management framework, risks related to IT proceses are assessed. Enhancement activities for critical IT proceses are coordinated. In order to take actions against findings detected by independent audit firm, enhancement activities are coordinated with related departments. Within enhancement process, actions to be taken are assessed at Committee of IT risk and Sub- Committee of IT risk and then decided. As a result of studies conducted under enhancement activities , procedures are formed or existing procedures are updated if necessary. Applications steps of processes are revised, if required actions for enhancement are suggested and whether these actions are implemented by related departments are followed up.

Sub-Committee of IT risk chaired by Risk Management Group, calculates impacts and frequencies of IT risks by doing required updates ever year. By presenting risk assessment results for IT risks above threshold to Committee of IT risk which decides on mitigating, accepting, avoiding or transferring risk, Sub- Committee of IT risk maintains that actions are taken and then follows up actions.

Within IT Risk Management framework, business continuity plan and related IT Continuity Plan were updated in 2015 in coordination with related departments. Within business continuity plan scope, by negotiating the Bank's all departments, critical business processes are assessed , the Bank's Contingency Plan, Crisis Management Plan, Business Recovery Plan and teams are updated. Also, Business Continuity Procedure is formed. In 2015, business continuity and related IT continuity tests for critical processes are conducted.

V. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions and stop losses which are followed up daily and weekly. Any possible changes in the foreign currency transactions in the Bank's positions are also monitored.

The announced current foreign exchange buying rates of the Bank at December 31, 2015 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	December 24, 2015	December 25, 2015	December 28, 2015	December 29, 2015	December 30, 2015	December 31, 2015
USD	2.9147	2.9117	2.9078	2.9056	2.9122	2.9134
CHF	2.9546	2.9506	2.9422	2.9308	2.9440	2.9263
GBP	4.3484	4.3477	4.3308	4.3020	4.3202	4.3191
100 JPY	2.4220	2.4200	2.4150	2.4120	2.4160	2.4200
EUR	3.1930	3.1880	3.1924	3.1758	3.1850	3.1715

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V. Explanations Related to Currency Risk (continued)

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2015 are as follows:

	Monthly Average Foreign Exchange Rate				
USD					2.9169
CHF					2.9376
GBP					4.3769
100 JPY					2.4001
EUR					3.1808
December 31, 2015	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	10,886	523,348	-	30,948	565,182
Banks	11,360	351,693	108	1,180	364,341
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	3	-	-	3
Loans (*)	341,838	703,376	-	-	1,045,214
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	4	6	-	-	10
Total Assets	364,088	1,578,426	108	32,128	1,974,750
Liabilities					
Bank Deposits	15,857	493	-	-	16,350
Foreign Currency Deposits	248,700	1,455,450	-	313	1,704,463
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	111,012	97,252	-	-	208,264
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	4,924	7,653	-	-	12,577
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	56	3,133	-	2	3,191
Total Liabilities	380,549	1,563,981	-	315	1,944,845
Net Balance Sheet Position	(16,461)	14,445	108	31,813	29,905
Net Off-Balance Sheet Position	16,286	(14,836)	-	(30,987)	(29,537)
Financial Derivative Assets (***)	20,250	5,589	-	-	25,839
Financial Derivative Liabilities (****)	(3,964)	(20,425)	-	(30,987)	(55,376)
Non-Cash Loans (**)	230,730	450,513	-	808	682,051
December 31, 2014					
Total Assets(*) (****)	369,021	1,193,152	91	30,634	1,592,898
Total Liabilities	394,249	1,170,631	-	1,723	1,566,603
Net Balance Sheet Position	(25,228)	22,521	91	28,911	26,295
Net Off-Balance Sheet Position	24,717	(24,539)	-	(27,565)	(27,387)
Financial Derivative Assets (***)	27,652	2,446	-	27,565	57,663
Financial Derivative Liabilities (****)	(2,935)	(26,985)	-	(55,130)	(85,050)
Non-Cash Loans (**)	230,105	452,079	-	98	682,282

(*) Foreign currency indexed loans amounting to TRY 518,106 (December 31, 2014: TRY 436,286) are included in the loan portfolio.

(**) There are no effects on the net off-balance sheet position.

(***) It includes also TRY 6,005 and TRY 7,435 forward asset purchase & sale commitments (December 31, 2014: TRY 3,303 and TRY 3,071).

(***) TRY 29 asset from derivative financial instruments and TRY 34 liability from derivative financial instruments are not included (December 31, 2014: TRY 19 asset from derivative financial instruments and TRY 59 liability from derivative financial instruments are not included).

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V. Explanations Related to Currency Risk (continued)**Foreign currency sensitivity:**

The Bank holds EUR and USD currencies positions mainly.

The following table details the Bank's sensitivity to a 10% increase or decrease in the TRY against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive/(Negative) number indicates a change in profit or loss and other equity where USD and EUR increase 10% against TRY.

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
USD	%10 increase	(39)	202	-	-
USD	%10 decrease	39	(202)	-	-
EUR	%10 increase	(18)	(51)	-	-
EUR	%10 decrease	18	51	-	-
Other Currency	%10 increase	93	145	-	-
Other Currency	%10 decrease	(93)	(145)	-	-

VI. Explanations Related to Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

Risk Department performs duration, maturity and sensitivity analysis to protect the effect of interest rate volatility and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Bank does not permit maturity mismatches or imposes limits on mismatch, a significant interest rate risk exposure is not expected.

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VI. Explanations Related to Interest Rate Risk (continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
December 31, 2015							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	570,111	-	-	-	44,977	615,088
Banks	278,932	-	-	-	-	109,431	388,363
Financial Assets at Fair Value Through Profit and Loss	-	-	-	25	-	410	435
Money Market Placements	50,015	-	-	-	-	-	50,015
Available-For-Sale Financial Assets	210,043	126,158	333,018	-	3	138	669,360
Loans (*)	2,505,843	200,878	422,511	657,722	11,970	-	3,798,924
Held-To-Maturity Investments	-	9,985	12,095	-	-	-	22,080
Other Assets (**)	-	-	-	-	-	274,468	274,468
Total Assets	3,044,833	907,132	767,624	657,747	11,973	429,424	5,818,733
Liabilities							
Bank Deposits	6,002	15,884	-	-	-	943	22,829
Other Deposits	2,407,526	1,622,232	265,265	-	-	163,459	4,458,482
Money Market Borrowings	199,302	-	-	-	-	-	199,302
Sundry Creditors	-	-	-	-	-	37,126	37,126
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	10,762	9,226	157,651	47,410	-	-	225,049
Other Liabilities (***)	340	727	-	-	-	874,878	875,945
Total Liabilities	2,623,932	1,648,069	422,916	47,410	-	1,076,406	5,818,733
Off-Balance Sheet Items							
Balance Sheet Long Position	420,901	-	344,708	610,337	11,973	-	1,387,919
Balance Sheet Short Position	-	(740,937)	-	-	-	(646,982)	(1,387,919)
Off-Balance Sheet Long Position	-	-	-	-	-	51,668	51,668
Off-Balance Sheet Short Position	-	-	-	-	-	(51,308)	(51,308)
Total Position	420,901	(740,937)	344,708	610,337	11,973	(646,622)	360

(*) Up to 1 month column consist of revolving loans and corporate FC indexed loans.

(**) The other assets line in the non-interest bearing column consist of tangible assets amounting to TRY 45,404, intangible assets amounting to TRY 12,716, tax asset amounting to TRY 4,851, prepaid expenses amounting to TRY 7,585, non-performing loans amounting to TRY 164,419 and other assets amounting to TRY 39,493.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 742,814, TRY 61,592 provisions settlement account amount TRY 45,115, and TRY 25,357 other liabilities.

Average interest rates applied to monetary financial instruments:

	EUR %	USD %	YEN %	TRY %
December 31, 2015				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey (*)	-	0.21	-	4.13
Banks	0.05	0.22	-	10.47
Financial Assets At Fair Value Through Profit And Loss	-	-	-	12.54
Money Market Placements	-	-	-	10.74
Available-For-Sale Financial Assets	-	7.38	-	2.96
Loans	5.84	5.89	-	16.56
Held-To-Maturity Investments	-	-	-	7.95
Liabilities				
Bank Deposits	1.16	-	-	9.70
Other Deposits	1.85	2.54	-	11.32
Money Market Borrowings	-	-	-	9.34
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	1.96	2.34	-	6.96

(*) Effective from November 1, 2014, interest has been paid from TRY reserve deposits by CBRT. Average interest rate base represents the nine months average interest rate. Effective from May 5, 2015, interest has been paid from USD reserve deposits by CBRT.

(**) Available-For-Sale Financial Assets include CPI indexed securities which cover 99.99% of the portfolio.

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VI. Explanations Related to Interest Rate Risk (continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
December 31, 2014							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	477,144	477,144
Banks	231,787	-	-	-	-	41,305	273,092
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	27	926	953
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	200,209	183,273	391,917	-	4	137	775,540
Loans (*)	2,013,808	113,440	400,259	781,258	5,460	-	3,314,225
Held-To-Maturity Investments	-	-	79,857	20,563	-	-	100,420
Other Assets (**)	-	-	-	-	-	147,186	147,186
Total Assets	2,445,804	296,713	872,033	801,821	5,491	666,698	5,088,560
Liabilities							
Bank Deposits	11,506	14,140	-	-	-	2,282	27,928
Other Deposits	2,145,706	1,036,607	190,346	31,433	-	156,505	3,560,597
Money Market Borrowings	430,464	-	-	-	-	-	430,464
Sundry Creditors	-	-	-	-	-	61,746	61,746
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	14,337	4,191	118,559	1,165	-	-	138,252
Other Liabilities (***)	579	455	-	-	-	868,539	869,573
Total Liabilities	2,602,592	1,055,393	308,905	32,598	-	1,089,072	5,088,560
Off-Balance Sheet Items							
Balance Sheet Long Position	-	-	563,128	769,223	5,491	-	1,337,842
Balance Sheet Short Position	(156,788)	(758,680)	-	-	-	(422,374)	(1,337,842)
Off-Balance Sheet Long Position	-	-	-	-	-	113,131	113,131
Off-Balance Sheet Short Position	-	-	-	-	-	(112,286)	(112,286)
Total Position	(156,788)	(758,680)	563,128	769,223	5,491	(421,529)	845

(*) Up to 1 month column consist of revolving loans and corporate FC indexed loans.

(**) The other assets line in the non-interest bearing column consist of tangible assets amounting to TRY 36,013, intangible assets amounting to TRY 20,674, tax asset amounting to TRY 9,708, settlement account amounting to TRY 16,499, prepaid expenses amounting to TRY 6,047, non-performing loans amounting to 33,498 and other assets amounting to TRY 2,239.

(***) The other liabilities line in the non-interest bearing column consists of shareholders' equity amounting to TRY 539,805, tax liability amounting to TRY 8,637, provisions amounting to TRY 49,299, settlement account amounting to TRY 32,187 and other liabilities amounting to 5,650.

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VI. Explanations Related to Interest Rate Risk (continued)**Average interest rates applied to monetary financial instruments:**

	EUR %	USD %	YEN %	TRY %
December 31, 2014				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey(*)	-	-	-	1.41
Banks	0.08	0.19	-	10.48
Financial Assets At Fair Value Through Profit And Loss	-	-	-	10.41
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets(**)	-	6.76	-	3.30
Loans	6.22	5.85	-	12.91
Held-To-Maturity Investments	-	-	-	7.03
Liabilities				
Bank Deposits	1.14	1.52	-	8.60
Other Deposits	2.73	2.85	-	10.66
Money Market Borrowings	-	-	-	9.99
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2.21	2.38	-	6.58

(*) Effective from November 1, 2014, interest has been paid from TRY reserve deposits by CBRT. Average interest rate base represents 2014 November and December average interest rate.

(**) Available-For-Sale Financial Assets include CPI indexed securities which cover 89% of the portfolio.

Nature of interest rate risk resulted from banking book, major assumptions includes also assumption on early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk.

With the exception of items included under on trading accounts, and items which are other than subordinated debts considered on equity accounts in accordance with "Regulation on Equity of Banks" which have been published on the Official Gazette dated September 5, 2013 numbered 28756, the interest rate risk for all on-balance sheet and off-balance sheet items, which are interest sensitive, and for banking accounts has been calculated. In calculation of interest rate risk, the bank has no any assumptions for early repayment of loans and demand deposits. Interest rate risk arising from banking accounts is calculated and is reported to BRSA monthly.

Economic value differences resulted from interest rate instabilities calculated according to Regulation on Measurement and Evolution of Interest Rate Risk Resulted from Banking Book as per Standard Schock Method.

Unit of Currency	Applicable Shock (+ / - base point)(*)	Profit/ Loss	Profit / Equity Capital - Loss / Equity Capital
TRY	500	(45,822)	(%6)
	(400)	42,081	%6
EUR	200	(2,404)	(%0)
	(200)	2,601	%0
USD	200	(10,322)	(%1)
	(200)	11,107	%1
Total (For Negative Shock)		55,788	%7
Total (For Positive Shock)		(58,548)	(%7)

(*) The intensity and direction of a currency different rows are entered separately for each shock.

Interest rate sensitivity:

If interest rates had been increased by 0.5% in TRY and by 0.5% in FC and all other variables were held constant, the Bank's:

- Net profit would change by TRY 10,244. The change in profit mainly is related to loans and deposits (December 31, 2014 : TRY 7,074).
- Possible changes in the interest rates effects the equity as a result of the revaluation of the available-for-sale assets decreases equity by TRY 238 (December 31,2014: TRY 233).

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VII. Explanations Related to Equity Position Risk

The Bank has no outstanding stock position.

VIII. Explanations Related to Liquidity Risk

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows completely and timely.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Bank's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context, liquidity problem has not been faced in any period. In order to maintain this, the Board of Directors of the Bank continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Bank, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TRY and foreign currency assets and liabilities on the balance sheet and their costs. In this sense, various crisis scenarios which are prepared by risk management group are presented to management and audit committee.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources.

Bank calculated liquidity adequacy ratio in both foreign currency and total amount as per Basel III, and reported to BRSA according to Bank's Regulation on Measurement and Evaluation of Liquidity Adequacy Ratio declared in 2013. Furthermore, liquidity risk analysis form is reported weekly to BRSA by the Bank in 2013.

Total liquidity coverage ratios are (145%) (02/10/2015) at the lowest and (246%) (31/12/2015) at the highest while the unconsolidated lowest foreign currency is (300%) (18/12/2015) and the unconsolidated highest foreign currency is (513%) (27/11/2015) which are calculated weekly for the last three months.

Liquidity risk in a Bank is evaluated separately with respect to normal market conditions and market fluctuations which can possibly occur. The bank makes the required diversification in its assets and liabilities via taking related currencies into consideration in order to meet its obligation to pay.

Liquidity deficit report is issued through the quantitative evaluation of daily and cumulative deficits in local currency and foreign currency in the framework of ordinary and stressful environment. Liquidity deficit report includes deficit maturing liabilities in any period and borrowings and placements made in order to replace assets. Liquidity deficit report is based on current balance sheet and includes off-balance sheet derivative transactions and commitments which can affect the balance sheet. Liquidity report is issued quarterly over TRY and foreign currency.

Liquidity Risk Measurement is to determine the non-conformance between assets and liabilities which can occur because of challenges encountered in decreasing the asset positions if the assets of the Bank are pledged and the assets cannot be sold with relative ease or the market returns to liquid assets at different levels. The liquidity of the Bank is designed to meet the due liabilities of the bank. The courses followed by the bank to reach the aforementioned purpose are as follows:

- Measurement of day liquidity
- Short term funding
- Liquid assets
- Structural liquidity
- Diversification of liquidity resources
- Stress tests

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VIII. Explanations Related to Liquidity Risk (continued)

Liquidity management is performed by the Treasury department in coordination with Marketing department while stress test and scenario analyses studies are performed under the coordination of Risk Management Group with the views and suggestions of other related departments. Results of stress test are reported to executives regularly and submitted to Audit Committee quarterly by the Risk Management Group. Loan losses, delays in loan repayment and deposit withdrawals are used as variables in these stress test scenarios. Additional capital allocation is not made for liquidity risk.

Stress tests examine the possible effect of an event on balance sheet and net potential cumulative deficit quantitatively and foresee the required additional funding with respect to a defined stress scenario.

Stress tests are performed quarterly over TRY and foreign currency unless they are required to be performed more often due to a change occurring in market conditions.

The bank operates periodical liquidity analyses which compare the inflows and outflows of funds and cover a specific period. The following issues are taken into consideration in these analyses:

- Assumptions based on anticipated inflow and outflow of funds
- Capability of bank to convert its assets into cash
- Liquidity instruments provided by the Central Bank
- Loss of value which occurs while liquidating assets in market fluctuations
- Market conditions for specified several asset classifications

Sensitivity tests are performed periodically with scenarios which are peculiar to banks and particular to the market. These scenarios are reviewed periodically.

Chief Economist presents a short explanation regarding the recent developments in market in Committee of Assets and Liabilities meetings. Departments of Treasury, Budget Planning and Management Reporting and Retail Banking inform the Committee regarding the recent liquidity of the Bank.

Credit/Deposit rate defined by the Board of Directors of the Bank provides short-term liquidity needs of the bank not to drop below a certain level of liquidity. The Credit/Deposit rate is monitored by departments of Treasury, Budget Planning and Management Reporting and Retail Banking and discussed in Committee of Assets and Liabilities meetings. Decisions regarding liquidity are made in the light of aforementioned information. Weekly Liquidity Analysis Form, biweekly Stock Liquidity Rate Notification Form and weekly Liquidity Rate Notification Form (first maturity segment) are examined by the Treasury and related departments in order to determine liquidity balance between assets and liabilities of the Bank in accordance with the communique of Banking Regulation and Supervision Agency.

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VIII. Explanations Related to Liquidity Risk (continued)**Liquidity Coverage Ratio:**

Current Period	Total Rated Value (*)		Total Rated Value (*)		
	TRY+FC	FC	TRY+FC	FC	
HIGH QUALITY LIQUID ASSETS					
	High Quality Liquid Assets		902,674	367,425	
CASH OUTFLOWS					
2	Retail deposit	242,928	92,881	220,371	85,902
3	Stable deposit	1,651	501	1,724	448
4	Less stable deposit	241,277	92,380	218,647	85,454
5	Unsecured wholesale funding	570,236	242,715	542,249	237,543
6	Operational deposit	-	-	-	-
7	Non-Operational deposit	570,236	242,715	542,249	237,543
8	Other unsecured funding	147,176	8,662	95,166	5,465
9	Secured funding			-	-
10	Other cash outflows	-	-	-	-
11	Derivatives cash outflows	5	5	247	146
12	Fundings due to restructured financial instruments	-	-	-	-
13	Payment commitments due to financial markets and other off balance sheet commitments and contingencies	3	664	540	538
14	Revocable other off balance sheet contingencies and commitments and other contractual cash outflows	-	-	-	-
15	Other contingent or non-contingent funding obligations	5,011	3,304	4,591	3,141
16	TOTAL CASH OUTFLOWS			863,164	332,735
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	454,745	270,723	413,291	269,218
19	Other cash inflows	7,839	6,286	1,280	1,547
20	TOTAL CASH INFLOWS	462,585	277,549	414,571	270,765
			Upper Limit Applied		
21	TOTAL STOCK OF HQLA			902,674	367,425
22	TOTAL NET CASH OUTFLOWS			448,447	83,172
23	LIQUIDITY COVERAGE RATIO (%)			201	442

(*) Average of unconsolidated liquidity coverage rate which is calculated by means of weekly simple arithmetic average for the last three months / Average of unconsolidated liquidity coverage rate which is calculated by means of monthly simple arithmetic average for the last three months

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VIII. Explanations Related to Liquidity Risk (continued)**Liquidity Coverage Ratio (continued) :**

Prior Period	Total Unweighted Value		Total Weighted Value	
	TP+YP	YP	TP+YP	YP
HIGH QUALITY LIQUID ASSETS				
1	High Quality Liquid Assets		921,467	420,297
CASH OUTFLOWS				
2	Retail deposit	1,500,284	625,003	152,280
3	Stable deposit	13,291	3,652	683
4	Less stable deposit	1,486,993	621,351	151,597
5	Unsecured wholesale funding	1,200,261	582,395	474,826
6	Operational deposit	-	-	-
7	Non-Operational deposit	1,200,261	582,395	474,826
8	Other unsecured funding	49,105	3,227	49,105
9	Secured funding			
10	Other cash outflows	158,756	-	-
11	Derivatives cash outflows	4,338	3,944	4,357
12	Fundings due to restructured financial instruments	-	-	-
13	Payment commitments due to financial markets and other off balance sheet commitments and contingencies	4,702	3,434	1,936
14	Revocable other off balance sheet contingencies and commitments and other contractual cash outflows	-	-	-
15	Other contingent or non-contingent funding obligations	83,023	50,255	8,193
16	TOTAL CASH OUTFLOWS		690,696	310,459
CASH INFLOWS				
17	Secured receivables	-	-	-
18	Unsecured receivables	350,356	114,532	274,248
19	Other cash inflows	20,787	20,222	21,349
20	TOTAL CASH INFLOWS	371,143	134,754	295,597
			Upper Limit Applied	
21	TOTAL STOCK OF HQLA		921,467	420,297
22	TOTAL NET CASH OUTFLOWS		395,099	184,845
23	LIQUIDITY COVERAGE RATIO (%)		233	277

An increase is observed in cash inflow and outflows in parallel with the increase in the volume of credit and deposit. Additionally, liabilities of the bank with respect to these transactions increase in parallel with the derivative transactions made in order to minimize the currency risk of the bank.

High quality liquid assets consist of cash assets, central banks, securities and reverse repo items.

A significant proportion of daily cash inflow of the Bank consists of payments related to loans issued and placement of banks while a significant proportion of daily cash outflow of the Bank consists of payments related to collected deposits. Domestic and foreign banks and loan clients constitute the resource of cash inflows. The bank applies limits for the transactions which shall be made with domestic and foreign banks and these limits are monitored by the Risk Management Department daily.

The Bank has a margin call potential for the derivative transactions made with foreign financial institutions. The Bank has performed forward exchange, swap and option transactions with foreign financial institutions in 2015.

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VIII. Explanations Related to Liquidity Risk (continued)**Presentation of assets and liabilities according to their remaining maturities:**

December 31, 2015	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey (****)	162,861	241,896	163,225	42,159	4,947	-	-	615,088
Banks	109,431	278,932	-	-	-	-	-	388,363
Financial Assets at Fair Value Through Profit and Loss	-	388	22	-	25	-	-	435
Money Market Placements	-	50,015	-	-	-	-	-	50,015
Available-For-Sale Financial Assets	-	-	-	73,155	42,910	553,157	138	669,360
Loans (**)	-	2,505,843	200,878	422,511	657,722	11,970	-	3,798,924
Held-To-Maturity Investments	-	-	9,985	10,459	1,636	-	-	22,080
Other Assets	-	25,055	-	-	-	-	249,413	274,468
Total Assets	272,292	3,102,129	374,110	548,284	707,240	565,127	249,551	5,818,733
Liabilities								
Bank Deposits	943	6,002	15,884	-	-	-	-	22,829
Other Deposits	163,459	2,407,526	1,622,232	265,265	-	-	-	4,458,482
Funds Provided From Other Financial Institutions	-	10,762	9,226	157,651	47,410	-	-	225,049
Money Market Borrowings	-	199,302	-	-	-	-	-	199,302
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	37,126	-	-	-	-	-	37,126
Other Liabilities (**)	-	70,744	738	-	-	-	804,463	875,945
Total Liabilities	164,402	2,731,462	1,648,080	422,916	47,410	-	804,463	5,818,733
Liquidity Gap	107,890	370,667	(1,273,970)	125,368	659,830	565,127	(554,912)	-
December 31, 2014								
Total Assets	141,731	2,492,332	306,525	646,395	887,268	483,846	130,463	5,088,560
Total Liabilities	158,787	2,714,979	1,055,393	308,905	32,598	-	817,898	5,088,560
Liquidity Gap	(17,056)	(222,647)	(748,868)	337,490	854,670	483,846	(687,435)	-

(*) The assets which are necessary to provide banking services and can not be liquidated in the short term, such as tangible assets, investments in subsidiaries and associates and non-performing loans are classified under undistributed.

(**) Shareholders' equity is shown under other liabilities in undistributed column.

(***) Rotative loans are classified in up to 1 month column.

(****) Reserve requirement distribution is based on maturity distribution of liabilities on which the reserve is calculated.

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VIII. Explanations Related to Liquidity Risk (continued)**Leverage Ratio:**

	On Balance Sheet Exposures	Current Period (*)	Prior Period (*)
1	On balance sheet exposures (excluding derivative exposures, including collaterals)	5,703,443	4,951,952
2	(Deductions from the capital)	54	4
3	Total risk amount of on balance sheet exposures (Total of 1st ve 2nd rows)	5,703,497	4,951,956
	Derivative exposures		
4	Replacement cost of derivative exposure	872	1,370
5	Potential credit risk of derivative exposures	794	953
6	Total risk of derivative exposures (Total of 4th ve 5th rows)	1,666	2,323
	Securities financing transaction exposures		
7	The risk amount of Securities financing transaction exposures (excluding on balance sheet exposures)	-	-
8	The risk amount of transactions bank acting as agent	-	-
9	Total risk amount of Securities financing transaction exposures (Total of 7th ve 8th rows)	-	-
	Off Balance sheet items		
10	The gross nominal amount of off balance sheet items	2,607,513	1,955,940
11	CCR adjustment amount	1,095,897	964,894
12	The risk amount of off balance sheet items (Total of 10th ve 11th rows)	3,703,410	2,920,834
	Capital and total risk		
13	Shareholders' Equity	720,121	730,311
14	Total risk amount (Total of 3rd, 6th, 9th and 12th rows)	9,408,573	7,875,113
	Leverage Ratio		
15	Leverage ratio	7.65%	9.28%

(*) Amounts demonstrate the average of last three months.

The main factors causing a difference between leverage ratios of current period and previous period are; a growth rate of 33% in off-balance sheet transactions compared to the previous year and an increase rate of 15% in the balance sheet assets when compared to the previous period.

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VIII. Explanations Related to Liquidity Risk (continued)**Analysis of financial liabilities by remaining contractual maturities:**

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments (*)	Total
As of December 31, 2015							
Bank Deposits	6,007	15,945	-	-	-	(66)	21,886
Other deposits	2,418,345	1,649,132	281,079	-	-	(53,533)	4,295,023
Funds provided from other financial institutions	10,824	9,333	159,722	49,714	-	(4,544)	225,049
Money market borrowings	199,541	-	-	-	-	(239)	199,302
Total	2,634,717	1,674,410	440,801	49,714	-	(58,382)	4,741,260
As of December 31, 2014							
Bank Deposits	11,517	14,137	-	-	-	(8)	25,646
Other deposits	2,151,571	1,047,449	198,101	38,186	-	(31,215)	3,404,092
Funds provided from other financial institutions	14,341	4,285	120,288	1,215	-	(1,877)	138,252
Money market borrowings	430,645	-	-	-	-	(181)	430,464
Total	2,608,074	1,065,871	318,389	39,401	-	(33,281)	3,998,454

(*) Interest to be paid until the maturity date of the balance sheet.

Analysis of contractual expiry by maturity of the Bank's derivative financial instruments:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
December 31, 2015						
Trading Derivatives Instruments						
Foreign Exchange Derivatives	337	22	-	-	-	359
- Addition	50,875	794	-	-	-	51,669
- Disposal (-)	(50,538)	(772)	-	-	-	(51,310)
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Trading Derivatives Instruments						
Foreign Exchange Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Total cash inflow	50,875	794	-	-	-	51,699
Total cash outflow	(50,538)	(772)	-	-	-	(51,310)
December 31, 2014						
Trading Derivatives Instruments						
Foreign Exchange Derivatives	844	1	-	-	-	845
- Addition	110,476	2,655	-	-	-	113,131
- Disposal (-)	(109,632)	(2,654)	-	-	-	(112,286)
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Trading Derivatives Instruments						
Foreign Exchange Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Total cash inflow	110,476	2,655	-	-	-	113,131
Total cash outflow	(109,632)	(2,654)	-	-	-	(112,286)

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IX. Explanations on Securitization Positions

None.

X. Explanations on Credit Risk Mitigation Techniques

All available financial collaterals, which have been used in comprehensive financial collateral method, are used by the Bank according to the credit risk mitigation technique. As the Bank has only cash blockage, treasury bills and government bonds, as collateral only those types of collaterals are included in the calculation.

X. Explanations on Credit Risk Mitigation Techniques

Collateral on the basis of risk classes

Risk Types				
	Amount	Financial Collateral	Other / Physical Collateral	Guaranties and Credit Derivatives
Contingent and Non-Contingent Receivables on Sovereigns	1,274,032	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	220	-	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	677,636	13,600	-	-
Contingent and Non-Contingent Corporate Receivables	2,864,161	97,667	-	-
Contingent and Non-Contingent Retail Receivables	469,385	28,908	-	-
Contingent and Non-Contingent Receivables Secured by Property	1,401,182	-	-	-
Past Due Receivables	164,419	126	-	-
Receivables defined in high risk category by BRSB	17,835	484	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-
Investment similar to collective investment funds	-	-	-	-
Other Receivables	2,956,023	-	-	-
Total	9,824,893	140,785	-	-

XI. Risk Management Objectives and Policies

Risk management strategies and practices are defined as follows: The Bank's Risk Management Group was established in 2001 as an independent unit which reports to the Member of Audit Committee have been responsible for the Audit, Internal Control and Risk Management.

Risk management is committed to control processes in order to determine the limits and measurement of operational risks, including the risks comprising of credit, market, interest rate, concentration, counterparty, liquidity, banking accounts and IT risks.

Objective of risk policies: In line with "Regulation on Internal Systems of Banks (published in the Official Gazette dated July 11, 2014 numbered 29057)", sustaining the Bank's operations in accordance with the Banks' strategic plans, mission, targets, profitability and productivity principles by determining Bank's risk strategy and maximum risk level in line with the volume, qualification and complexity of the Bank's operations by taking into consideration the Bank's past experience and performance. Moreover, ensuring to conserve the interests of depositors and the Bank's shareholder's interest at a maximum level.

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XI. Risk Management Objectives and Policies (continued)

Risk management regularly reports to Senior Management and the Audit Committee all the risks the bank is exposed to and concentrations, and the Bank's own internal limits of the legal limits are monitored daily, weekly, monthly and quarterly. These reports consist of VAR analysis, market risk limits, stress testing and scenario analysis, liquidity and interest rate, economic capital and capital adequacy analysis. These reports (daily value at risk (VAR) analysis, weekly interest rate risk, market risk limits and contains the calculation of economic capital) are also presented to Asset-Liability Management Committee on a weekly basis. Volatility and closing values of a large number of market risk instruments are closely monitored and reported on a daily basis.

Quarterly stress tests and scenario analyzes on economic capital, capital adequacy, liquidity and profitability scenarios and credit risk on Bank's loan portfolio including benchmark of similar banks are presented to the Audit Committee. Management follows the Bank's performance and the limits by using these detailed reports.

Risk Management Group calculates Basel II capital adequacy calculation systematically, namely Credit Risk, Market Risk and Operational Risk, in accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Bank's" published in the Official Gazette dated September 6, 2014, numbered 29111."

From January 1, 2014 equity and the capital adequacy ratio of the Bank is calculated in accordance with the "Change in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 29111, dated September 6, 2014 and "Regulation on Equities of Banks" published in the Official Gazette no.28756, dated September 5, 2013.

The Bank updated its disclosures in accordance with the "Change in the Communique on the Financials Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof" published in the Official Gazette no.28983, dated April 26, 2014.

At the Bank, by considering Regulation on the Internal Systems of Banks published in the Official Gazette No. 29057 dated July 11, 2014, banking processes and policies were revised. Consequently, related procedures/policies are updated/formed and then approved by the Board of Directors.

In order to manage operational risks that the Bank is exposed to more effectively and form an integrated risk management point of view, Operational Risk Policy and IT Continuity Plan was updated, Data Management Procedure was formed.

In order to define, measure, limit and report market risk the Bank is exposed to, Market Risk Policy is formed. When the Bank manages its treasury securities portfolio within the limits determined by the Board of Directors, Risk Management Group checks whether Treasury Department is within these risk limits.

Liquidity Risk is the risk that the Bank cannot fulfill its payment obligations fully and on time due to its insufficient cash inflow or due to inadequate available cash resulting from the mismatch between cash inflows and outflows. In order to define, measure, follow, report the liquidity risk the Bank is exposed to and take necessary actions for the results, Liquidity Risk Policy is formed. When Liquidity Risk Policy is formed, to manage the net liquidity position and liquidity requirement on an ongoing and forward-looking basis is aimed at.

Concentration risk is the risk within credit risk that is exposed according to individual debtor and debtor groups, to debtor groups that indicate similar characteristics in terms of economic and regional sector qualities, on the basis of the assets subject to the collateral securities that show similar price pattern behaviour; the risk that is to be considered also within the scope of the market risk and operational risk. In order to define, measure, follow and manage the concentration risk the Bank is exposed to, Concentration Risk Policy is formed. Concentration limits are monitored in compliance with the credit, deposit and related policies.

Counterparty credit risk refers to the default risk of the counterparty of the transaction before the last payment in the cash flow of this transaction of which brings an obligation to both sides. In order to define, measure, follow and manage the counterparty credit risk the Bank is exposed to Counterparty Credit Risk Policy is formed. Counterparty credit risk management is conducted by the Financial Institutions Department of the Bank by taking into account the counterparty's financial reports, general overview, rating, current and expected transaction volumes with T-Bank. The limits for counterparties are determined by the Board of Directors.

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XI. Risk Management Objectives and Policies (continued)

"Banking Book" includes all Assets and Liabilities (including credit) except trading securities portfolio. In order to define, measure, follow, report the interest rate risk related to banking book risk the Bank is exposed to and take necessary actions for the results, interest rate risk policy related to banking book is formed. Interest rate risk is managed by senior management in order to avoid losses from adverse interest rate movements.

Regarding internal assessment process (ISEDES / ICAAD) which aims at the Bank has capital requirement according to its risk profile, Internal Capital Management Procedure is formed. Within internal capital management scope, the Bank has established a stress test based management by taking into account the estimated maximum loss amount that may occur in credit, operational, market and other risks as well as the changes in the market.

In order to ensure that the Bank's term deposit structure is in line with the Bank's strategies and budget targets and is in a robust and sustainable structure, Deposit Policy is formed. Policies and systems in order to define, measure and follow the concentration risk of the Bank's deposit is also explained in Deposit Policy.

Risk Reporting and Scope and Nature of Measurement Systems: Limits and market risk reports are presented daily basis by the Risk Management Group, value at Risk report (APKO), ECAP stress test, scenario analysis, Duration Gap primary shock, the market data and limit reports are presented a weekly basis to Assets- Liability Committee. On a quarterly basis, the rest of the reports and other works are reported to Audit Committee and Board of Directors.

Hedging Risk and Process of Risk Mitigation Policies and Process Related to Control Their Effectiveness Continuously: Bank carries out risk mitigation processes and risk hedging for credit risk in accordance with credit risk policies. Risks related to market risk are measured and monitored in accordance with application procedures and policies. In this respect the limits are allocated by the Board of Directors. Limits are monitored, reported, in the event of any limit exceed it is reported to relevant committees and units through documentation by electronic mail. In addition, information about limits on use and loan segment concentration is presented to Audit Committee and the Board of Directors on quarterly.

XII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

	Book Value		Fair Value	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Financial Assets	5,093,023	4,514,057	5,150,646	4,532,463
Money Market Placements	50,015	-	50,015	-
Banks	388,363	273,092	388,363	273,092
Available-For-Sale Financial Assets (*)	669,222	775,403	669,222	775,403
Held-To-Maturity Investments	22,080	100,420	21,948	100,581
Loans	3,963,343	3,365,142	4,021,098	3,383,387
Financial Liabilities	4,942,788	4,218,987	4,944,587	4,220,037
Bank Deposits	22,829	27,928	22,829	27,929
Other Deposits	4,458,482	3,560,597	4,458,716	3,560,820
Funds Borrowed From Other Financial Institutions	225,049	138,252	226,614	139,078
Money Market Borrowings	199,302	430,464	199,302	430,464
Sundry Creditors	37,126	61,746	37,126	61,746

(*) Unquoted stocks amounting to TRY 138 have not been considered in fair value calculation.

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XII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (continued)

The following methods and assumptions were used to estimate the fair value of the financial instruments:

i. Financial assets:

Money market placements and banks are carried at amortised cost values on the face of the financial statements and due to their short term nature, their fair values are considered to be approximate to their respective carrying values. The discount rate used to calculate the fair value of held to maturity investments and loans and receivables as of December 31, 2015 is the market rates available for the loan and security types.

ii. Financial liabilities:

The fair value of bank deposits, money market borrowings and sundry creditors are considered to approximate their respective carrying values amortised cost values due to their short term nature. The discount rate used to calculate the fair value of other deposits and funds borrowed as of December 31, 2015 is the market rates available for the borrowing and deposits types.

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market, and those where the valuation techniques involves the use of non observable inputs:

December 31, 2015	Level 1 (Quoted)	Level 2 (Valuation techniques – market observable)	Level 3 (Valuation techniques – non market observable)	Fair value not available
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	25	410	-	-
Money Market Placements	-	-	-	-
Banks	-	-	-	-
Available-For-Sale Financial Assets	669,222	-	-	138
Held-To-Maturity Investments	-	-	-	-
Loans	-	-	-	-
Financial Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-
Marketable Securities Issued	-	-	-	-
Derivative financial liabilities held for trading	-	(37)	-	-

December 31, 2014	Level 1 (Quoted)	Level 2 (Valuation techniques – market observable)	Level 3 (Valuation techniques – non market observable)	Fair value not available
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	27	926	-	-
Money Market Placements	-	-	-	-
Banks	-	-	-	-
Available-For-Sale Financial Assets	775,403	-	-	137
Held-To-Maturity Investments	-	-	-	-
Loans	-	-	-	-
Financial Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-
Marketable Securities Issued	-	-	-	-
Derivative financial liabilities held for trading	-	(68)	-	-

XIII. Explanations Related To Transactions Made on Behalf of Others and Fiduciary Transactions

The Bank provides security purchase-sell and safe keeping services in the name of real persons and legal entities. Details of investment securities held in custody are given in the Statement of Off Balance Sheet Contingencies and Commitments.

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SECTION FIVE**EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS****I. Explanations and Disclosures Related to the Assets****1. a) Information on Cash and Balances with the Central Bank of Turkey:**

	December, 31 2015		December, 31 2014	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	10,690	32,515	7,754	29,761
Balances with the Central Bank of Turkey	39,216	532,667	44,814	394,815
Other	-	-	-	-
Total	49,906	565,182	52,568	424,576

b) Information related to the account of the Central Bank of Turkey:

	December, 31 2015		December, 31 2014	
	TRY	FC	TRY	FC
Unrestricted demand deposits	37,444	64,086	44,814	1,454
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
FC Reserve deposits	1,772	468,581	-	393,361
Total	39,216	532,667	44,814	394,815

c) Explanations related to reserve deposits:

According to the "Communiqué on Amendments to be made on Communiqué on Required Reserves" of Central Bank of the Republic of Turkey numbered 2011/11 and 2011/13 reserve deposit rates applied to TRY and FC liabilities has changed. The current required reserve rates as of the date of approval of the financial statements are as follows:

FC reserve deposits rates:

FX demand deposits, notice deposits and FX private current accounts, FX deposits/FX participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities	FX deposits/ FX participation accounts with 1-year and longer maturity and cumulative FX deposits/ FX participation accounts	FX Special fund pools	FX liabilities up to 1-year maturity (including 1-year)	FX liabilities 1-2 year maturity (including 2-year)	FX liabilities 2- 3 year maturity(including 3-year)	Other liabilities up to 3-5 year maturity (including 5-year)	Other liabilities longer than 5 years
13.0%	9.0%	Ratios for corresponding maturities	25.0%	20.0%	15.0%	7.0%	5.0%

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I. Explanations and Disclosures Related to the Assets (continued)

TRY reserve deposits rates:

Demand deposits,notice deposits and private current accounts	Deposits/ participation accounts up to 1-month maturity (including 1-month)	Deposits/ participation accounts up to 3-month maturity (including 3-month)	Deposits/ participation accounts up to 6-month maturity (including 6-month)	Deposits/ participation accounts up to 1-year maturity	Deposits/ participation accounts with 1-year and longer maturity and cumulative deposits/ participation accounts	Other liabilities up to 1-year maturity (including 1-year)	Other liabilities up to 3-year maturity (including 3-year)	Other liabilities with longer 3-year maturity
%11.5	%11.5	%11.5	%8.5	%6.5	%5.0	%11.5	%8.0	%5.0

Effective from November 1, 2014, interest has been paid from TRY reserve deposits by CBRT. Effective from May 5, 2015, interest has been paid from USD reserve deposits by CBRT.

2. Information on financial assets at fair value through profit and loss (net):

- a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None
- a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 25 (December 31, 2014: TRY 27).

- b) Positive differences related to derivative financial assets held-for-trading:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Forward Transactions	22	29	11	19
Swap Transactions	359	-	896	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	381	29	907	19

3. a) Information on banks:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Banks				
Domestic	24,022	254,990	64,037	168,012
Foreign	-	109,351	-	41,043
Branches and head office abroad	-	-	-	-
Total	24,022	364,341	64,037	209,055

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
European Union Countries	12,102	12,500	-	-
USA and Canada	96,714	27,058	-	-
OECD Countries (*)	423	1,386	-	-
Other	112	99	-	-
Total	109,351	41,043		

(*) OECD countries other than European Union countries, USA and Canada

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I. Explanations and Disclosures Related to the Assets (continued)**4. Information on financial assets available-for-sale:**

a.1) Information on financial assets available-for-sale given as collateral or blocked:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	88,008	-	25,711	-
Other	-	-	-	-
Total	88,008	-	25,711	-

Available-for-sale securities given as collateral for İstanbul Stock Exchange, Interbank money market, Takasbank and open market transactions are TRY 31,158, TRY 5,797, TRY 536 and TRY 50,517 respectively (December 31, 2014: Available-for-sale securities given as collateral for Interbank money market is TRY 25,428, TRY 283 hold for Takasbank respectively).

a.2) Information on financial assets available for sale subject to repurchase agreements:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	193,361	-	383,119	-
Other	-	-	-	-
Total	193,361	-	383,119	-

Net book value of unrestricted financial assets available-for-sale is TRY 387,991 (December 31, 2014: TRY 366,710) and included in this amount there are unquoted stocks amounting TRY 138 (December 31, 2014: TRY 137).

b) Information on financial assets available for sale portfolio:

	December 31, 2015	December 31, 2014
Debt securities	669,222	775,429
Quoted on a stock exchange	669,222	775,429
Not quoted	-	-
Share certificates	138	137
Quoted on a stock exchange	-	-
Not quoted	138	137
Impairment provision (-)	-	(26)
Total	669,360	775,540

In line with the accounting policies of the Bank, all unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 138 which is recorded investment at cost since its fair value cannot be reliably estimated (December 31, 2014: TRY 137).

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I. Explanations and Disclosures Related to the Assets (continued)**5. Information on loans:**

a) Information on all types of loans or advances given to shareholders and employees of the Bank:

	December 31, 2015		December 31, 2014	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	112	63	99	85
Corporate shareholders	112	63	99	85
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	18,384	-	15,841
Loans granted to employees	1,584	1,536	1,325	1,450
Total	1,696	19,983	1,424	17,376

b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Cash Loans	Loans and Other Receivables	Restructured or Rescheduled or Other	Loans and Other Receivables	Restructured or Rescheduled or Other	Other
Non-specialized loans		3,458,613	10,760	203,760	125,791	-
Discount notes		2,765,552	10,760	174,394	125,726	-
Export loans		290,546	-	18,651	-	-
Import loans		-	-	-	-	-
Loans given to financial sector		230,500	-	-	-	-
Foreign loans		38,920	-	-	-	-
Consumer loans		6,581	-	3,025	65	-
Credit cards		-	-	-	-	-
Precious metals loans		-	-	-	-	-
Other		126,514	-	7,690	-	-
Specialized loans		-	-	-	-	-
Other receivables		-	-	-	-	-
Total		3,458,613	10,760	203,760	125,791	-

c) Loans according to their maturity structure:

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring	
	Cash Loans	Loans and Other Receivables	Restructured or Rescheduled or Other	Loans and Other Receivables	Restructured or Rescheduled or Other
Short-term Loans and other Receivables		1,340,476	1,570	42,592	16,091
Non-specialized loans		1,340,476	1,570	42,592	16,091
Specialized loans		-	-	-	-
Other Receivables		-	-	-	-
Medium and long-term loans and other receivables		2,118,137	9,190	161,168	109,700
Non-specialized loans		2,118,137	9,190	161,168	109,700
Specialized loans		-	-	-	-
Other Loans		-	-	-	-
Total		3,458,613	10,760	203,760	125,791

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I. Explanations and Disclosures Related to the Assets (continued)

Number of Changes for the Payment Plan Extension	Standard Loans and Other Receivables	Watching Loans and Other Receivables
1 or 2 times extended	10,760	123,800
3, 4 or 5 times extended	-	1,991
5 Over the extended	-	-
Total	10,760	125,791
	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	2,224	22,542
6 – 12 Month	-	1,987
1 – 2 Year	2,093	28,181
2 – 5 Year	6,443	52,216
5 Years and Over	-	20,865
Total	10,760	125,791

As of December 31, 2015, in accordance with "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" (published in the Official Gazette on May 28, 2011, numbered 27947) the bank calculated general loan loss provision for standard loan, which the payments are rescheduled, amounting to TRY 533 and for watchlist-loans, which the payments are rescheduled, amounting to TRY 5,652.

d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	1,163	5,901	7,064
Housing Loans	-	1,813	1,813
Car Loans	-	360	360
General Purpose Loans	1,163	3,728	4,891
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	267	894	1,161
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	267	894	1,161
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Real Persons) (*)	1,446	-	1,446
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	2,876	6,795	9,671

(*) Overdraft Accounts includes TRY 355 personel loans.

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e) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	65,260	756,091	821,351
Business Loans	26,591	56,936	83,527
Car Loans	-	25,046	25,046
General Purpose Loans	38,669	674,109	712,778
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	11,556	224,061	235,617
Business Loans	-	-	-
Car Loans	1,771	59,513	61,284
General Purpose Loans	9,785	164,548	174,333
Other	-	-	-
Commercial loans with installment facility -FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Legal Entities)	34,032	-	34,032
Overdraft Accounts-FC(Legal Entities)	-	-	-
Toplam	110,848	980,152	1,091,000

f) Domestic and foreign loans:

	December 31, 2015	December 31, 2014
Domestic loans	3,760,004	3,314,222
Foreign loans	38,920	3
Total	3,798,924	3,314,225

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	December 31, 2015	December 31, 2014
Specific provisions		
Loans and receivables with limited collectability	2,602	-
Loans and receivables with doubtful collectability	15,121	-
Uncollectible loans and receivables	59,678	44,653
Total	77,401	44,653

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I. Explanations and Disclosures Related to the Assets (continued)

j) Information on non-performing loans (Net):

j.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
December 31, 2015			
(Gross amount before specific provision) (*)	-	-	2,229
Restructured Loans and Other Receivables	-	-	2,229
Rescheduled Loans and Other Receivables	-	-	-
December 31, 2014			
(Gross amount before specific provision)	-	-	8,044
Restructured Loans and Other Receivables	-	-	8,044
Rescheduled Loans and Other Receivables	-	-	-

(*) As of December 31, 2015 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 1,232 (December 31, 2014: TRY 4,365).

j.2) The movement of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
December 31, 2014 balance	-	-	95,570
Additions (+)	172,296	9,268	2,655
Transfers from other categories of non-performing loans (+)	-	128,111	55,106
Transfers to other categories of non-performing loans (-)	(128,111)	(55,106)	-
Collections (-)	(3,033)	(6,777)	(28,159)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
December 31, 2015 balance	41,152	75,496	125,172
Specific provision (-)	(2,602)	(15,121)	(59,678)
Net Balances on Balance Sheet	38,550	60,375	65,494

j.3) Information on foreign currency non-performing loans and other receivables: None.

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I. Explanations and Disclosures Related to the Assets (continued)

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
December 31, 2015 (Net)			
Loans to Real Persons and Legal Entities (Gross)	41,152	75,496	125,172
Specific provision (-)	(2,602)	(15,121)	(59,678)
Loans to Real Persons and Legal Entities (Net)	38,550	60,375	65,494
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2014 (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	-	95,570
Specific provision (-)	-	-	(44,653)
Loans to Real Persons and Legal Entities (Net)	-	-	50,917
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

k) Main principles of liquidation policies of nonperforming loans and receivables:

According to the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on Official Gazette No. 26333 dated November 1, 2006; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree.

l) Explanations on write-off policy:

As of 31 December 2015, there is no amount that is written off from assets with the decision of the board of directors (December 31, 2014 : None).

m) Other explanations and disclosures:

December 31, 2015	Corporate	SME	Retail	Other	Total
Neither past due nor impaired	2,702,401	762,986	3,986	-	3,469,373
Past due not impaired	238,285	91,083	183	-	329,551
Restructured loans (*)	-	-	-	-	-
Individually impaired	169,438	72,142	240	-	241,820
Total gross	3,110,124	926,211	4,409	-	4,040,744
Less: allowance for individually impaired loans	(52,073)	(25,150)	(178)	-	(77,401)
Total net	3,058,051	901,061	4,231	-	3,963,343

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December 31, 2014	Corporate	SME	Retail	Other	Total
Neither past due nor impaired	2,161,618	885,161	4,694	-	3,051,473
Past due not impaired	180,385	81,319	1,048	-	262,752
Restructured loans (*)	-	-	-	-	-
Individually impaired	63,490	31,111	969	-	95,570
Total gross	2,405,493	997,591	6,711	-	3,409,795
Less: allowance for individually impaired loans	(30,777)	(13,502)	(374)	-	(44,653)
Total net	2,374,716	984,089	6,337	-	3,365,142

(*) The description of restructured loans is determined by the Article No:11 of the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside.

A reconciliation of the allowance for impairment loss is as follows;

	Total
At January 1, 2015	44,653
Additions in the period	41,261
Non-performing loan sales	-
The effect of collections in the period	(8,513)
Write off	-
At December 31, 2015	77,401

The fair value of collaterals that the Bank holds relating to loans individually determined to be impaired as of December 31, 2015 is TRY 241,735 (December 31, 2014: TRY 117,610).

Properties amounting to TRY 32,933 are transferred to the ownership of the Bank in 2015 and in the same period TRY17,680 has been sold. In addition, properties transferred to the ownership of the Bank before 2015 year have been sold amounting to TRY 19,520.

Aging analysis of past due but not impaired loans per class of financial instruments is as follows:

December 31, 2015	Less than 30 Days	31- 60 Days	61- 90 Days	More than 91 Days (*)	Total
Loans and advances to customers					
<i>Corporate Loans</i>	220,718	6,750	10,817	-	238,285
<i>Small Business Loans</i>	69,274	2,614	17,573	1,622	91,083
<i>Consumer Loans</i>	146	34	3	-	183
<i>Other</i>	-	-	-	-	-
Total	290,138	9,398	28,393	1,622	329,551

(*) Protocol process has been continued with the firm as of December 31, 2015.

December 31, 2014	Less than 30 Days	31- 60 Days	61- 90 Days	More than 91 Days (*)	Total
Loans and advances to customers					
<i>Corporate Loans</i>	146,247	27,539	1,238	5,361	180,385
<i>Small Business Loans</i>	74,656	5,411	1,252	-	81,319
<i>Consumer Loans</i>	402	122	524	-	1,048
<i>Other</i>	-	-	-	-	-
Total	221,305	33,072	3,014	5,361	262,752

(*) Protocol has been signed with the firm as of January, 2015.

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I. Explanations and Disclosures Related to the Assets (continued)

Fair value of past due but not impaired loans and other receivable as of December 31, 2015 is TRY 465,662. (December 31, 2014: TRY 333,942).

Loans and advances amounting to TRY 1,724,530 are revolving loans that have maturity up to one month and floating interest rates (December 31, 2014: TRY 1,518,812) and the remaining TRY 2,074,394 have fixed interest rates (December 31, 2014: TRY 1,795,413).

6. Information on held-to-maturity investments:

a.1) Information on held-to-maturity investments given as collateral or blocked:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	3,472	-	36,888	-
Other	-	-	-	-
Total	3,472	-	36,888	-

As of December 31, 2015, collateral or blocked investments held-to-maturity; Central Bank open market operations is TRY 1,139 and Takasbank is TRY 697 and stock collateral balance is TRY 1,636 (December 31, 2014 : Central Bank open market operations is TRY 506 and Central Bank of the interbank money market is TRY 5,479 and stock collateral balance is TRY 30,903).

a.2) Held-to-maturity investments subject to repurchase agreements:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	7,285	-	23,780	-
Other	-	-	-	-
Total	7,285	-	23,780	-

Book value of held to maturity investments classified as unrestricted financial assets is TRY 11,323 (December 31, 2014: TRY 39,752).

b) Information on public sector debt investments held-to-maturity:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Government bonds	-	22,080	-	100,420
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Total	-	22,080	-	100,420

c) Information on held-to-maturity investments:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	22,080	-	100,420	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	-	-
Total	22,080	-	100,420	-

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I. Explanations and Disclosures Related to the Assets (continued)

d) Movement of held-to-maturity investments:

	December 31, 2015	December 31, 2014
Beginning balance	100,420	98,895
Foreign currency differences on monetary assets(*)	(2,082)	1,952
Purchases during year	-	20,016
Disposal through sales and redemptions	(76,258)	(20,443)
Impairment provision (-)	-	-
Closing Balance	22,080	100,420

(*) Accruals of Held-to maturity investments are reflected in foreign currency differences on monetary assets line.

7. Information on associates (Net):

The Bank has no associates in the current period.

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on jointly controlled entities:

The Bank has no jointly controlled entities in the current period.

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

The Bank has no financial assets for hedging purposes in the current period.

12. Information on tangible assets (Net):

	Balance December 31, 2014	Additions	Disposals	Other	Change in estimate	Balance December 31, 2015
Cost:						
Land and buildings	-	-	-	-	-	-
Leased tangible assets	5,910	-	(119)	-	-	5,791
Vehicles	-	-	-	-	-	-
Other	74,044	38,838	(37,883)	-	-	74,999
Total Cost	79,954	38,838	(38,002)	-	-	80,790

	Balance December 31, 2014	Additions	Disposals	Other	Change in estimate	Balance December 31, 2015
Accumulated Depreciation:						
Land and buildings	-	-	-	-	-	-
Leased tangible assets	(5,772)	(40)	119	-	-	(5,693)
Vehicles	-	-	-	-	-	-
Other	(26,162)	(4,847)	1,316	-	-	(29,693)
Total Accumulated Depreciation	(31,934)	(4,887)	1,435	-	-	(35,386)
Net Book Value	48,020	33,951	(36,567)	-	-	45,404

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I. Explanations and Disclosures Related to the Assets (continued)

a) For an individual asset, In the current period the amount of impairment losses recorded or revoked is crucial to the whole of the financial statements:

a.1) Impairment to be recorded or cancellation of events that led to and no term of events: None.

a.2) Recorded in the financial statements or canceled amount of impairment losses: None.

b) Recorded in the current period or cancelled, and each one or some financial statements as a whole are not significant, but sum of impairment losses recorded or revoked is significant for the whole of the financial statements, reasons and circumstances :None.

c) For pledge on tangible assets, mortgages and other restrictions if there exists and tangible assets, the amount of the expenditures made during construction, the commitments for the purchase of tangible fixed assets: None.

13. Information on intangible assets:

	Closing Balance December 31, 2014	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2015
Cost:						
Software cost	38,964	2,627	(35)	-	-	41,556
Other intangible assets	-	-	-	-	-	-
Total Cost	38,964	2,627	(35)	-	-	41,556

	Closing Balance December 31, 2014	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2015
Accumulated Depreciation:						
Software cost	(20,733)	(8,142)	35	-	-	(28,840)
Other intangible assets	-	-	-	-	-	-
Total Accumulated Depreciation	(20,733)	(8,142)	35	-	-	(28,840)
Net Book Value	18,231	(5,515)	-	-	-	12,716

14. Investment Property (Net): None.**15. Explanations on deferred tax assets:**

a) As of December 31, 2015, deferred tax asset calculated on tax losses is 1,432 (December 31, 2014: None). Deferred tax asset calculated on the other temporary differences is TRY 2,181 (December 31, 2014: TRY 3,972 deferred tax asset).

b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.

c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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I. Explanations and Disclosures Related to the Assets (continued)

a) Movement of deferred tax:

	December 31, 2015		December 31, 2014	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Reserve for Employee Benefits	12,519	2,504	10,375	2,075
Other provisions	3,708	742	10,336	2,067
Net Book Value and Tax Value Differences of Assets:				
Tangible Fixed Assets	1,040	208	1,207	241
Deferred Commission	3,710	742	4,339	868
Financial Assets	385	77	301	60
Tax Losses	7,161	1,432	-	-
Deferred Tax Assets		5,705		5,311
Net Book Value and Tax Value Differences of Assets:				
Tangible Fixed Assets	5,306	1,061	4,480	896
Financial Assets	132	26	-	-
Other	5,021	1,005	2,215	443
Deferred tax liability (-)		2,092		1,339
Deferred tax Asset (Net)		3,613		3,972

16. Information on assets held for sale and discontinued operations: None.

17. Information on other assets:

a) Breakdown of other assets:

	December 31, 2015	December 31, 2014
Settlement Accounts	25,055	16,860
Prepaid Expenses	7,585	6,498
Other	14,438	2,688
Toplam	47,078	26,046

b) Other assets which exceed 10% of the balance sheet total (excluding off balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None.

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II. Explanations and Disclosures Related to the Liabilities**1. Information on maturity structure of deposits:**

a.1) December 31, 2015 :

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Foreign currency deposits	72,507	-	52,049	1,422,197	101,010	54,121	2,551	-	1,704,435
Residents in Turkey	70,430	-	50,954	1,345,249	100,311	52,682	1,099	-	1,620,725
Residents abroad	2,077	-	1,095	76,948	699	1,439	1,452	-	83,710
Public sector deposits	15,840	-	-	1,879	3,942	-	-	-	21,661
Commercial deposits	63,023	-	115,122	636,213	88,857	47,277	33,752	-	984,244
Other institutions deposits	217	-	848	137,348	-	-	-	-	138,413
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	943	-	-	15,884	6,002	-	-	-	22,829
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	85	-	-	-	-	-	-	-	85
Foreign Banks	858	-	-	15,884	6,002	-	-	-	22,744
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	164,402	-	207,948	3,491,041	382,739	182,382	52,799	-	4,481,311

a.2) December 31, 2014:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Foreign currency deposits	54,322	-	59,319	1,101,175	151,186	38,905	9,661	-	1,414,568
Residents in Turkey	52,355	-	58,492	1,076,470	145,087	37,787	7,344	-	1,377,535
Residents abroad	1,967	-	827	24,705	6,099	1,118	2,317	-	37,033
Public sector deposits	12,837	-	-	-	-	-	-	-	12,837
Commercial deposits	72,010	-	51,988	586,118	108,428	29,732	81,917	-	930,193
Other institutions deposits	299	-	1,649	55,018	1,513	116,385	-	-	174,864
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	2,283	-	11,506	14,140	-	-	-	-	27,929
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	40	-	-	-	-	-	-	-	40
Foreign Banks	2,243	-	11,506	14,140	-	-	-	-	27,889
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	158,789	-	160,255	2,606,659	357,025	207,655	98,142	-	3,588,525

b.1) Information on saving deposits under the guarantee of saving deposits insurance:

i. Information on saving deposits:

Saving Deposits	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Saving deposits	315,561	234,903	1,280,987	785,436
Foreign currency saving deposits	81,505	68,278	905,019	674,691
Other deposits in the form of saving deposits	590	469	11,536	7,798
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	397,656	303,650	2,197,542	1,467,925

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II. Explanations and Disclosures Related to the Liabilities (continued)

ii. Deposit amounts not under the guarantee of saving deposit:

Deposits of real persons not under the guarantee of saving deposit insurance:

	December 31, 2015	December 31, 2014
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	2,767	1,479
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

a) Negative differences table related to derivative financial liabilities held-for-trading:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Forward Transactions	3	25	9	5
Swap Transactions	-	9	-	54
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	3	34	9	59

3. a) Information on banks and other financial institutions:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
From Domestic Banks and Institutions	16,785	20,968	13,510	21,534
From Foreign Banks, Institutions and Funds	-	187,296	302	102,906
Total	16,785	208,264	13,812	124,440

b) Maturity analysis of borrowings:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Short-term	16,785	87,146	13,812	85,130
Medium and long-term	-	121,118	-	39,310
Total	16,785	208,264	13,812	124,440

c) Additional explanations related to the concentrations of the Bank's major liabilities:

Bank diversifies its funding resources by customer deposits and foreign borrowings. 72% of bank deposits and 38% of other deposits are composed of foreign currency deposits.

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II. Explanations and Disclosures Related to the Liabilities: (continued)**4. Information on funds provided from repurchase agreement transactions:**

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
From domestic transactions	199,302	-	430,464	-
Financial institutions and organizations	199,295	-	430,456	-
Other institutions and organizations	-	-	-	-
Real persons	7	-	8	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	199,302	-	430,464	-

Funds provided under repurchase agreements carried by the assets of the Bank's balance sheet are described in the table below:

	December 31, 2015		December 31, 2014	
	Nominal	Carrying Value	Nominal	Carrying Value
Financial Assets Available for Sale	143,899	192,088	299,967	407,469
Held to Maturity Investments	7,035	7,214	23,711	22,995
Financial assets held for trading	-	-	-	-
Total	150,934	199,302	323,678	430,464

5. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total: None.

6. Explanations on lease obligations (Net):

a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Code.

b) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. As of December 2015 operational lease expenses amounting to TRY 17,448 have been recorded in the profit and loss accounts (December 31, 2014: TRY 13,279). The lease periods vary between 5 and 10 years.

c) Explanations on the less or and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

7. Information on derivative financial liabilities for hedging purposes: None.

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II. Explanations and Disclosures Related to the Liabilities: (continued)**8. Information on provisions:**

a) Information on general provisions:

	December 31, 2015	December 31, 2014
General Provisions		
Provisions for First Group Loans and Receivables	25,001	19,288
- Additional provision for extended loans	533	41
Provisions for Second Group Loans and Receivables	4,103	2,208
- Additional provision for extended loans	5,652	6,924
Provisions for Non-cash Loans	4,113	3,909
Total	39,402	32,370

General provision movement for first, second group of loans and receivables and non-cash loans is as follows:

	First Group Loans and Receivables	Second Group Loans and Receivables	Non-Cash Loans
January 1, 2015	19,329	9,132	3,909
Additions	6,205	1,111	204
Disposals	-	(488)	-
December 31, 2015	25,534	9,755	4,113

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 1,468 (December 31, 2014: TRY 2,220) on the foreign currency indexed loans are netted off from loans on the balance sheet.

c) The specific provisions of TRY 7,455 (December 31, 2014: TRY 8,226) were provided for unindemnified non cash loans.

d) Information on employee termination benefits and unused vacation accrual:

The Bank has calculated the reserve for employee termination benefits by using actuarial valuation methods as set out in the TAS No:19 and reflected this in the financial statements.

d.1) Movement of employee termination benefits:

	December 31, 2015	December 31, 2014
As of January 1	7,153	5,314
Service cost	1,653	1,272
Interest cost	637	539
Actuarial gain / (loss)	(438)	723
Benefits paid	(807)	(695)
End of period	8,198	7,153

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II. Explanations and Disclosures Related to the Liabilities: (continued)

d.2) Table of provision for employee of benefits:

	December 31, 2015	December 31, 2014
Employee termination benefit provision	8,198	7,153
Unused vacation provision	4,038	3,376
Total of provision for employee benefits	12,236	10,529

In accordance with TAS 19 "Turkish Accounting Standard on Employee Benefits"; total benefit is calculated for each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement. According to communique numbered 28585 published in Turkish Trade Registry Gazette, as per TAS19 actuarial gain that is recorded under shareholders' equity amounting to TRY 285 as of December 31, 2015 (December 31, 2014: TRY 155 loss).

Actuarial calculations are based on retirement pay liability rights that are defined in the Labour Law No. 1475, and based on employees' details as of valuation date. Within the framework of the assumptions used in the actuarial calculation TAS19 is determined as follows:

	Assumptions
Discount rate	10.75%
Inflation rate	7.75%

e) Information on other provisions:

e.1) Provisions for possible losses: None.

e.2) The breakdown of the sub accounts if other provisions exceed 10% of the grand total of provisions:

	December 31, 2015	December 31, 2014
Specific provisions provided for unindemnified non cash loans	7,455	8,226
Other provisions (*)	2,499	10,336
Total	9,954	18,562

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I. Explanations and Disclosures Related to the Liabilities: (continued)

Provision movement for unindemnified non cash loans and other provisions is as follows:

	Specific provisions provided for unindemnified non cash loans	Other provisions(*)
December 31, 2014	8,226	10,336
Additions	1,395	264
Disposals	(2,166)	(8,101)
December 31, 2015	7,455	2,499

(*) Other provisions include TRY 770 of bonus and premium provisions before 2015 , TRY 302 of provision for other assets, TRY 1,427 of litigation provision. (December 31 , 2014: TRY 7,500 bonus provisions, TRY 772 bonus provision before 2014, TRY 302 of provisions for other assets, TRY 1,762 of litigation provision.)

f) Liabilities on pension rights: None.

f.1) Liabilities for pension funds established in accordance with "Social Security Institution": None.

f.2) Liabilities resulting from all kinds of pension funds, foundations etc, which provide post retirement benefits for the employees: None.

9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) As of December 31, 2015, remaining tax liability after prepaid taxes are netted off;

	December 31, 2015	December 31, 2014
Current Period Tax Payable	-	12,979
Prepaid Tax	(1,238)	(10,329)
Total	(1,238)	2,650

a.2) Explanations on taxes payable:

	December 31, 2015	December 31, 2014
Taxation on Securities	5,350	4,277
BITT	4,664	3,828
Corporate Tax Payable	-	2,650
Payroll Tax	1,379	1,218
Property Tax	465	324
Value Added Tax Payable	321	251
Stamp Tax	44	38
Other	66	45
Total	12,289	12,631

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II. Explanations and Disclosures Related to the Liabilities (continued)

a.3) Information on premiums:

	December 31, 2015	December 31, 2014
Social Security Premiums-Employer	823	691
Social Security Premiums-Employee	534	446
Bank Social Aid Pension Fund Premium-Employer	73	61
Bank Social Aid Pension Fund Premium-Employee	36	30
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	-	-
Unemployment Insurance-Employer	-	-
Other	-	-
Total	1,466	1,228

b) Explanations on deferred tax liabilities, if any: None.

10. Information on liabilities regarding assets held for sale and discounted operations: None.**11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:**

The bank does not have subordinated loans.

12. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

As of December 31, 2015 the nominal value of the Bank's capital is amounting to TRY 650,000 and consists of 6,500 million shares.

000 TL	December 31, 2015	December 31, 2014
Common stock(*)	650,000	650,000
Preferred stock	-	-
(*) Nominal Capital		

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II. Explanations and Disclosures Related to the Liabilities (continued)

- b) The Bank does not apply registered share capital system.
- c) Information on share capital increases and their sources; other information on increased capital shares in the current period: Explained in a) section.
- d) Information on share capital increases from revaluation funds in the current period: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Prior year income, profitability and liquidity of the Bank is closely monitored by the Financial Reporting Department and reported to the Board of Directors, Asset and Liability Committee. Risk Management tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for Bank's future interest income via simulations of net interest income and scenario analysis.

- g) Information on preferred shares: None.
- h) Information on marketable securities value increase fund:

	December 31, 2015	December 31, 2014
Valuation Difference	(26,132)	(265)
Foreign Exchange Difference	-	-
Total	(26,132)	(265)

Information on legal reserves :

	December 31, 2015	December 31, 2014
First Legal reserves	3,919	2,322
Second Legal reserves	-	-
Other legal reserves appropriated in accordance with special legislation	-	-
Total	3,919	2,322

Information on extraordinary reserves:

	December 31, 2015	December 31, 2014
Reserves appropriated by the General Assembly	-	-
Retained earnings	63,044	37,377
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	63,044	37,377

13. Information on minority shares: None.

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments**1. Information on off-balance sheet liabilities:****1. a) Nature and amount of irrevocable loan commitments:**

	December 31, 2015	December 31, 2014
Loan granting commitments	62,401	48,896
Payment commitments for checks	111,641	105,800
Forward asset purchase and sales commitments	14,877	9,634
Other irrevocable commitments	494	10,774
Total	189,413	175,104

- b) Possible losses and commitments related to off-balance sheet items including items listed below:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

- b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letters of credits:

	December 31, 2015	December 31, 2014
Bank acceptance loans	2,701	2,532
Letters of credit	150,969	164,711
Other guarantees and collaterals	154,325	118,364
Total	307,995	285,607

- b.2) Guarantees, suretyships, and similar transactions:

	December 31, 2015	December 31, 2014
Definite letter of guarantess	1,333,414	1,240,063
Temporary letter of guarantees	365,002	306,253
Other letter of guarantees	228,119	211,400
Total	1,926,535	1,757,716

- c) c.1) Total amount of non-cash loans:

	December 31, 2015	December 31, 2014
Non-cash loans given against achieving cash loans	151,028	115,212
With maturity of 1 year or less than 1 year	98,319	83,173
With maturity of more than 1 year	52,709	32,039
Other non-cash loans	2,083,502	1,928,111
Total	2,234,530	2,043,323

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

c.2) Information on sectoral risk breakdown of non-cash loans and irrevocable loan commitments (excluding forward asset sales and purchase commitments):

	December 31, 2015				December 31, 2014			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	23,707	1.37	62,886	9.21	33,536	2.21	30,775	4.45
Farming and raising livestock	22,954	1.33	44,192	6.47	30,707	2.02	30,775	4.45
Forestry	720	0.04	18,694	2.74	2,763	0.19	-	-
Fishery	33	-	-	-	66	-	-	-
Manufacturing	349,206	20.23	260,990	38.23	399,231	26.32	370,950	53.62
Mining	10,013	0.58	8,210	1.20	71,271	4.70	30,115	4.35
Production	327,646	18.98	251,590	36.86	316,078	20.84	332,079	48.00
Electric, gas and water	11,547	0.67	1,190	0.17	11,882	0.78	8,756	1.27
Construction	717,001	41.53	208,972	30.62	478,759	31.56	148,928	21.52
Services	587,772	34.04	145,629	21.34	553,513	36.49	137,174	19.83
Wholesale and retail trade	133,221	7.72	70,951	10.39	160,494	10.57	51,745	7.48
Hotel, food and beverage services	8,873	0.51	996	0.15	8,836	0.58	7,105	1.03
Transportation and telecommunication	44,098	2.55	28,347	4.15	38,850	2.56	40,513	5.86
Financial institutions	186,083	10.78	5,990	0.88	163,788	10.80	13,906	2.01
Real estate and renting services	30,674	1.78	6,099	0.89	3,427	0.23	13	0.00
Self-employment services	123,861	7.17	26,862	3.94	144,582	9.53	23,892	3.45
Education services	409	0.02	-	-	231	0.02	-	-
Health and social services	60,553	3.51	6,384	0.94	33,305	2.20	-	-
Other	48,835	2.83	4,068	0.60	51,918	3.42	4,009	0.58
Total	1,726,521	100.00	682,545	100.00	1,516,957	100.00	691,836	100.00

c.3) Information on I st and II nd Group non-cash loans:

Non-cash loans	I st Group (*)		II nd Group	
	TRY	FC	TRY	FC
Letters of guarantee	1,527,601	374,220	24,285	429
Bank acceptances	-	2,701	-	-
Letters of credit	-	150,969	-	-
Endorsements	-	-	-	-
Securities issue purchase and guarantees	-	-	-	-
Other commitments and contingencies	593	153,732	-	-
Total	1,528,194	681,622	24,285	429

(*) Includes III rd, IV th and V th Groups as well. The Bank provided a reserve of TRY 27,069 for non-cash loans not yet indemnified amounting to TRY 7,455.

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)**2. Information related to derivative financial instruments:**

	Derivative transactions according to purposes			
	Trading		Hedging	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Types of trading transactions				
Foreign currency related derivative transactions (I):				
Forward transactions	7,914	10,046	-	-
Swap transactions	32,993	48,075	-	-
Futures transactions	-	-	-	-
Option transactions	-	1,084	-	-
Interest related derivative transactions (II) :				
Forward rate transactions	-	-	-	-
Interest rate swap transactions	-	-	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Other derivative transactions for trade (III)	62,072	166,212	-	-
A. Total trading derivative transactions (I+II+III)	102,979	225,417	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	102,979	225,417	-	-

Forward foreign exchange and swap transactions are for protection from currency fluctuations. According to TAS, they do not qualify as hedging instruments but trading, are remeasured at fair value.

As of December 31, 2015 breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Future Buy	Future Sell
December 31, 2015								
TRY	620	3,369	31,215	-	-	-	-	-
USD	2,913	583	-	16,501	-	-	-	-
EUR	429	-	16,492	-	-	-	-	-
Other	-	-	-	30,857	-	-	-	-
Total	3,962	3,952	47,707	47,358	-	-	-	-
December 31, 2014								
TRY	2,513	2,511	55,988	27,528	269	269	-	-
USD	-	-	-	24,064	273	273	-	-
EUR	2,511	2,511	24,011	-	-	-	-	-
Other	-	-	27,565	55,131	-	-	-	-
Total	5,024	5,022	107,564	106,723	542	542	-	-

3. Informations about credit derivatives and descriptions of the risks:

None.

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)**4. Explanations on contingent liabilities and assets:**

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of jointly controlled entity (joint venture) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in jointly controlled entities (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
- b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of December 31, 2015 and 2014 there are no contingent assets that need to be explained.
- b.2) A provision is made for contingent liabilities, if realization is probable and the amount can reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: Contingent liabilities as of December 31, 2015 and 2014 are explained in section 3 part XIV "Explanations on Provisions and Contingent Liabilities".

5. Custodian and intermediary services:

The Bank provides security purchase-sell and safe keeping services in the name of real persons and legal entities. Details of investment securities held in custody are given in the Statement of Off Balance Sheet Contingencies and Commitments.

IV. Explanations and Disclosures Related to the Statement of Income**1. a) Information on interest on loans:**

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Interest on loans(*)				
Short term loans	199,540	11,315	217,910	15,459
Medium and long term loans	196,585	24,564	118,745	14,814
Interest on non-performing loans	4,076	-	1,171	-
Total	400,201	35,879	337,826	30,273

(*) Includes fees and commissions obtained from cash loans.

b) Information on interest received from banks:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	426	526	145	344
Foreign banks	-	3	-	5
Branches and head office abroad	-	-	-	-
Total	426	529	145	349

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IV. Explanations and Disclosures Related to the Statement of Income (continued)**c) Interest received from marketable securities portfolio:**

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Trading securities	-	-	5	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	61,137	-	62,831	-
Held-to-maturity securities	4,809	-	8,260	-
Total	65,946	-	71,096	-

d) Information on interest income received from associates and subsidiaries:

None.

2. a) Information on interest on funds borrowed:

	December 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	1,165	3,303	1,273	3,358
The Central Bank of Turkey	-	-	-	-
Domestic banks	1,089	427	1,095	666
Foreign banks	76	2,876	178	2,692
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	1,165	3,303	1,273	3,358

(*) Includes fees and commission expenses for borrowings.

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IV. Explanations and Disclosures Related to the Statement of Income (continued)**b. Information on interest expense to associates and subsidiaries:** None.**c. Information on interest expense to marketable securities issued:** None.**d. Distribution of interest expense on deposits based on maturity of deposits:**

December 31, 2015								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TRY								
Bank deposits	-	16	-	-	-	-	-	16
Saving deposits	-	5,748	114,008	9,028	5,100	665	-	134,549
Public sector deposits	-	72	366	167	-	-	-	605
Commercial deposits	-	11,483	67,714	6,189	3,402	7,225	-	96,013
Other deposits	-	3,033	9,875	2,568	-	-	-	15,476
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	20,352	191,963	17,952	8,502	7,890	-	246,659
Foreign Currency								
Foreign currency deposits	-	987	35,526	2,731	853	128	-	40,225
Bank deposits	-	198	-	-	-	-	-	198
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	1,185	35,526	2,731	853	128	-	40,423
Grand Total	-	21,537	227,489	20,683	9,355	8,018	-	287,082

December 31, 2014								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TRY								
Bank deposits	-	37	-	-	-	-	-	37
Saving deposits	-	3,228	80,521	9,137	13,945	528	-	107,359
Public sector deposits	-	-	669	-	-	-	-	669
Commercial deposits	-	8,796	37,596	7,574	4,097	2,656	-	60,719
Other deposits	-	48	6,674	6,350	-	-	-	13,072
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	12,109	125,460	23,061	18,042	3,184	-	181,856
Foreign Currency								
Foreign currency deposits	-	751	30,834	1,934	1,061	1,667	-	36,247
Bank deposits	-	515	-	-	-	-	-	515
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	1,266	30,834	1,934	1,061	1,667	-	36,762
Grand Total	-	13,375	156,294	24,995	19,103	4,851	-	218,618

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IV. Explanations and Disclosures Related to the Statement of Income (continued)**3. Information on Dividend Income:**

	December 31, 2015	December 31, 2014
Trading Securities	-	-
Financial Assets at fair value through profit and loss	-	-
Available for sale securities	8	17
Other	-	-
Total	8	17

4. Information on net trading income:

	December 31, 2015	December 31, 2014
Income	1,137,929	512,074
Gains on capital market operations	2	12
Gains on derivative financial instruments	55,720	22,443
Foreign exchange gains	1,082,207	489,619
Losses (-)	(1,139,431)	(510,948)
Losses on capital market operations	-	-
Losses on derivative financial instruments	(61,111)	(42,260)
Foreign exchange losses	(1,078,320)	(468,688)
Total	(1,502)	1,126

5. Information on other operating income:

	December 31, 2015	December 31, 2014
Reversal of free provisions	8,101	5,305
Reversal of specific provisions (cash)(*)	10,680	21,373
Reversal of unindemnified non-cash loan provision	-	824
Income from sales of assets	1,714	2,074
Income of previous year	1,517	82
Provisions for communication expense collected from customers	39	12
Provisions for expenditure collected from customers	36	42
Reversal of general loan loss provisions(**)	488	7,703
Income from financial leasing	-	-
Other	785	467
Total	23,360	37,882

(*) According to the Board of Directors Decision and dated December 8, 2014, non-performing loans with a principal amount of TRY 21,073 are sold to an asset management company as of December 31, 2014.

(**) In accordance with the change in the "Regulation and Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" (published in the Official Gazette numbered 28789 dated October 8, 2013), banks may apply 0% for standard qualified cash and non-cash export credits, 0.5% for SME cash loans and 0.1% for non-cash loans. Hence, the Bank applied the amendment beginning from January 2014. As of December 31, 2014, TRY 7,703 comprises of reversal of general loan loss provisions due to the transition to new regulation.

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IV. Explanations and Disclosures Related to the Statement of Income (continued)**6. Provision for impairment of loans and other receivables:**

	December 31, 2015	December 31, 2014
Specific provisions for loans and other receivables	41,261	29,650
III. Group Loans and Receivables	12,670	5,091
IV. Group Loans and Receivables	14,825	5,540
V. Group Loans and Receivables	13,766	19,019
General loan loss provision expenses	7,520	9,705
Marketable securities impairment losses	-	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision expense on investments	-	351
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	351
Other	1,395	5,120
Total	50,176	44,826

7. Information on other operating expenses:

	December 31, 2015	December 31, 2014
Personnel expenses	86,029	71,802
Reserve for employee termination benefits	1,483	1,116
Taxes and duties	4,108	3,528
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	4,094	3,217
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	8,143	7,294
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	562	737
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	48,399	48,543
Rent expenses	17,448	13,376
Maintenance expenses	6,214	5,656
Advertisement expenses	575	599
Other expenses(*)	24,162	28,912
Loss on sales of assets (**)	56	21,163
Other(**)	10,809	5,944
Total	163,683	163,344

(*) Included in other operating expenses; vehicle expenses are TRY 4,918, communication expenses are TRY 3,595, cleaning expenses are TRY 938, non-deductible expenses TRY 568, heating- lightening expenses are TRY 1,396, stationery expenses are TRY 816, computer usage expenses TRY 3,346, insurance expenses TRY 662, TRY 82 other provisions, TRY 1,695 expertise expense, TRY 1,021 representation expenses, subcontractor company expense TRY 3,188, and other expenses are TRY 1,937 (December 31 2014; vehicle expenses are TRY 4,453, communication expenses are TRY 2,882, cleaning expenses are TRY 1,007, non-deductible expenses TRY 463, heating- lightening expenses are TRY 1,224, stationery expenses are TRY 794, computer usage expenses TRY 1,585, insurance expenses TRY 525, TRY 8,327 other provisions, TRY 1,744 expertise expense, TRY 1,678 representation expenses, subcontractor company expense TRY 2,447, and other expenses are TRY 1,783.)

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 2,421, assurance and financial services expenses are TRY 2,764, unused vacation expenses are TRY 662, participation to expenses of BRSA are TRY 763 and other expenses are TRY 4,199. (December 31, 2014: TRY 1,846 premiums paid to Saving Deposit Insurance Fund; TRY 2,259 assurance and financial consultancy expenses, unused vacation expenses are TRY 948 and TRY 891 other expenses).

(***) According to the Board of Directors decision dated December 8, 2014, non-performing loans with a principal amount of TRY 21,073 are sold to an asset management company as of December 31, 2014.

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AS OF DECEMBER 31, 2015

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

IV. Explanations and Disclosures Related to the Statement of Income (continued)**8. Information on profit/(loss) from continued and discontinued operations before taxes:**

The Bank has TRY 40,242 profit before tax as of December 31, 2014 and TRY 19,892 profit before tax as of December 31, 2015. Compared to the prior year, net interest income increased by 1%.

9. Information on tax provision for continued and discontinued operations:

- a) As of December 31, 2015; there is no current tax expense (December 31, 2014: TRY 12,979) and TRY 5,326 deferred tax expense (December 31, 2014: TRY 4,668 deferred tax income).
- b) Deferred tax income on temporary differences except carried forward tax loss is TRY 1,716. (December 31, 2014: TRY 11,707 deferred tax income)
- c) Deferred tax expense for temporary differences on carried forward tax losses or tax exemptions/deductions which is included in the current year income statement is TRY 7,042 (December 31, 2014: TRY 7,039 deferred tax expense).
- d) Tax reconciliation:

	December 31, 2015	December 31, 2014
Profit before tax	19,832	40,242
Tax at the domestic income tax rate of 20% (2014: 20%)	(3,966)	(8,048)
Disallowables and other, net	(1,360)	(263)
Tax Calculated	(5,326)	(8,311)

10. Information on net profit/(loss) from continued and discontinued operations:

The Bank has TRY 31,931 net profit as of December 31, 2014 and TRY 14,506 net profit as of December 31, 2015 respectively.

11. The explanations on net income / loss for the period:

- a) The nature amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period : None.
- b) Financial Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- c) Profit or loss attributable to minority shares: None.

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IV. Explanations and Disclosures Related to the Statement of Income (continued)**12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:**

	December 31, 2015	December 31, 2014
<i>Other fees and commissions received</i>		
Expertise fees collected from customers	1,936	1,940
Insurance commission	868	705
Transfer commissions	703	503
Cheque expenses	352	304
Information expenses	77	209
Safe-deposit commissions	77	68
Bill of credit commissions	49	43
Letter of credit commissions	25	39
Collection item commissions	8	5
Credit cards commissions and fees	6	5
Other banking operations income (*)	7,425	9,766
Total	11,526	13,587

(*) Other banking operations income includes accounts such as bank operations income, collection expenses, credit expenses.

	December 31, 2015	December 31, 2014
<i>Other fees and commissions given</i>		
Commissions given to banks	637	502
Money transfer commission	350	433
EFT commissions	278	246
Transfer commissions	199	147
Bond exchange transaction fee	39	83
Credit card commissions	38	57
ATM commission	12	10
Other	98	69
Total	1,651	1,547

V. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity

- a) Decrease resulting from revaluation of financial assets available for sale is amounting to TRY 25,867 (December 31, 2014: TRY 32,679 increase).
- b) Increase in cash flow risk hedging items: None.
- b.1) Reconciliation of beginning and ending balances: None.
- b.2) Amount recorded in the current period if a gain or loss from a cash flow hedging derivative or non-derivative financial asset is accounted for under shareholders' equity: None.
- c) The reconciliation related with foreign currency translation differences at the beginning and end of the period: None.
- d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- e) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not yet been conducted as of the date the accompanying financial statements are authorized for issue.
- f) Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: The Board of Directors has not decided for profit appropriation as of the date the financial statements are authorized for issue.
- g) Amounts transferred to legal reserves is amounting to TRY 1,597 (December 31, 2014: TRY 720)
- h) Information on shares issued:

The Bank does not have any issued debt securities. As of the date of approval of these financial statements, there is no subsequent dividend announcement of the Bank after the balance sheet date.

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

VI. Explanations and Disclosures Related to Statement of Cash Flows**1. The effects of the other items stated in the statement of cash flows and the changes in foreign currency exchange rates on cash and cash equivalents:**

"Other items" amounting to TRY 58,417 in "Operating profit before changes in operating assets and liabilities" in essence consist of fees and commissions paid, gain/losses from derivative financial instruments and other operating expenses (except for personnel expenses, reserve for employee termination benefits, depreciation expenses and taxes paid).

"Net increase/decrease in other liabilities" amounting to TRY 8,299 in "Changes in operating assets and liabilities" in essence consists of changes in sundry creditors, other liabilities and tax liability.

"Net increase/decrease in other assets" amounting to TRY 22,094 in "Changes in operating assets and liabilities" in essence consists of changes in sundry debtors and other assets.

The effect of the change in the foreign exchange rate on the cash and cash equivalents is calculated as approximately TRY 76,216 and it represents the effect of the change in the foreign exchange rates over the foreign currency cash and cash equivalents

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the statement of cash flow:

Beginning of the period	December 31, 2014	December 31, 2013
Cash		
Cash in TRY/Foreign Currency	37,515	23,254
The Central Bank of Turkey	46,154	36,708
Other	-	-
Cash equivalents		
Banks and receivables from financial institutions	273,072	286,381
Money market placements	-	70,000
Total cash and cash equivalents	356,741	416,343
End of the period	December 31, 2015	December 31, 2014
Cash		
Cash in TRY/Foreign Currency	43,205	37,515
The Central Bank of Turkey	101,530	46,154
Other	-	-
Cash equivalents		
Banks and receivables from financial institutions	388,353	273,072
Money market placements	50,000	-
Total cash and cash equivalents	583,088	356,741

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

VII. Explanations on the Risk Group of the Bank**1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:****a) December 31, 2015:**

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	99	85	-	15,913
Balance at end of period	-	-	112	63	-	18,459
Interest and commission income	-	-	-	8	361	152

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contain foreign bank accounts amounting to TRY 112.

b) December 31, 2014:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	73	3,211	23	11,151
Balance at end of period	-	-	99	85	-	15,913
Interest and commission income	-	-	-	24	83	113

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains foreign bank accounts amounting to TRY 99.

c.1) Information on related party deposits balances:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Deposits						
Balance at beginning of period	-	-	730	969	89,693	33,545
Balance at end of period	-	-	844	730	19,194	89,693
Interest on deposits	-	-	-	-	7,888	6,007

In addition, the Bank has "Funds Borrowed" at an amount of TRY 59,762 used from risk group of the Bank (December 31, 2014: TRY 302) and TRY 2,334 (December 31, 2014: TRY 1,631) interest expense was incurred from funds borrowed in 2015.

c.2) Information on forward and option agreements and other similar agreements made with related parties: None.

d) As of December 31, 2015, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 11,108 (December 31, 2014: TRY 9,424)

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

VII. Explanations on the Risk Group of the Bank (continued)**2. Disclosures for related parties:**

a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various commercial transactions with related parties.

b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	-	-
Banks and other receivables	112	0.03
Non-cash loans	18,522	0.77
Deposits	20,038	0.45
Borrowings	59,762	26.55

These transactions are priced in accordance with the general pricing policies of the Bank.

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: Explained in b).

d) Transactions accounted under the equity method: None.

e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.27%. Details of these loans are explained in 1a above.

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

VIII. Explanations on the Bank's domestic branches, agencies and branches abroad and off- shore branches**1. Explanations on the Bank's domestic branches, agencies and branches abroad and off- shore branches:**

	Number	Employees			
Domestic branches	34	662			
			Country		
Rep-offices abroad	-	-	-		
				Total Assets	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

2. Explanations on Branch and Agency Openings or Closings of the Bank::

None.

IX. Explanations and disclosures related to subsequent events

None.

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TURKLAND BANK ANONİM ŞİRKETİNOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION SIX**OTHER EXPLANATIONS****I. Other Explanations on the Operations of the Bank:**

The Bank is not required to prepare consolidated financial statements as per the decree of "Preparation of financial statements of the Bank" published in the official gazette dated November 8, 2006 and mubered 26340.

SECTION SEVEN**INDEPENDENT AUDITOR'S REPORT****I. Explanations on the Independent Auditor's Report:**

The unconsolidated financial statements of the Bank as of December 31, 2015 were audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited).

The independent auditor's report dated February 11, 2016 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.

T-BANK CREDIT RATINGS

Foreign Currency

Long Term/Short Term/Outlook BB/B/Negative

Local Currency

Long Term/Short Term/Outlook BB/B/Negative

National

Long Term/Outlook/ Financial Capacity/Support AA-(tur)/Negative/B+/3

Country Risk

Long Term Foreign Currency/Long Term Domestic Currency/Outlook BBB/BBB-/Stable

T-Bank's credit grades are determined by Fitch Ratings.

Addresses

Title	: Turkland Bank A.Ş.
Trade Registration No	: 281462
Customer Services	: 444 8265 / 444 TBNK
Web Address	: www.tbank.com.tr
Social Media	: facebook.com/TBankAS
	: linkedin.com/company/turkland-bank
	: twitter/turklandbank
	: instagram/@turklandbank

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Fax: (264) 274 78 91 - 92

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Fax: (312) 419 67 10

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Fax: (258) 263 86 60

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Addresses

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Alsancak/İzmir

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Fax: (232) 489 94 21

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Kartal E-5

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Dumankaya Bulvar E Blok Kartal/ İSTANBUL

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Kayseri

Address: Cumhuriyet Mah. Vatan Cad. No:28 A-B
Kayseri

Tel: 0352 232 46 44

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Konya

Address: Mussallabağları Mah. Nalçacı Cad. No: 88/A
Konya

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Kozyatağı

Address: Bayar Cad. Gülbahar Sok. Perdemsac Plaza
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