

**TURKLAND BANK ANONİM ŐİRKETİ**

**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*

*“Convenience Translation of the Independent Auditor’s Report Originally Issued in Turkish”*

To the Board of Directors of  
Turkland Bank Anonim Şirketi  
Istanbul

**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	A. Dinçer ALPMAN	Mehmet ÖZGÜNER	H. Efe İçli
Chairman of the Board of Directors	General Manager	Executive Vice President	Manager Financial Affairs
Mehmet Behçet PERİM	Mohamed Ali BEYHUM	Nadya Nabil Tawfik TALHOUNİ	
Member of Audit Committee	Member of Audit Committee	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

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

## INDEX

### **SECTION ONE** General Information

- I. Bank's Incorporation Date, Beginning Statute, Changes in the Existing Statute
- 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
- 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
- IV. Information about the Persons and Institutions that have Qualified Shares
- V. Summary on the Bank's Functions and Areas of Activity
- 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
- 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

### **SECTION TWO** Unconsolidated Financial Statements

- I. Balance Sheet ( Financial Statement)
- 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 Flows
- VII. Profit Distribution Table

### **SECTION THREE** Accounting Principles

- I. Basis of Presentation
- II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions
- III. Explanations on Forward and Option Contracts and Derivative Instruments
- IV. Explanations on Interest Income and Expenses
- V. Explanations on Fees and Commission Income and Expenses
- VI. Explanations on Financial Assets
- VII. Explanations on Impairment of Financial Assets
- VIII. Explanations on Offsetting of Financial Assets and Liabilities
- IX. Explanations on Sales and Repurchase Agreements and Lending of Securities
- X. Explanations on Assets Held For Sale and Discontinued Operations
- XI. Explanations on Goodwill and Other Intangible Assets
- XII. Explanations on Tangible Fixed Assets
- XIII. Explanations on Leasing Transactions
- XIV. Explanations on Provisions and Contingent Liabilities
- XV. Explanations on Liabilities Regarding Employee Benefits
- XVI. Explanations on Taxation
- XVII. Additional Explanations on Borrowings
- XVIII. Explanations on Issued Share Certificates
- XIX. Explanations on Acceptances
- XX. Explanations on Government Incentives
- XXI. Explanations on Segment Reporting
- XXII. Explanations on Other Matters

### **SECTION FOUR** Information on Financial Structure

- I. Explanations Related to the Capital Adequacy Standard Ratio
- II. Explanations Related to Credit Risk
- III. Explanations Related to Market Risk
- IV. Explanations Related to Operational Risk
- V. Explanations Related to Currency Risk
- VI. Explanations Related to Interest Rate Risk
- VII. Explanations Related to Equity Position Risk
- VIII. Explanations Related to Liquidity Risk
- IX. Explanations on Securitization Positions
- X. Explanations on Credit Risk Mitigation Techniques
- XI. Explanations on Structure and Organization of the Risk Management System
- XII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value
- XIII. Explanations Related to Transactions Made on Behalf of Others and Fiduciary Transactions

### **SECTION FIVE** Explanations and Disclosures on Unconsolidated Financial Statements

- I. Explanations and Disclosures Related to the Assets
- II. Explanations and Disclosures Related to the Liabilities
- III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments
- IV. Explanations and Disclosures Related to the Statement of Income
- V. Explanations and Disclosures Related to the Statement of Changes in Shareholders' Equity
- VI. Explanations and Disclosures Related to the Statement of Cash Flows
- VII. Explanations on the Risk Group of the Bank
- VIII. Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches
- IX. Explanations and Disclosures Related to Subsequent Events

### **SECTION SIX** Other Explanations

- I. Other Explanations on the Operations of the Bank

### **SECTION SEVEN** Independent Auditor's Report

- I. Explanations on the Independent Auditor's Report
- II. Other Footnotes and Explanations Prepared by the Independent Auditors

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**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 Kuvveyt 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.

## 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 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	-
<b>Total</b>	<b>650,000.00</b>	<b>%100,0</b>	<b>650,000.00</b>	<b>-</b>

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.

#### 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

<u>Title</u>	<u>Name and Surname(*)</u>	<u>Responsibility</u>	<u>Education</u>
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
	HAITHAM HELMI MOHAMMAD FOUDEH	Member	Master Degree
General Manager and Member of Board of Directors	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
	MÜNEVVER 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:

<b>Name of Shareholders</b>	<b>Share Amount</b>	<b>Share Ratios</b>	<b>Paid up Shares</b>	<b>Unpaid Shares</b>
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:

- a. Acceptance of Deposit
- b. Corporate and Retail Banking
- c. Foreign Trade
- d. Capital Market Transactions
- e. 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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**SECTION TWO**

**UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off Balance Sheet Contingencies and Commitments
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**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.)

**I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)**

	Note Ref (Section Five)	Audited Current Period 31.12.2015			Audited Prior Period 31.12.2014		
		TRY	FC	Total	TRY	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	I-1	<b>49,906</b>	<b>565,182</b>	<b>615,088</b>	<b>52,568</b>	<b>424,576</b>	<b>477,144</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	I-2	<b>406</b>	<b>29</b>	<b>435</b>	<b>934</b>	<b>19</b>	<b>953</b>
2.1 Financial assets held for trading		406	29	435	934	19	953
2.1.1 Public sector debt securities		25	-	25	27	-	27
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		381	29	410	907	19	926
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. BANKS</b>	I-3	<b>24,022</b>	<b>364,341</b>	<b>388,363</b>	<b>64,037</b>	<b>209,055</b>	<b>273,092</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		<b>50,015</b>	<b>-</b>	<b>50,015</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		50,015	-	50,015	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	I-4	<b>669,357</b>	<b>3</b>	<b>669,360</b>	<b>775,537</b>	<b>3</b>	<b>775,540</b>
5.1 Share certificates		138	-	138	137	-	137
5.2 Public sector debt securities		669,219	3	669,222	775,400	3	775,403
5.3 Other marketable securities		-	-	-	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	I-5	<b>3,436,235</b>	<b>527,108</b>	<b>3,963,343</b>	<b>2,842,700</b>	<b>522,442</b>	<b>3,365,142</b>
6.1 Loans and receivables		3,271,816	527,108	3,798,924	2,791,783	522,442	3,314,225
6.1.1 Loans to risk group of the Bank		-	-	-	-	-	-
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		3,271,816	527,108	3,798,924	2,791,783	522,442	3,314,225
6.2 Non-performing loans		241,820	-	241,820	95,570	-	95,570
6.3 Specific provisions (-)		(77,401)	-	(77,401)	(44,653)	-	(44,653)
<b>VII. FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	I-6	<b>22,080</b>	<b>-</b>	<b>22,080</b>	<b>100,420</b>	<b>-</b>	<b>100,420</b>
8.1 Public sector debt securities		22,080	-	22,080	100,420	-	100,420
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	I-7	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	I-8	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
<b>XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)</b>	I-9	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	I-10	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	I-11	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	I-12	<b>45,404</b>	<b>-</b>	<b>45,404</b>	<b>48,020</b>	<b>-</b>	<b>48,020</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	I-13	<b>12,716</b>	<b>-</b>	<b>12,716</b>	<b>18,231</b>	<b>-</b>	<b>18,231</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		12,716	-	12,716	18,231	-	18,231
<b>XVI. INVESTMENT PROPERTY (Net)</b>	I-14	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>	I-15	<b>4,851</b>	<b>-</b>	<b>4,851</b>	<b>3,972</b>	<b>-</b>	<b>3,972</b>
17.1 Current tax asset		1,238	-	1,238	-	-	-
17.2 Deferred tax asset		3,613	-	3,613	3,972	-	3,972
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	I-16	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	I-17	<b>47,068</b>	<b>10</b>	<b>47,078</b>	<b>25,510</b>	<b>536</b>	<b>26,046</b>
<b>TOTAL ASSETS</b>		<b>4,362,060</b>	<b>1,456,673</b>	<b>5,818,733</b>	<b>3,931,929</b>	<b>1,156,631</b>	<b>5,088,560</b>

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**

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

	Note Ref. (Section Five)	Audited Current Period 31.12.2015			Audited Prior Period 31.12.2014		
		TRY	FC	Total	TRY	FC	Total
<b>I. DEPOSITS</b>	II-1	<b>2,760,498</b>	<b>1,720,813</b>	<b>4,481,311</b>	<b>2,157,865</b>	<b>1,430,660</b>	<b>3,588,525</b>
1.1 Deposits from risk group of the Bank		13,913	6,125	20,038	86,815	3,608	90,423
1.2 Other		2,746,585	1,714,688	4,461,273	2,071,050	1,427,052	3,498,102
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	II-2	<b>3</b>	<b>34</b>	<b>37</b>	<b>9</b>	<b>59</b>	<b>68</b>
<b>III. FUNDS BORROWED</b>	II-3	<b>16,785</b>	<b>208,264</b>	<b>225,049</b>	<b>13,812</b>	<b>124,440</b>	<b>138,252</b>
<b>IV. MONEY MARKET BALANCES</b>		<b>199,302</b>	<b>-</b>	<b>199,302</b>	<b>430,464</b>	<b>-</b>	<b>430,464</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements	II-4	199,302	-	199,302	430,464	-	430,464
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1 Bomower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		<b>24,549</b>	<b>12,577</b>	<b>37,126</b>	<b>52,464</b>	<b>9,282</b>	<b>61,746</b>
<b>VIII. OTHER LIABILITIES</b>	II-5	<b>55,469</b>	<b>2,278</b>	<b>57,747</b>	<b>38,957</b>	<b>1,491</b>	<b>40,448</b>
<b>IX. FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. LEASE PAYABLES (Net)</b>	II-6	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	II-7	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	II-8	<b>60,679</b>	<b>913</b>	<b>61,592</b>	<b>60,731</b>	<b>730</b>	<b>61,461</b>
12.1 General loan loss provisions		39,402	-	39,402	32,370	-	32,370
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		12,236	-	12,236	10,529	-	10,529
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		9,041	913	9,954	17,832	730	18,562
<b>XIII. TAX LIABILITY</b>	II-9	<b>13,755</b>	<b>-</b>	<b>13,755</b>	<b>13,859</b>	<b>-</b>	<b>13,859</b>
13.1 Current tax liability		13,755	-	13,755	13,859	-	13,859
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	II-12	<b>742,814</b>	<b>-</b>	<b>742,814</b>	<b>753,737</b>	<b>-</b>	<b>753,737</b>
16.1 Paid-in capital		650,000	-	650,000	650,000	-	650,000
16.2 Supplementary capital		(373)	-	(373)	25,056	-	25,056
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(26,132)	-	(26,132)	(265)	-	(265)
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (joint vent.)		45	-	45	45	-	45
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		25,714	-	25,714	25,276	-	25,276
16.3 Profit reserves		78,681	-	78,681	46,750	-	46,750
16.3.1 Legal reserves		3,919	-	3,919	2,322	-	2,322
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		63,044	-	63,044	37,377	-	37,377
16.3.4 Other profit reserves		11,718	-	11,718	7,051	-	7,051
16.4 Profit or loss		14,506	-	14,506	31,931	-	31,931
16.4.1 Prior years' income/(losses)		-	-	-	-	-	-
16.4.2 Current year income/(loss)		14,506	-	14,506	31,931	-	31,931
16.5 Minority shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,873,854</b>	<b>1,944,879</b>	<b>5,818,733</b>	<b>3,521,898</b>	<b>1,566,662</b>	<b>5,088,560</b>

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**

**II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS**

Note Ref. (Section Five)	Audited Current Period 31.12.2015			Audited Prior Period 31.12.2014		
	TRY	FC	Total	TRY	FC	Total
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>	<b>1,763,162</b>	<b>763,760</b>	<b>2,526,922</b>	<b>1,609,294</b>	<b>834,550</b>	<b>2,443,844</b>
<b>I. GUARANTEES</b>	<b>1,552,479</b>	<b>682,051</b>	<b>2,234,530</b>	<b>1,361,040</b>	<b>682,283</b>	<b>2,043,323</b>
1.1 Letters of guarantee	1,551,886	374,649	1,926,535	1,360,112	397,604	1,757,716
1.1.1 Guarantees subject to State Tender Law	13,038	2,484	15,522	14,141	9,108	23,249
1.1.2 Guarantees given for foreign trade operations	75,652	34,029	109,681	81,279	54,894	136,173
1.1.3 Other letters of guarantee	1,463,196	338,136	1,801,332	1,264,692	333,602	1,598,294
1.2 Bank loans	-	2,701	2,701	-	2,532	2,532
1.2.1 Import letter of acceptance	-	2,701	2,701	-	2,532	2,532
1.2.2 Other bank acceptances	-	-	-	-	-	-
1.3 Letters of credit	-	150,969	150,969	78	164,633	164,711
1.3.1 Documentary letters of credit	-	150,969	150,969	78	164,633	164,711
1.3.2 Other letters of credit	-	-	-	-	-	-
1.4 Prefinancing given as guarantee	-	-	-	-	-	-
1.5 Endorsements	-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey	-	-	-	-	-	-
1.5.2 Other endorsements	-	-	-	-	-	-
1.6 Securities issue purchase guarantees	-	-	-	-	-	-
1.7 Factoring guarantees	-	-	-	-	-	-
1.8 Other guarantees	593	153,732	154,325	850	117,514	118,364
1.9 Other collaterals	-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>175,479</b>	<b>13,934</b>	<b>189,413</b>	<b>159,176</b>	<b>15,928</b>	<b>175,104</b>
2.1 Inevocable commitments	175,479	13,934	189,413	159,176	15,928	175,104
2.1.1 Forward asset purchase and sales commitments	1,437	13,440	14,877	3,260	6,374	9,634
2.1.2 Forward deposit purchase and sales commitments	-	-	-	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries	-	-	-	-	-	-
2.1.4 Loan granting commitments	62,401	-	62,401	48,896	-	48,896
2.1.5 Securities underwriting commitments	-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7 Payment commitment for checks	111,641	-	111,641	105,800	-	105,800
2.1.8 Tax and fund liabilities from export commitments	-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits	-	-	-	-	-	-
2.1.10 Commitments for promotions related with credit cards and banking activities	-	-	-	-	-	-
2.1.11 Receivables from short sale commitments	-	-	-	-	-	-
2.1.12 Payables for short sale commitments	-	-	-	-	-	-
2.1.13 Other inevocable commitments	-	494	494	1,220	9,554	10,774
2.2 Revocable commitments	-	-	-	-	-	-
2.2.1 Revocable loan granting commitments	-	-	-	-	-	-
2.2.2 Other revocable commitments	-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>35,204</b>	<b>67,775</b>	<b>102,979</b>	<b>89,078</b>	<b>136,339</b>	<b>225,417</b>
3.1 Derivative financial instruments for hedging purposes	-	-	-	-	-	-
3.1.1 Fair value hedge	-	-	-	-	-	-
3.1.2 Cash flow hedge	-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations	-	-	-	-	-	-
3.2 Held for trading transactions	35,204	67,775	102,979	89,078	136,339	225,417
3.2.1 Forward foreign currency buy/sell transactions	3,989	3,925	7,914	5,024	5,022	10,046
3.2.1.1 Forward foreign currency transactions-buy	620	3,342	3,962	2,513	2,511	5,024
3.2.1.2 Forward foreign currency transactions-sell	3,369	583	3,952	2,511	2,511	5,022
3.2.2 Swap transactions related to foreign currency, and interest rates	-	32,993	32,993	-	48,075	48,075
3.2.2.1 Foreign currency swaps-buy	-	16,492	16,492	-	24,011	24,011
3.2.2.2 Foreign currency swaps-sell	-	16,501	16,501	-	24,064	24,064
3.2.2.3 Interest rate swaps-buy	-	-	-	-	-	-
3.2.2.4 Interest rate swaps-sell	-	-	-	-	-	-
3.2.3 Foreign currency, interest rate and securities options	-	-	-	538	546	1,084
3.2.3.1 Foreign currency options-buy	-	-	-	269	273	542
3.2.3.2 Foreign currency options-sell	-	-	-	269	273	542
3.2.3.3 Interest rate options-buy	-	-	-	-	-	-
3.2.3.4 Interest rate options-sell	-	-	-	-	-	-
3.2.3.5 Securities options-buy	-	-	-	-	-	-
3.2.3.6 Securities options-sell	-	-	-	-	-	-
3.2.4 Foreign currency futures	-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy	-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell	-	-	-	-	-	-
3.2.5 Interest rate futures	-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell	-	-	-	-	-	-
3.2.6 Other	31,215	30,857	62,072	83,516	82,696	166,212
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>	<b>77,568,021</b>	<b>6,327,175</b>	<b>83,895,196</b>	<b>73,622,569</b>	<b>6,565,254</b>	<b>80,187,823</b>
<b>IV. ITEMS HELD IN CUSTODY</b>	<b>630,014</b>	<b>42,945</b>	<b>672,959</b>	<b>597,396</b>	<b>66,013</b>	<b>663,409</b>
4.1 Assets under management	-	-	-	-	-	-
4.2 Investment securities held in custody	4,556	1,451	6,007	11,090	4,744	15,834
4.3 Checks received for collection	612,246	40,330	652,576	571,465	56,503	627,968
4.4 Commercial notes received for collection	13,212	782	13,994	14,841	2,910	17,751
4.5 Other assets received for collection	-	382	382	-	1,838	1,838
4.6 Assets received for public offering	-	-	-	-	-	-
4.7 Other items under custody	-	-	-	-	18	18
4.8 Custodians	-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>	<b>76,938,007</b>	<b>6,284,230</b>	<b>83,222,237</b>	<b>73,025,173</b>	<b>6,499,241</b>	<b>79,524,414</b>
5.1 Marketable securities	-	-	-	661	-	661
5.2 Guarantee notes	53,686	3,583	57,269	35,506	15,943	51,449
5.3 Commodities	1,646	-	1,646	1,646	-	1,646
5.4 Warrants	-	-	-	-	-	-
5.5 Properties	2,822,430	156,044	2,978,474	2,738,012	153,175	2,891,187
5.6 Other pledged items	74,060,245	6,124,603	80,184,848	70,249,348	6,330,123	76,579,471
5.7 Pledged items-depository	-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>79,331,183</b>	<b>7,090,935</b>	<b>86,422,118</b>	<b>75,231,863</b>	<b>7,399,804</b>	<b>82,631,667</b>

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.)

**III. STATEMENT OF INCOME**

	Note Ref. (Section Five)	Audited Current Period 01.01-31.12.2015	Audited Prior Period 01.01-31.12.2014
<b>I. INTEREST INCOME</b>	IV-1	<b>510,211</b>	<b>441,218</b>
1.1 Interest on loans		436,080	368,099
1.2 Interest received from reserve deposits		4,502	195
1.3 Interest received from banks		955	494
1.4 Interest received from money market placements		753	62
1.5 Interest received from marketable securities portfolio		65,946	71,096
1.5.1 Held-for-trading financial assets		-	5
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		61,138	62,831
1.5.4 Investments held-to-maturity		4,808	8,260
1.6 Finance lease income		-	-
1.7 Other interest income		1,975	1,272
<b>II. INTEREST EXPENSE</b>	IV-2	<b>(326,407)</b>	<b>(259,911)</b>
2.1 Interest on deposits		(287,082)	(218,618)
2.2 Interest on funds borrowed		(4,468)	(4,631)
2.3 Interest on money market borrowings		(29,847)	(34,784)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(5,010)	(1,878)
<b>III. NET INTEREST INCOME (I - II)</b>		<b>183,804</b>	<b>181,307</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>28,021</b>	<b>28,080</b>
4.1 Fees and commissions received		29,738	29,710
4.1.1 Non-cash loans		18,212	16,123
4.1.2 Other	IV-12	11,526	13,587
4.2 Fees and commissions paid		(1,717)	(1,630)
4.2.1 Non-cash loans		(66)	(83)
4.2.2 Other	IV-12	(1,651)	(1,547)
<b>V. DIVIDEND INCOME</b>	IV-3	<b>8</b>	<b>17</b>
<b>VI. NET TRADING INCOME</b>	IV-4	<b>(1,502)</b>	<b>1,126</b>
6.1 Securities trading gains/ (losses)		2	12
6.2 Gain/(losses) from derivative financial instruments		(5,391)	(19,817)
6.3 Foreign exchange gains/ (losses)		3,887	20,931
<b>VII. OTHER OPERATING INCOME</b>	IV-5	<b>23,360</b>	<b>37,882</b>
<b>VIII. NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>233,691</b>	<b>248,412</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	IV-6	<b>(50,176)</b>	<b>(44,826)</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	IV-7	<b>(163,683)</b>	<b>(163,344)</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>19,832</b>	<b>40,242</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII. PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD</b>		-	-
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>		<b>19,832</b>	<b>40,242</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	IV-9	<b>(5,326)</b>	<b>(8,311)</b>
16.1 Provision for current income taxes		-	(12,979)
16.2 Provision for deferred taxes		(5,326)	4,668
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>		<b>14,506</b>	<b>31,931</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	-
18.1 Income on assets held for sale		-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-
18.3 Income on other discontinued operations		-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1 Loss from assets held for sale		-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-
19.3 Loss from other discontinued operations		-	-
<b>XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>		-	-
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
21.1 Provision for current income taxes		-	-
21.2 Provision for deferred taxes		-	-
<b>XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	IV-11	<b>14,506</b>	<b>31,931</b>

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**

	Audited Current Period 01.01-31.12.2015	Audited Prior Period 01.01-31.12.2014
I. Additions to marketable securities revaluation differences for available for sale financial assets	(32,334)	40,849
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign currency translation differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted for under equity due to TAS	438	(678)
IX. Deferred tax of valuation differences	6,467	(8,170)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	(25,429)	32,001
XI. Profit/Loss	14,506	31,931
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	-	-
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	14,506	31,931
XII. Total Profit/Loss accounted for in the period (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**

Audited	Note	Effect on	Share	Share	Legal	Statutory	Extraordinary	Other	Current Period	Prior Period	Marketable	Tangible	Bonus	Hedging	Acc. Valuation	Total Equity	Minority	Total Equity
	(Section	Inflation	Share	Certificate	Reserves	Reserves	Reserves	Reserves	Net	Net	Securities	and	Shares	Funds	Diff. From	before	Shares	
Prior Period – 01.01-31.12.2014	Five)	Accounting on	Premium	Cancellation	Reserves	Reserves	Reserves	Reserves	Income/(Loss)	Income/(Loss)	Value Increase	Intangible	Obtained		Assets Held for	Minority	Shares	
		Capital and		Profits							Fund	Assets	from	Assets and	Shares			
		Other Capital										Revaluation	Associates	Assets from				
I. Prior opening balance		500,000	25,999	-	1,602	-	23,696	7,051	14,401	-	(32,944)	-	-	-	-	539,805	-	539,805
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)		500,000	25,999	-	1,602	-	23,696	7,051	14,401	-	(32,944)	-	-	-	-	539,805	-	539,805
Changes in the period		-	-	-	-	-	-	-	(14,401)	14,401	-	-	-	-	-	-	-	-
IV. Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	32,679	-	-	-	-	32,679	-	32,679
VI. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-	-	-	-	-	-	-	-	45	-	-	45	-	45
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000	-	150,000
14.1 Cash		150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000	-	150,000
14.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other (*)		-	(723)	-	-	-	-	-	-	-	-	-	-	-	-	(723)	-	(723)
XIX. Period net income/(loss)		-	-	-	-	-	-	-	31,931	-	-	-	-	-	-	31,931	-	31,931
XX. Profit distribution		-	-	-	720	-	13,681	-	-	(14,401)	-	-	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	720	-	13,681	-	-	(14,401)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		650,000	25,276	-	2,322	-	37,377	7,051	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**

	Note (Section Five)	Paid-in Capital	Effect on Inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. From Assets Held for Sale and Assets from Disc. Op.	Total Equity before Minority Shares	Minority Shares	Total Equity
<b>Audited</b>																			
<b>Current Period- 01.01-31.12.2015</b>																			
I.		650,000	25,276	-	-	2,322	-	37,377	7,051	31,931	-	(265)	-	45	-	-	753,737	-	753,737
		-	-	-	-	-	-	-	-	(31,931)	31,931	-	-	-	-	-	-	-	-
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	(25,867)	-	-	-	-	(25,867)	-	(25,867)
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	438	-	-	-	-	-	-	-	-	-	-	-	-	-	438	-	438
XVII.		-	-	-	-	-	-	-	-	14,506	-	-	-	-	-	-	14,506	-	14,506
XVIII.		-	-	-	-	1,597	-	25,667	4,667	-	(31,931)	-	-	-	-	-	-	-	-
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2		-	-	-	-	1,597	-	25,667	4,667	-	(31,931)	-	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>650,000</b>	<b>25,714</b>	<b>-</b>	<b>-</b>	<b>3,919</b>	<b>-</b>	<b>63,044</b>	<b>11,718</b>	<b>14,506</b>	<b>-</b>	<b>(26,132)</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>742,814</b>	<b>-</b>	<b>742,814</b>

(\*) 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.



**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**

	Note	Audited Current Period 01.01-31.12.2015	Audited Prior Period 01.01-31.12.2014
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>(26,966)</b>	<b>70,373</b>
1.1.1 Interest received		455,943	403,136
1.1.2 Interest paid		(328,281)	(247,550)
1.1.3 Dividend received		8	17
1.1.4 Fees and commissions received		29,109	31,312
1.1.5 Other income		(69,570)	5,121
1.1.6 Collections from previously written off loans		37,968	24,819
1.1.7 Payments to personnel and service suppliers		(90,946)	(76,255)
1.1.8 Taxes paid		(2,780)	(2,193)
1.1.9 Others	VI-1	(58,417)	(68,034)
<b>2.1 Changes in operating assets and liabilities</b>		<b>(29,680)</b>	<b>(109,462)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		-	90
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(75,220)	(62,913)
1.2.4 Net (increase) decrease in loans		(674,360)	(774,655)
1.2.5 Net (increase) (decrease) in other assets	VI-1	(22,094)	(7,111)
1.2.6 Net increase (decrease) in bank deposits		(236,241)	19,118
1.2.7 Net increase (decrease) in other deposits		899,780	754,290
1.2.8 Net increase (decrease) in funds borrowed		86,754	(77,744)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	VI-1	(8,299)	39,463
<b>I. Net cash provided from banking operations</b>		<b>(56,646)</b>	<b>(39,089)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>206,777</b>	<b>(189,057)</b>
2.1 Cash paid for purchase of jointly controlled entities, associates and subsidiaries		-	-
2.2 Cash obtained from sale of jointly controlled entities, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(5,905)	(10,588)
2.4 Fixed assets sales		38,002	10,228
2.5 Cash paid for purchase of financial assets available for sale		(101,527)	(242,818)
2.6 Cash obtained from sale of financial assets available for sale		202,576	58,545
2.7 Cash paid for purchase of investment securities		-	(20,016)
2.8 Cash obtained from sale of investment securities		76,258	20,443
2.9 Others		(2,627)	(4,851)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from financing activities</b>		<b>-</b>	<b>150,045</b>
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	150,045
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	VI-1	<b>76,216</b>	<b>18,499</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>	VI-2	<b>226,347</b>	<b>(59,602)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	VI-2	<b>356,741</b>	<b>416,343</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>583,088</b>	<b>356,741</b>

The accompanying notes are an integral part of these 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**

	Audited	Audited
	Current Period	Prior Period
	31.12.2015 (*)	31.12.2014
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1	19,832	40,242
1.2	(5,326)	(8,311)
1.2.1	-	(12,979)
1.2.2	-	-
1.2.3	(5,326)	4,668
<b>A.</b>	<b>14,506</b>	<b>31,931</b>
1.3	-	-
1.4	-	-
1.5	-	1,597
<b>B.</b>	<b>-</b>	<b>30,334</b>
1.6	-	-
1.6.1	-	-
1.6.2	-	-
1.6.3	-	-
1.6.4	-	-
1.6.5	-	-
1.7	-	-
1.8	-	-
1.9	-	-
1.9.1	-	-
1.9.2	-	-
1.9.3	-	-
1.9.4	-	-
1.9.5	-	-
1.1	-	-
1.1.1	-	-
1.1.2	-	25,667
1.1.3	-	4,667
1.1.4	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1	-	-
2.2	-	-
2.3	-	-
2.3.1	-	-
2.3.2	-	-
2.3.3	-	-
2.3.4	-	-
2.3.5	-	-
2.4	-	-
2.5	-	-
<b>III. EARNINGS PER SHARE (***)</b>		
3.1	-	-
3.2	-	-
3.3	-	-
3.4	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1	-	-
4.2	-	-
4.3	-	-
4.4	-	-

(\*) 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.

**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.

**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.

**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 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

**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.)

**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 Comminiqué 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 comminiqué.

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.

## 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.)

#### 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



## 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.)

#### 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).

**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.)

**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.

**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.)

**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.

**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 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.

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.)

**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%
<b>The amount subject to credit risk</b>									
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	-	-	-
<b>Weighted amount subject to credit risk</b>	-	-	<b>55,928</b>	<b>744,063</b>	<b>331,634</b>	<b>3,332,954</b>	<b>66,290</b>	<b>5,184</b>	-

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.

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.)

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

**Information related to the components of shareholders' equity (\*):**

	December 31, 2015	December 31, 2014
<b>Common Equity Core Capital (CET 1)</b>		
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	-
<b>Common Equity Core capital before regulatory adjustments</b>	<b>768,946</b>	<b>753,957</b>
<b>Common Equity Core capital: regulatory adjustments</b>		
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 (-)	-	-
<b>Total regulatory adjustments to Common equity Core Capital</b>	<b>(36,707)</b>	<b>(8,867)</b>
<b>Common Equity Core capital (CET1)</b>	<b>732,239</b>	<b>745,091</b>

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.)

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

	December 31, 2015	December 31, 2014
<b>Additional Tier 1 capital: instruments</b>	-	-
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)	-	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	-	-
<b>Additional Tier 1 capital: regulatory adjustments</b>	-	-
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 (-)	-	-
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-	-
<b>Additional Tier 1 capital (AT1)</b>	-	-
<b>Regulatory adjustments to Common Equity</b>		
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
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>720,734</b>	<b>726,266</b>
<b>Tier 2 capital: instruments and provisions</b>		
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (after 1.1.2014)	-	-
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) 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
<b>Tier 2 capital before regulatory adjustments</b>	<b>39,402</b>	<b>32,370</b>
<b>Tier 2 capital: regulatory adjustments</b>		
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 (-)	-	-
<b>Total regulatory adjustments to Tier 2 capital</b>	-	-
<b>Tier 2 capital (T2)</b>	<b>39,402</b>	<b>32,370</b>
<b>Total capital (TC = T1 + T2)</b>	<b>760,136</b>	<b>758,636</b>

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.)

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

	December 31, 2015	December 31, 2014
<b>Deductions from the capital</b>		
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 (-)	-	-
<b>Own Fund</b>	<b>760,057</b>	<b>758,632</b>
<b>Amounts below the thresholds for deduction</b>		
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.



## 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.)

#### 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.

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 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
<b>Total</b>	<b>20,600,824</b>	<b>19,764,820</b>

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.

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 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	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizatios	Receivables on Banks and Capital Market Intermediary	Contingent and Non-Contingent Receivables	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by BRSA	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	-	-	-	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,274,032</b>	<b>-</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>677,636</b>	<b>2,864,161</b>	<b>469,385</b>	<b>1,401,182</b>	<b>164,419</b>	<b>17,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,956,023</b>	<b>9,824,893</b>
<b>Prior Period</b>																
Prior Period	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizatios	Receivables on Banks and Capital Market Intermediary	Contingent and Non-Contingent Receivables	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by BRSA	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	-	-	462,758	2,598,989	283,312	1,263,249	50,917	26,945	-	-	-	2,445,366	8,454,162
European Union Countries	-	-	-	-	-	13,796	1	3	-	-	-	-	-	-	-	13,800
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,322,399</b>	<b>-</b>	<b>227</b>	<b>-</b>	<b>-</b>	<b>507,222</b>	<b>2,598,990</b>	<b>283,315</b>	<b>1,263,249</b>	<b>50,917</b>	<b>26,945</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,445,366</b>	<b>8,498,630</b>

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 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	Receivables on Administrative Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizatio ns	Receivables on Banks and Capital Market Intermediary	Corporate Receivables	Retail Receivables	Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by BRSA	Collateralized Mortgage Marketable Securities	Securitisation Positions	Short-Term Receivables from Banks, brokerage houses and Inv	Other Receivables	TRY	FC	Total
<b>1 Agriculture</b>	-	-	-	-	-	-	<b>34,612</b>	<b>5,433</b>	<b>12,774</b>	<b>1,283</b>	<b>10</b>	-	-	-	-	<b>30,047</b>	<b>24,065</b>	<b>54,112</b>
1.1 Farming and Raising Livestock	-	-	-	-	-	-	17,768	3,215	11,126	1,283	5	-	-	-	-	19,474	13,923	33,397
1.2 Forestry, Wood and Paper	-	-	-	-	-	-	15,430	2,101	1,435	-	3	-	-	-	-	8,827	10,142	18,969
1.3 Fishery	-	-	-	-	-	-	1,414	117	213	-	2	-	-	-	-	1,746	-	1,746
<b>2 Manufacturing</b>	-	-	-	-	-	-	<b>378,587</b>	<b>82,239</b>	<b>80,790</b>	<b>13,504</b>	<b>117</b>	-	-	-	<b>1,564</b>	<b>432,225</b>	<b>124,576</b>	<b>556,801</b>
2.1 Mining and Quarry	-	-	-	-	-	-	23,804	7,064	4,109	295	40	-	-	-	-	29,087	6,225	35,312
2.2 Production	-	-	-	-	-	-	354,262	75,175	76,681	13,209	77	-	-	-	1,564	402,617	118,351	520,968
2.3 Electricity, Gas and Water	-	-	-	-	-	-	521	-	-	-	-	-	-	-	-	521	-	521
<b>3 Construction</b>	-	-	-	-	-	-	<b>45,032</b>	<b>17,687</b>	<b>25,501</b>	<b>5,242</b>	<b>11</b>	-	-	-	-	<b>71,560</b>	<b>21,913</b>	<b>93,473</b>
<b>4 Services</b>	-	-	-	-	-	<b>677,636</b>	<b>279,104</b>	<b>36,562</b>	<b>227,078</b>	<b>29,662</b>	<b>4,222</b>	-	-	-	<b>2,826,255</b>	<b>918,698</b>	<b>3,161,821</b>	<b>4,080,519</b>
4.1 Wholesale and Retail Trade	-	-	-	-	-	-	32,848	6,811	3,085	370	31	-	-	-	-	26,342	16,803	43,145
Hotel, Tourism, Food and Beverage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Services	-	-	-	-	-	-	79,880	6,688	155,911	15,171	51	-	-	-	-	140,461	117,240	257,701
4.3 Transportation and Communication	-	-	-	-	-	-	75,574	6,030	35,818	101	13	-	-	-	2,826,255	93,814	2,849,977	2,943,791
4.4 Financial Institutions	-	-	-	-	-	677,636	82,760	14,670	32,264	14,020	4,092	-	-	-	-	652,636	172,806	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	4,995	9,311
<b>5 Other</b>	<b>1,274,032</b>	-	<b>220</b>	-	-	-	<b>2,126,826</b>	<b>327,464</b>	<b>1,055,039</b>	<b>114,728</b>	<b>13,475</b>	-	-	-	<b>128,204</b>	<b>3,221,083</b>	<b>1,818,905</b>	<b>5,039,988</b>
<b>6 Total</b>	<b>1,274,032</b>	-	<b>220</b>	-	-	<b>677,636</b>	<b>2,864,161</b>	<b>469,385</b>	<b>1,401,182</b>	<b>164,419</b>	<b>17,835</b>	-	-	-	<b>2,956,023</b>	<b>4,673,613</b>	<b>5,151,280</b>	<b>9,824,893</b>

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 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	-	-	-	-
<b>Total</b>	<b>1,260,976</b>	<b>437,043</b>	<b>526,092</b>	<b>662,636</b>	<b>3,801,284</b>

**Risk by Risk Weight Balances:**

	Risk Weights(*)									Deductions from Equity	
		0%	10%	20%	50%	75%	100%	150%	200%		250%
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+

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 Related to Credit Risk (continued)**

**Important sectors or type of information according to counterparty**

Sectors/ Counterparties	Impaired(*)	Loans		Value Adjustments	Provisions
		Non-Performing			
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
<b>Total</b>	<b>136,551</b>	<b>241,820</b>		<b>6,185</b>	<b>77,401</b>

(\*) Rescheduled loans

**Information on Credit Value Adjustments and Change in loan loss provisions**

	Opening Balance	The amount of provision in the period	Reversal of Provision	Other Provisions(*)	Closing Balance
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:

<b>Gross Maximum Exposure</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
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
<b>Total</b>	<b>5,665,341</b>	<b>4,954,639</b>
Contingent liabilities	2,234,530	2,043,323
Irrevocable commitments	189,413	175,104
<b>Total</b>	<b>2,423,943</b>	<b>2,218,427</b>
<b>Total credit risk exposure</b>	<b>8,089,284</b>	<b>7,173,066</b>

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 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>	-	-	-
<b>Total</b>	<b>3,858,171</b>	<b>493,970</b>	<b>4,352,141</b>
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>	-	-	-
<b>Total</b>	<b>691,302</b>	<b>-</b>	<b>691,302</b>
<b>Total</b>	<b>4,549,473</b>	<b>493,970</b>	<b>5,043,443</b>

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>	-	-	-
<b>Total</b>	<b>3,325,518</b>	<b>313,669</b>	<b>3,639,187</b>
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>	-	-	-
<b>Total</b>	<b>875,823</b>	<b>-</b>	<b>875,823</b>
<b>Total</b>	<b>4,201,341</b>	<b>313,669</b>	<b>4,515,010</b>

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 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
<b>Total</b>			<b>3,798,924</b>	<b>100.00</b>	<b>3,314,225</b>	<b>100.00</b>

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%).



**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 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:

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.)

**III. Explanations Related to Market Risk (continued)**

Information Related to Market Risk

	<b>Amount</b>
(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	75
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	-
(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	42
(VII) Capital Requirement to be Employed For Counterparty Risk - Standard Method	-
(VIII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	120
(IX) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	1,500
<b>(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)</b>	<b>1,500</b>

	<b>December 31, 2015</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
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
<b>Total Value Subject to Risk</b>	<b>3,940</b>	<b>14,813</b>	<b>1,138</b>

	<b>December 31, 2014</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
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
<b>Total Value Subject to Risk</b>	<b>2,083</b>	<b>3,438</b>	<b>1,288</b>

## 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.)

#### 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.

## 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.)

#### 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

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.)

**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				
<b>USD</b>					2.9169
<b>CHF</b>					2.9376
<b>GBP</b>					4.3769
<b>100 JPY</b>					2.4001
<b>EUR</b>					3.1808

  

<b>December 31, 2015</b>	<b>EUR</b>	<b>USD</b>	<b>YEN</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>Assets</b>					
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
<b>Total Assets</b>	<b>364,088</b>	<b>1,578,426</b>	<b>108</b>	<b>32,128</b>	<b>1,974,750</b>
<b>Liabilities</b>					
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
<b>Total Liabilities</b>	<b>380,549</b>	<b>1,563,981</b>	<b>-</b>	<b>315</b>	<b>1,944,845</b>
<b>Net Balance Sheet Position</b>	<b>(16,461)</b>	<b>14,445</b>	<b>108</b>	<b>31,813</b>	<b>29,905</b>
<b>Net Off-Balance Sheet Position</b>	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
<b>December 31, 2014</b>					
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).

## 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.)

#### 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.

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 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
<b>December 31, 2015</b>							
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
<b>Total Assets</b>	<b>3,044,833</b>	<b>907,132</b>	<b>767,624</b>	<b>657,747</b>	<b>11,973</b>	<b>429,424</b>	<b>5,818,733</b>
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
<b>Total Liabilities</b>	<b>2,623,932</b>	<b>1,648,069</b>	<b>422,916</b>	<b>47,410</b>	<b>-</b>	<b>1,076,406</b>	<b>5,818,733</b>
Balance Sheet Long Position							
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)
<b>Total Position</b>	<b>420,901</b>	<b>(740,937)</b>	<b>344,708</b>	<b>610,337</b>	<b>11,973</b>	<b>(646,622)</b>	<b>360</b>

(\*) 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 %
<b>December 31, 2015</b>				
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.

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 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
<b>December 31, 2014</b>							
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
<b>Total Assets</b>	<b>2,445,804</b>	<b>296,713</b>	<b>872,033</b>	<b>801,821</b>	<b>5,491</b>	<b>666,698</b>	<b>5,088,560</b>
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
<b>Total Liabilities</b>	<b>2,602,592</b>	<b>1,055,393</b>	<b>308,905</b>	<b>32,598</b>	<b>-</b>	<b>1,089,072</b>	<b>5,088,560</b>
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)
<b>Total Position</b>	<b>(156,788)</b>	<b>(758,680)</b>	<b>563,128</b>	<b>769,223</b>	<b>5,491</b>	<b>(421,529)</b>	<b>845</b>

(\*) 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.



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 Related to Interest Rate Risk (continued)**

**Average interest rates applied to monetary financial instruments:**

	EUR %	USD %	YEN %	TRY %
<b>December 31, 2014</b>				
<b>Assets</b>				
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
<b>Liabilities</b>				
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
<b>Total (For Negative Shock)</b>		55,788	<b>%7</b>
<b>Total (For Positive Shock)</b>		(58,548)	<b>(%7)</b>

(\*) 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).

**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.)

**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

**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.)

**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.

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.)

**VIII. Explanations Related to Liquidity Risk (continued)**

**Liquidity Coverage Ratio:**

Current Period		Total Rated Value (*)		Total Rated Value (*)	
		TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
	High Quality Liquid Assets			902,674	367,425
<b>CASH OUTFLOWS</b>					
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	<b>TOTAL CASH OUTFLOWS</b>			863,164	332,735
<b>CASH INFLOWS</b>					
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	<b>TOTAL CASH INFLOWS</b>	462,585	277,549	414,571	270,765
				Upper Limit Applied	
21	<b>TOTAL STOCK OF HQLA</b>			902,674	367,425
22	<b>TOTAL NET CASH OUTFLOWS</b>			448,447	83,172
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			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

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.)

**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
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High Quality Liquid Assets			921,467	420,297
<b>CASH OUTFLOWS</b>					
2	Retail deposit	1,500,284	625,003	152,280	63,328
3	Stable deposit	13,291	3,652	683	187
4	Less stable deposit	1,486,993	621,351	151,597	63,142
5	Unsecured wholesale funding	1,200,261	582,395	474,826	233,591
6	Operational deposit	-	-	-	-
7	Non-Operational deposit	1,200,261	582,395	474,826	233,591
8	Other unsecured funding	49,105	3,227	49,105	3,227
9	Secured funding			-	-
10	Other cash outflows	158,756	-	-	-
11	Derivatives cash outflows	4,338	3,944	4,357	3,944
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	1,417
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	4,952
16	<b>TOTAL CASH OUTFLOWS</b>			690,696	310,459
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	350,356	114,532	274,248	104,830
19	Other cash inflows	20,787	20,222	21,349	20,784
20	<b>TOTAL CASH INFLOWS</b>	371,143	134,754	295,597	125,614
				Upper Limit Applied	
21	<b>TOTAL STOCK OF HQLA</b>			921,467	420,297
22	<b>TOTAL NET CASH OUTFLOWS</b>			395,099	184,845
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			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.

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.)

**VIII. Explanations Related to Liquidity Risk (continued)**

**Presentation of assets and liabilities according to their remaining maturities:**

<b>December 31, 2015</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Month</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Undistributed (*)</b>	<b>Total</b>
<b>Assets</b>								
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
<b>Total Assets</b>	<b>272,292</b>	<b>3,102,129</b>	<b>374,110</b>	<b>548,284</b>	<b>707,240</b>	<b>565,127</b>	<b>249,551</b>	<b>5,818,733</b>
<b>Liabilities</b>								
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
<b>Total Liabilities</b>	<b>164,402</b>	<b>2,731,462</b>	<b>1,648,080</b>	<b>422,916</b>	<b>47,410</b>	<b>-</b>	<b>804,463</b>	<b>5,818,733</b>
<b>Liquidity Gap</b>	<b>107,890</b>	<b>370,667</b>	<b>(1,273,970)</b>	<b>125,368</b>	<b>659,830</b>	<b>565,127</b>	<b>(554,912)</b>	<b>-</b>
<b>December 31, 2014</b>								
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.

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.)

**VIII. Explanations Related to Liquidity Risk (continued)**

**Leverage Ratio:**

	<b>On Balance Sheet Exposures</b>	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
	<b>Derivative exposures</b>		
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
	<b>Securities financing transaction exposures</b>		
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)	-	-
	<b>Off Balance sheet items</b>		
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
	<b>Leverage Ratio</b>		
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.

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.)

**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
<b>As of December 31, 2015</b>							
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
<b>Total</b>	<b>2,634,717</b>	<b>1,674,410</b>	<b>440,801</b>	<b>49,714</b>	<b>-</b>	<b>(58,382)</b>	<b>4,741,260</b>
<b>As of December 31, 2014</b>							
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
<b>Total</b>	<b>2,608,074</b>	<b>1,065,871</b>	<b>318,389</b>	<b>39,401</b>	<b>-</b>	<b>(33,281)</b>	<b>3,998,454</b>

(\*) 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:**

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



## 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.)

#### 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 BRSA	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	-	-	-
<b>Total</b>	<b>9,824,893</b>	<b>140,785</b>	-	-

#### 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.

**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.)

**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.

## 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.)

#### 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
<b>Financial Assets</b>	<b>5,093,023</b>	<b>4,514,057</b>	<b>5,150,646</b>	<b>4,532,463</b>
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
<b>Financial Liabilities</b>	<b>4,942,788</b>	<b>4,218,987</b>	<b>4,944,587</b>	<b>4,220,037</b>
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.

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.)

**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
<b>Financial Assets</b>				
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	-	-	-	-
<b>Financial Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-
Marketable Securities Issued	-	-	-	-
Derivative financial liabilities held for trading	-	(37)	-	-
<hr/>				
December 31, 2014	Level 1 (Quoted)	Level 2 (Valuation techniques – market observable)	Level 3 (Valuation techniques – non market observable)	Fair value not available
<b>Financial Assets</b>				
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	-	-	-	-
<b>Financial Liabilities</b>				
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.

**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 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	-	-	-	-
<b>Total</b>	<b>49,906</b>	<b>565,182</b>	<b>52,568</b>	<b>424,576</b>

**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
<b>Total</b>	<b>39,216</b>	<b>532,667</b>	<b>44,814</b>	<b>394,815</b>

**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%

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.)

**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	-	-	-	-
<b>Total</b>	<b>381</b>	<b>29</b>	<b>907</b>	<b>19</b>

**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	-	-	-	-
<b>Total</b>	<b>24,022</b>	<b>364,341</b>	<b>64,037</b>	<b>209,055</b>

**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	-	-
<b>Total</b>	<b>109,351</b>	<b>41,043</b>	-	-

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

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.)

**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	-	-	-	-
<b>Total</b>	<b>88,008</b>	<b>-</b>	<b>25,711</b>	<b>-</b>

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	-	-	-	-
<b>Total</b>	<b>193,361</b>	<b>-</b>	<b>383,119</b>	<b>-</b>

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)
<b>Total</b>	<b>669,360</b>	<b>775,540</b>

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).

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.)

**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
<b>Total</b>	<b>1,696</b>	<b>19,983</b>	<b>1,424</b>	<b>17,376</b>

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled	Other	Loans and Other Receivables	Restructured or Rescheduled	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	-	-	-	-	-	-
<b>Total</b>	<b>3,458,613</b>	<b>10,760</b>	<b>-</b>	<b>203,760</b>	<b>125,791</b>	<b>-</b>

c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and other Receivables	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	-	-	-	-
<b>Total</b>	<b>3,458,613</b>	<b>10,760</b>	<b>203,760</b>	<b>125,791</b>



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.)

**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	-	-
<b>Total</b>	<b>10,760</b>	<b>125,791</b>

  

	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
<b>Total</b>	<b>10,760</b>	<b>125,791</b>

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

(\*) Overdraft Accounts includes TRY 355 personel loans.

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.)

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

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

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

f) Domestic and foreign loans:

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

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
<b>Total</b>	<b>77,401</b>	<b>44,653</b>

**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.)

**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:

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>December 31, 2014 balance</b>	-	-	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	-	-	-
<b>December 31, 2015 balance</b>	<b>41,152</b>	<b>75,496</b>	<b>125,172</b>
Specific provision (-)	(2,602)	(15,121)	(59,678)
<b>Net Balances on Balance Sheet</b>	<b>38,550</b>	<b>60,375</b>	<b>65,494</b>

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

**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.)

**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:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>December 31, 2015 (Net)</b>			
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)	-	-	-
<b>December 31, 2014 (Net)</b>			
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:

<b>December 31, 2015</b>	<b>Corporate</b>	<b>SME</b>	<b>Retail</b>	<b>Other</b>	<b>Total</b>
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)
<b>Total net</b>	<b>3,058,051</b>	<b>901,061</b>	<b>4,231</b>	<b>-</b>	<b>3,963,343</b>

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.)

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

<b>December 31, 2014</b>	<b>Corporate</b>	<b>SME</b>	<b>Retail</b>	<b>Other</b>	<b>Total</b>
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
<b>Total gross</b>	<b>2,405,493</b>	<b>997,591</b>	<b>6,711</b>	<b>-</b>	<b>3,409,795</b>
Less: allowance for individually impaired loans	(30,777)	(13,502)	(374)	-	(44,653)
<b>Total net</b>	<b>2,374,716</b>	<b>984,089</b>	<b>6,337</b>	<b>-</b>	<b>3,365,142</b>

(\*) 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;

	<b>Total</b>
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	-
<b>At December 31, 2015</b>	<b>77,401</b>

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:

<b>December 31, 2015</b>	<b>Less than 30 Days</b>	<b>31- 60 Days</b>	<b>61- 90 Days</b>	<b>More than 91 Days (*)</b>	<b>Total</b>
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>	-	-	-	-	-
<b>Total</b>	<b>290,138</b>	<b>9,398</b>	<b>28,393</b>	<b>1,622</b>	<b>329,551</b>

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

<b>December 31,2014</b>	<b>Less than 30 Days</b>	<b>31- 60 Days</b>	<b>61- 90 Days</b>	<b>More than 91 Days (*)</b>	<b>Total</b>
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>	-	-	-	-	-
<b>Total</b>	<b>221,305</b>	<b>33,072</b>	<b>3,014</b>	<b>5,361</b>	<b>262,752</b>

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

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.)

**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	-	-	-	-
<b>Total</b>	<b>3,472</b>	<b>-</b>	<b>36,888</b>	<b>-</b>

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	-	-	-	-
<b>Total</b>	<b>7,285</b>	<b>-</b>	<b>23,780</b>	<b>-</b>

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
Government bonds	22,080	100,420
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>22,080</b>	<b>100,420</b>

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 (-)	-	-	-	-
<b>Total</b>	<b>22,080</b>	<b>-</b>	<b>100,420</b>	<b>-</b>

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.)

**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 (-)	-	-
<b>Closing Balance</b>	<b>22,080</b>	<b>100,420</b>

(\*) 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
<b>Total Cost</b>	<b>79,954</b>	<b>38,838</b>	<b>(38,002)</b>	<b>-</b>	<b>-</b>	<b>80,790</b>

	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)
<b>Total Accumulated Depreciation</b>	<b>(31,934)</b>	<b>(4,887)</b>	<b>1,435</b>	<b>-</b>	<b>-</b>	<b>(35,386)</b>
<b>Net Book Value</b>	<b>48,020</b>	<b>33,951</b>	<b>(36,567)</b>	<b>-</b>	<b>-</b>	<b>45,404</b>

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.)

**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	-	-	-	-	-	-
<b>Total Cost</b>	<b>38,964</b>	<b>2,627</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>41,556</b>

	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	-	-	-	-	-	-
<b>Total Accumulated Depreciation</b>	<b>(20,733)</b>	<b>(8,142)</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>(28,840)</b>
<b>Net Book Value</b>	<b>18,231</b>	<b>(5,515)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,716</b>

**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.



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.)

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

d) 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	-	-
<b>Deferred Tax Assets</b>		<b>5,705</b>		<b>5,311</b>
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
<b>Deferred tax liability (-)</b>		<b>2,092</b>		<b>1,339</b>
<b>Deferred tax Asset (Net)</b>		<b>3,613</b>		<b>3,972</b>

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
<b>Toplam</b>	<b>47,078</b>	<b>26,046</b>

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.

**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 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
Saving deposits	11,872	-	39,929	1,277,520	182,928	80,984	16,496	-	1,609,729
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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>164,402</b>	<b>-</b>	<b>207,948</b>	<b>3,491,041</b>	<b>382,739</b>	<b>182,382</b>	<b>52,799</b>	<b>-</b>	<b>4,481,311</b>

**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
Saving deposits	17,038	-	35,793	850,208	95,898	22,633	6,564	-	1,028,134
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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>158,789</b>	<b>-</b>	<b>160,255</b>	<b>2,606,659</b>	<b>357,025</b>	<b>207,655</b>	<b>98,142</b>	<b>-</b>	<b>3,588,525</b>

**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	-	-	-	-
<b>Total</b>	<b>397,656</b>	<b>303,650</b>	<b>2,197,542</b>	<b>1,467,925</b>

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 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 <sup>nd</sup> 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	-	-	-	-
<b>Total</b>	<b>3</b>	<b>34</b>	<b>9</b>	<b>59</b>

**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
<b>Total</b>	<b>16,785</b>	<b>208,264</b>	<b>13,812</b>	<b>124,440</b>

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
<b>Total</b>	<b>16,785</b>	<b>208,264</b>	<b>13,812</b>	<b>124,440</b>

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.

**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 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
<b>From domestic transactions</b>	<b>199,302</b>	-	<b>430,464</b>	-
Financial institutions and organizations	199,295	-	430,456	-
Other institutions and organizations	-	-	-	-
Real persons	7	-	8	-
<b>From foreign transactions</b>	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
<b>Total</b>	<b>199,302</b>	-	<b>430,464</b>	-

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	-	-	-	-
<b>Total</b>	<b>150,934</b>	<b>199,302</b>	<b>323,678</b>	<b>430,464</b>

**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.

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 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
<b>Total</b>	<b>39,402</b>	<b>32,370</b>

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
<b>January 1, 2015</b>	19,329	9,132	3,909
Additions	6,205	1,111	204
Disposals	-	(488)	-
<b>December 31, 2015</b>	<b>25,534</b>	<b>9,755</b>	<b>4,113</b>

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)
<b>End of period</b>	<b>8,198</b>	<b>7,153</b>

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 and Disclosures Related to the Liabilities: (continued)**

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

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

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 Gazzette, 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:

	<b>Assumptions</b>
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:

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

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 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(*)
<b>December 31, 2014</b>	8,226	10,336
Additions	1,395	264
Disposals	(2,166)	(8,101)
<b>December 31, 2015</b>	<b>7,455</b>	<b>2,499</b>

(\*) 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)
<b>Total</b>	<b>(1,238)</b>	<b>2,650</b>

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
<b>Total</b>	<b>12,289</b>	<b>12,631</b>

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 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	-	-
<b>Total</b>	<b>1,466</b>	<b>1,228</b>

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



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 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	-	-
<b>Total</b>	<b>(26,132)</b>	<b>(265)</b>

**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	-	-
<b>Total</b>	<b>3,919</b>	<b>2,322</b>

**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	-	-
<b>Total</b>	<b>63,044</b>	<b>37,377</b>

**13. Information on minority shares: None.**

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.)

**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
<b>Total</b>	<b>189,413</b>	<b>175,104</b>

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
<b>Total</b>	<b>307,995</b>	<b>285,607</b>

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
<b>Total</b>	<b>1,926,535</b>	<b>1,757,716</b>

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
<b>Total</b>	<b>2,234,530</b>	<b>2,043,323</b>

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.)

**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
<b>Total</b>	<b>1,726,521</b>	<b>100.00</b>	<b>682,545</b>	<b>100.00</b>	<b>1,516,957</b>	<b>100.00</b>	<b>691,836</b>	<b>100.00</b>

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	-	-
<b>Total</b>	<b>1,528,194</b>	<b>681,622</b>	<b>24,285</b>	<b>429</b>

(\*) 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.

**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 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
<b>Types of trading transactions</b>				
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	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>102,979</b>	<b>225,417</b>	<b>-</b>	<b>-</b>

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
<b>December 31, 2015</b>								
TRY	620	3,369	31,215	-	-	-	-	-
USD	2,913	583	-	16,501	-	-	-	-
EUR	429	-	16,492	-	-	-	-	-
Other	-	-	-	30,857	-	-	-	-
<b>Total</b>	<b>3,962</b>	<b>3,952</b>	<b>47,707</b>	<b>47,358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>December 31, 2014</b>								
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	-	-	-	-
<b>Total</b>	<b>5,024</b>	<b>5,022</b>	<b>107,564</b>	<b>106,723</b>	<b>542</b>	<b>542</b>	<b>-</b>	<b>-</b>

**3. Informations about credit derivatives and descriptions of the risks:**

None.

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.)

**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	-
<b>Total</b>	<b>400,201</b>	<b>35,879</b>	<b>337,826</b>	<b>30,273</b>

(\*) 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	-	-	-	-
<b>Total</b>	<b>426</b>	<b>529</b>	<b>145</b>	<b>349</b>

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.)

**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	-
<b>Total</b>	<b>65,946</b>	<b>-</b>	<b>71,096</b>	<b>-</b>

**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	-	-	-	-
<b>Total</b>	<b>1,165</b>	<b>3,303</b>	<b>1,273</b>	<b>3,358</b>

(\*) Includes fees and commission expenses for borrowings.

**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. 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
<b>TRY</b>								
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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>20,352</b>	<b>191,963</b>	<b>17,952</b>	<b>8,502</b>	<b>7,890</b>	<b>-</b>	<b>246,659</b>
<b>Foreign Currency</b>								
Foreign currency deposits	-	987	35,526	2,731	853	128	-	40,225
Bank deposits	-	198	-	-	-	-	-	198
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,185</b>	<b>35,526</b>	<b>2,731</b>	<b>853</b>	<b>128</b>	<b>-</b>	<b>40,423</b>
<b>Grand Total</b>	<b>-</b>	<b>21,537</b>	<b>227,489</b>	<b>20,683</b>	<b>9,355</b>	<b>8,018</b>	<b>-</b>	<b>287,082</b>
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
<b>TRY</b>								
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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>12,109</b>	<b>125,460</b>	<b>23,061</b>	<b>18,042</b>	<b>3,184</b>	<b>-</b>	<b>181,856</b>
<b>Foreign Currency</b>								
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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,266</b>	<b>30,834</b>	<b>1,934</b>	<b>1,061</b>	<b>1,667</b>	<b>-</b>	<b>36,762</b>
<b>Grand Total</b>	<b>-</b>	<b>13,375</b>	<b>156,294</b>	<b>24,995</b>	<b>19,103</b>	<b>4,851</b>	<b>-</b>	<b>218,618</b>

**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. 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	-	-
<b>Total</b>	<b>8</b>	<b>17</b>

**4. Information on net trading income:**

	December 31, 2015	December 31, 2014
<b>Income</b>	<b>1,137,929</b>	<b>512,074</b>
Gains on capital market operations	2	12
Gains on derivative financial instruments	55,720	22,443
Foreign exchange gains	1,082,207	489,619
<b>Losses (-)</b>	<b>(1,139,431)</b>	<b>(510,948)</b>
Losses on capital market operations	-	-
Losses on derivative financial instruments	(61,111)	(42,260)
Foreign exchange losses	(1,078,320)	(468,688)
<b>Total</b>	<b>(1,502)</b>	<b>1,126</b>

**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
<b>Total</b>	<b>23,360</b>	<b>37,882</b>

(\*) 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 noncash 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.



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.)

**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
<b>Total</b>	<b>50,176</b>	<b>44,826</b>

**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
<b>Total</b>	<b>163,683</b>	<b>163,344</b>

(\*) 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- lightning 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- lightning 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.

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.)

**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:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Profit before tax</b>	<b>19,832</b>	<b>40,242</b>
Tax at the domestic income tax rate of 20% (2014: 20%)	(3,966)	(8,048)
Disallowables and other, net	(1,360)	(263)
<b>Tax Calculated</b>	<b>(5,326)</b>	<b>(8,311)</b>

**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.

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.)

**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
<u>Other fees and commissions received</u>		
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
<b>Total</b>	<b>11,526</b>	<b>13,587</b>

(\*) Other banking operations income includes accounts such as bank operations income, collection expenses, credit expenses.

	December 31, 2015	December 31, 2014
<u>Other fees and commissions given</u>		
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
<b>Total</b>	<b>1,651</b>	<b>1,547</b>

**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.

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 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
<b>Cash</b>		
Cash in TRY/Foreign Currency	37,515	23,254
The Central Bank of Turkey	46,154	36,708
Other	-	-
<b>Cash equivalents</b>		
Banks and receivables from financial institutions	273,072	286,381
Money market placements	-	70,000
<b>Total cash and cash equivalents</b>	<b>356,741</b>	<b>416,343</b>
End of the period	December 31, 2015	December 31, 2014
<b>Cash</b>		
Cash in TRY/Foreign Currency	43,205	37,515
The Central Bank of Turkey	101,530	46,154
Other	-	-
<b>Cash equivalents</b>		
Banks and receivables from financial institutions	388,353	273,072
Money market placements	50,000	-
<b>Total cash and cash equivalents</b>	<b>583,088</b>	<b>356,741</b>

**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.)

**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
<b>Loans and other receivables</b>						
Balance at beginning of period	-	-	99	85	-	15,913
Balance at end of period	-	-	112	63	-	18,459
<b>Interest and commission income</b>	-	-	-	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
<b>Loans and other receivables</b>						
Balance at beginning of period	-	-	73	3,211	23	11,151
Balance at end of period	-	-	99	85	-	15,913
<b>Interest and commission income</b>	-	-	-	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
<b>Deposits</b>						
Balance at beginning of period	-	-	730	969	89,693	33,545
Balance at end of period	-	-	844	730	19,194	89,693
<b>Interest on deposits</b>	-	-	-	-	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)**

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.)

**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:

	<b>Amount</b>	<b>% Compared to the Amounts in the Financial Statements</b>
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.

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.)

**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.

**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 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.