

**TURKLAND BANK ANONİM ŐİRKETİ**

**INDEPENDENT AUDITOR'S REVIEW REPORT, UNCONSOLIDATED  
FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD ENDED  
MARCH 31, 2016**

*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

**Turkland Bank Anonim Şirketi**

**REVIEW REPORT ON INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2016**

**Introduction**

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

**Scope of Review**

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

**Conclusion**

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

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

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

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

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

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

Yaşar Bivas  
Partner, SMMM

Istanbul, May 10, 2016

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

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF TURKLANDBANK A.Ş.  
FOR THE PERIOD ENDED MARCH 31, 2016**

Address : 19 Mayıs Mah. 19 Mayıs Cad. Şişli Plaza A Blok No: 7  
Şişli- İstanbul

Telephone : (0 212) 368 34 34

Fax : (0 212) 368 35 35

Web Site : <http://www.turklandbank.com>

E-mail Address : [t-bank@turklandbank.com](mailto:t-bank@turklandbank.com)

The unconsolidated financial report for the three months 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
- LIMITED REVIEW REPORT
- INTERIM ANNUAL 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.

April 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

Fax Number: (0212) 368 35 35

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

### **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 Equity
- II. Explanations Related to Currency Risk
- III. Explanations Related to Interest Rate Risk
- IV. Explanations Related to Equity Securities Risk
- V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio
- VI. Explanations Related to Leverage Ratio
- VII. Explanations Related to Risk Management

### **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 on the Risk Group of the Bank
- VI. Explanations and Notes Related to Subsequent Events

### **SECTION SIX** Explanations on Auditor's Review Report

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

### **SECTION SEVEN** Information on Interim Activity Report

- I. Interim Activity Report Included Chairman of the Board of Directors and CEO's Assessments for the Interim Activities

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2016**

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

**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

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

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

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

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

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

According to the Ordinary General Assembly decree dated April 15, 2014, it has been decided to increase the Bank's paid in capital from TRY 500 million to TRY 650 million. In April, 2014, TRY 150 million has been paid in cash. The capital commitments paid by the shareholders were transferred into the share capital accounts with the approval of Banking Regulation and Supervision Agency dated August 28, 2015 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 MARCH 31, 2016**

(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 March 31, 2016, 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 March 31, 2016 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.

(\*\*) During The Ordinary General Assembly Meeting of the Bank dated March 31, 2016, Bassil Yared has been appointed as Board Member in lieu of Henri Marie Rene Jacquand as of April 1, 2016.

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

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

(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 March 31, 2016:

<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 639 personnel. The Bank has no any subsidiaries in the financial sector (December 31, 2015: 34 branches, 662 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.

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

**SECTION TWO**

**UNCONSOLIDATED FINANCIAL STATEMENTS**

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



Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**BALANCE SHEETS AS OF MARCH 31, 2016 AND DECEMBER 31, 2015**  
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

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

	Note Ref (Section Five)	Reviewed Current Period 31/03/2016			Audited Prior Period 31/12/2015		
		TRY	FC	Total	TRY	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	I-1	109,539	467,398	576,937	49,906	565,182	615,088
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	I-2	1,351	-	1,351	406	29	435
2.1 Financial assets held for trading		1,351	-	1,351	406	29	435
2.1.1 Public sector debt securities		25	-	25	25	-	25
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		1,326	-	1,326	381	29	410
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	140	412,442	412,582	24,022	364,341	388,363
<b>IV. MONEY MARKET PLACEMENTS</b>		-	-	-	50,015	-	50,015
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	688,909	3	688,912	669,357	3	669,360
5.1 Share certificates		138	-	138	138	-	138
5.2 Public sector debt securities		688,771	3	688,774	669,219	3	669,222
5.3 Other marketable securities		-	-	-	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	I-5	3,013,418	527,449	3,540,867	3,436,235	527,108	3,963,343
6.1 Loans and receivables		2,840,670	527,449	3,368,119	3,271,816	527,108	3,798,924
6.1.1 Loans to risk group of the Bank		-	-	-	-	-	-
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		2,840,670	527,449	3,368,119	3,271,816	527,108	3,798,924
6.2 Non-performing loans		263,550	-	263,550	241,820	-	241,820
6.3 Specific provisions (-)		(90,802)	-	(90,802)	(77,401)	-	(77,401)
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	I-6	11,953	-	11,953	22,080	-	22,080
8.1 Public sector debt securities		11,953	-	11,953	22,080	-	22,080
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	I-7	-	-	-	-	-	-
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	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
<b>XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)</b>	I-9	-	-	-	-	-	-
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	-	-	-	-	-	-
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	-	-	-	-	-	-
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	55,843	-	55,843	45,404	-	45,404
<b>XV. INTANGIBLE ASSETS (Net)</b>	I-13	13,106	-	13,106	12,716	-	12,716
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		13,106	-	13,106	12,716	-	12,716
<b>XVI. INVESTMENT PROPERTY (Net)</b>	I-14	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>	I-15	4,028	-	4,028	4,851	-	4,851
17.1 Current tax asset		1,341	-	1,341	1,238	-	1,238
17.2 Deferred tax asset		2,687	-	2,687	3,613	-	3,613
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	I-16	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	I-17	50,378	41	50,419	47,068	10	47,078
<b>TOTAL ASSETS</b>		<b>3,948,665</b>	<b>1,407,333</b>	<b>5,355,998</b>	<b>4,362,060</b>	<b>1,456,673</b>	<b>5,818,733</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 MARCH 31, 2016 AND DECEMBER 31, 2015**  
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

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

	Note Ref. (Section Five)	Reviewed Current Period 31/03/2016			Audited Prior Period 31/12/2015		
		TRY	FC	Total	TRY	FC	Total
<b>I. DEPOSITS</b>	II-1	<b>2,407,012</b>	<b>1,625,121</b>	<b>4,032,133</b>	<b>2,760,498</b>	<b>1,720,813</b>	<b>4,481,311</b>
1.1 Deposits from risk group of the Bank		9,879	4,904	14,783	13,913	6,125	20,038
1.2 Other		2,397,133	1,620,217	4,017,350	2,746,585	1,714,688	4,461,273
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	II-2	<b>-</b>	<b>2,729</b>	<b>2,729</b>	<b>3</b>	<b>34</b>	<b>37</b>
<b>III. FUNDS BORROWED</b>	II-3	<b>13,389</b>	<b>205,123</b>	<b>218,512</b>	<b>16,785</b>	<b>208,264</b>	<b>225,049</b>
<b>IV. MONEY MARKET BALANCES</b>		<b>178,320</b>	<b>-</b>	<b>178,320</b>	<b>199,302</b>	<b>-</b>	<b>199,302</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements	II-4	178,320	-	178,320	199,302	-	199,302
<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 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		<b>29,187</b>	<b>8,143</b>	<b>37,330</b>	<b>24,549</b>	<b>12,577</b>	<b>37,126</b>
<b>VIII. OTHER LIABILITIES</b>	II-5	<b>58,679</b>	<b>2,539</b>	<b>61,218</b>	<b>55,469</b>	<b>2,278</b>	<b>57,747</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>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Fair value hedge	II-7	-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	II-8	<b>60,910</b>	<b>882</b>	<b>61,792</b>	<b>60,679</b>	<b>913</b>	<b>61,592</b>
12.1 General loan loss provisions		36,563	-	36,563	39,402	-	39,402
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		12,985	-	12,985	12,236	-	12,236
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		11,362	882	12,244	9,041	913	9,954
<b>XIII. TAX LIABILITY</b>	II-9	<b>13,062</b>	<b>-</b>	<b>13,062</b>	<b>13,755</b>	<b>-</b>	<b>13,755</b>
13.1 Current tax liability		13,062	-	13,062	13,755	-	13,755
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-10	<b>750,902</b>	<b>-</b>	<b>750,902</b>	<b>742,814</b>	<b>-</b>	<b>742,814</b>
16.1 Paid-in capital		650,000	-	650,000	650,000	-	650,000
16.2 Supplementary capital		1,564	-	1,564	(373)	-	(373)
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(24,364)	-	(24,364)	(26,132)	-	(26,132)
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		25,883	-	25,883	25,714	-	25,714
16.3 Profit reserves		93,187	-	93,187	78,681	-	78,681
16.3.1 Legal reserves		4,644	-	4,644	3,919	-	3,919
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		76,825	-	76,825	63,044	-	63,044
16.3.4 Other profit reserves		11,718	-	11,718	11,718	-	11,718
16.4 Profit or loss		6,151	-	6,151	14,506	-	14,506
16.4.1 Prior years' income/(losses)		-	-	-	-	-	-
16.4.2 Current year income/(loss)		6,151	-	6,151	14,506	-	14,506
16.5 Minority shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,511,461</b>	<b>1,844,537</b>	<b>5,355,998</b>	<b>3,873,854</b>	<b>1,944,879</b>	<b>5,818,733</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 MARCH 31, 2016 AND DECEMBER 31, 2015**  
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

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

	Note Ref. (Section Five)	Reviewed Current Period 31/03/2016			Audited Prior Period 31/12/2015		
		TRY	FC	Total	TRY	FC	Total
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II+III)</b>		<b>1,845,800</b>	<b>860,234</b>	<b>2,706,034</b>	<b>1,763,162</b>	<b>763,760</b>	<b>2,526,922</b>
<b>I. GUARANTEES</b>	III-1	<b>1,480,793</b>	<b>645,647</b>	<b>2,126,440</b>	<b>1,552,479</b>	<b>682,051</b>	<b>2,234,530</b>
1.1 Letters of guarantee		1,479,976	369,366	1,849,342	1,551,886	374,649	1,926,535
1.1.1 Guarantees subject to State Tender Law		13,403	2,149	15,552	13,038	2,484	15,522
1.1.2 Guarantees given for foreign trade operations		71,678	38,831	110,509	75,652	34,029	109,681
1.1.3 Other letters of guarantee		1,394,895	328,386	1,723,281	1,463,196	338,136	1,801,332
1.2 Bank loans		-	2,936	2,936	-	2,701	2,701
1.2.1 Import letter of acceptance		-	2,936	2,936	-	2,701	2,701
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	113,049	113,049	-	150,969	150,969
1.3.1 Documentary letters of credit		-	113,049	113,049	-	150,969	150,969
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		817	160,296	161,113	593	153,732	154,325
1.9 Other collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	III-1	<b>187,137</b>	<b>16,372</b>	<b>203,509</b>	<b>175,479</b>	<b>13,934</b>	<b>189,413</b>
2.1 Irrevocable commitments		187,137	16,372	203,509	175,479	13,934	189,413
2.1.1 Forward asset purchase and sales commitments		8,750	14,485	23,235	1,437	13,440	14,877
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		62,677	-	62,677	62,401	-	62,401
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		114,675	-	114,675	111,641	-	111,641
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 irrevocable commitments		1,035	1,887	2,922	-	494	494
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>177,870</b>	<b>198,215</b>	<b>376,085</b>	<b>35,204</b>	<b>67,775</b>	<b>102,979</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		177,870	198,215	376,085	35,204	67,775	102,979
3.2.1 Forward foreign currency buy/sell transactions		598	579	1,177	3,989	3,925	7,914
3.2.1.1 Forward foreign currency transactions-buy		-	579	579	620	3,342	3,962
3.2.1.2 Forward foreign currency transactions-sell		598	-	598	3,369	583	3,952
3.2.2 Swap transactions related to foreign currency, and interest rates		68,000	90,688	158,688	-	32,993	32,993
3.2.2.1 Foreign currency swaps-buy		-	77,846	77,846	-	16,492	16,492
3.2.2.2 Foreign currency swaps-sell		68,000	12,842	80,842	-	16,501	16,501
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		3,000	2,912	5,912	-	-	-
3.2.3.1 Foreign currency options-buy		1,500	1,456	2,956	-	-	-
3.2.3.2 Foreign currency options-sell		1,500	1,456	2,956	-	-	-
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		106,272	104,036	210,308	31,215	30,857	62,072
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>78,210,671</b>	<b>6,035,784</b>	<b>84,246,455</b>	<b>77,568,021</b>	<b>6,327,175</b>	<b>83,895,196</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>603,051</b>	<b>43,122</b>	<b>646,173</b>	<b>630,014</b>	<b>42,945</b>	<b>672,959</b>
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		4,541	3,341	7,882	4,556	1,451	6,007
4.3. Checks received for collection		586,421	38,063	624,484	612,246	40,330	652,576
4.4. Commercial notes received for collection		12,089	1,321	13,410	13,212	782	13,994
4.5. Other assets received for collection		-	397	397	-	382	382
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>77,607,620</b>	<b>5,992,662</b>	<b>83,600,282</b>	<b>76,938,007</b>	<b>6,284,230</b>	<b>83,222,237</b>
5.1. Marketable securities		-	-	-	-	-	-
5.2. Guarantee notes		60,431	6,652	67,083	53,686	3,583	57,269
5.3. Commodities		1,646	-	1,646	1,646	-	1,646
5.4. Warrants		-	-	-	-	-	-
5.5. Properties		2,704,350	122,662	2,827,012	2,822,430	156,044	2,978,474
5.6. Other pledged items		74,841,193	5,863,348	80,704,541	74,060,245	6,124,603	80,184,848
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>80,056,471</b>	<b>6,896,018</b>	<b>86,952,489</b>	<b>79,331,183</b>	<b>7,090,935</b>	<b>86,422,118</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**  
**STATEMENT OF INCOME FOR THE PERIODS**  
**ENDED MARCH 31, 2016 AND 2015**

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

**III. STATEMENT OF INCOME**

	Note Ref. (Section Five)	Reviewed Current Period 01/01-31/03/2016	Reviewed Prior Period 01/01-31/03/2015
<b>I. INTEREST INCOME</b>	IV-1	<b>146,636</b>	<b>117,194</b>
1.1 Interest on loans		120,398	104,793
1.2 Interest received from reserve deposits		2,218	683
1.3 Interest received from banks		342	177
1.4 Interest received from money market placements		674	-
1.5 Interest received from marketable securities portfolio		22,237	11,200
1.5.1 Held-for-trading financial assets		1	-
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		21,835	9,124
1.5.4 Investments held-to-maturity		401	2,076
1.6 Finance lease income		-	-
1.7 Other interest income		767	341
<b>II. INTEREST EXPENSE</b>	IV-2	<b>(95,509)</b>	<b>(73,856)</b>
2.1 Interest on deposits		(87,625)	(60,739)
2.2 Interest on funds borrowed		(1,357)	(1,135)
2.3 Interest on money market borrowings		(5,067)	(10,297)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(1,460)	(1,685)
<b>III. NET INTEREST INCOME (I - II)</b>		<b>51,127</b>	<b>43,338</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>6,970</b>	<b>7,084</b>
4.1 Fees and commissions received		7,231	7,459
4.1.1 Non-cash loans		4,765	4,286
4.1.2 Other	IV-10	2,466	3,173
4.2 Fees and commissions paid		(261)	(375)
4.2.1 Non-cash loans		(18)	(16)
4.2.2 Other	IV-10	(243)	(359)
<b>V. DIVIDEND INCOME</b>	IV-3	<b>-</b>	<b>-</b>
<b>VI. NET TRADING INCOME</b>	IV-4	<b>436</b>	<b>(685)</b>
6.1 Securities trading gains/ (losses)		8	-
6.2 Gain/(losses) from derivative financial instruments		(6,925)	(3,213)
6.3 Foreign exchange gains/ (losses)		7,353	2,528
<b>VII. OTHER OPERATING INCOME</b>	IV-5	<b>12,475</b>	<b>8,411</b>
<b>VIII. NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>71,008</b>	<b>58,148</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	IV-6	<b>(22,618)</b>	<b>(4,892)</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	IV-7	<b>(41,754)</b>	<b>(40,120)</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>6,636</b>	<b>13,136</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XIII. PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD</b>		<b>-</b>	<b>-</b>
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>		<b>6,636</b>	<b>13,136</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	IV-8	<b>(485)</b>	<b>(2,777)</b>
16.1 Provision for current income taxes		-	(1,258)
16.2 Provision for deferred taxes		(485)	(1,519)
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>		<b>6,151</b>	<b>10,359</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</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>		<b>-</b>	<b>-</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>-</b>	<b>-</b>
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</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>-</b>	<b>-</b>
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>		<b>6,151</b>	<b>10,359</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**  
**STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY**  
**FOR THE PERIODS ENDED MARCH 31, 2016 AND 2015**

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

**IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY**

	Reviewed Current Period 01/01-31/03/2016	Reviewed Prior Period 01/01-31/03/2015
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	2,210	(8,167)
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	169	74
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(442)	1,634
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	1,937	(6,459)
XI. PROFIT/LOSS	6,151	10,359
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	6,151	10,359
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)	8,088	3,900

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 MARCH 31, 2016 AND 2015**

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

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Reviewed	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
Prior Period- 01/01-31/03/2015																			
I.	Prior opening balance 31/12/2014	650,000	25,276	-	-	2,322	-	37,377	7,051	31,931	-	(265)	-	45	-	-	753,737	-	753,737
	Changes in the period	-	-	-	-	-	-	-	-	(31,931)	31,931	-	-	-	-	-	-	-	-
II.	Increase/Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	(6,533)	-	-	-	-	(6,533)	-	(6,533)
IV.	Hedging Funds (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	The disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	The reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The effect of change in associate's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other (*)	-	74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74
XVII.	Period net income/(loss)	-	-	-	-	-	-	-	-	10,359	-	-	-	-	-	-	10,359	-	10,359
XVIII.	Profit distribution	-	-	-	-	1,597	-	25,667	4,667	-	(31,931)	-	-	-	-	-	-	-	-
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves	-	-	-	-	1,597	-	25,667	4,667	-	(31,931)	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		650,000	25,350	-	-	3,919	-	63,044	11,718	10,359	-	(6,798)	-	45	-	-	757,637	-	757,637

(\*) 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 (Comminuqie 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 MARCH 31, 2016 AND 2015**

(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
Reviewed																			
<b>Current Period- 01/01-31/03/2016</b>																			
I.		650,000	25,714	-	-	3,919	-	63,044	11,718	14,506	-	(26,132)	-	45	-	-	742,814	-	742,814
		-	-	-	-	-	-	-	-	(14,506)	14,506	-	-	-	-	-	-	-	-
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	1,768	-	-	-	-	1,768	-	1,768
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	169	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	6,151	-	-	-	-	-	-	169	-	169
XVIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,151	-	6,151
18.1		-	-	-	-	725	-	13,781	-	-	(14,506)	-	-	-	-	-	-	-	-
18.2		-	-	-	-	725	-	13,781	-	-	(14,506)	-	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>650,000</b>	<b>25,883</b>	<b>-</b>	<b>-</b>	<b>4,644</b>	<b>-</b>	<b>76,825</b>	<b>11,718</b>	<b>6,151</b>	<b>-</b>	<b>(24,364)</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>750,902</b>	<b>-</b>	<b>750,902</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.

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**

**STATEMENTS OF CASH FLOWS**

**FOR THE PERIODS ENDED MARCH 31, 2016 AND 2015**

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

**VI. STATEMENT OF CASH FLOWS**

	Note (Section Five)	Reviewed Current Period 01/01-31/03/2016	Reviewed Prior Period 01/01-31/03/2015
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>90,670</b>	<b>(23,519)</b>
1.1.1 Interest received		156,561	87,319
1.1.2 Interest paid		(89,716)	(73,878)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		7,497	7,900
1.1.5 Other income		23,673	(24,718)
1.1.6 Collections from previously written off loans		24,417	16,809
1.1.7 Payments to personnel and service suppliers		(21,205)	(19,643)
1.1.8 Taxes paid		-	-
1.1.9 Others		(10,557)	(17,308)
<b>2.1 Changes in operating assets and liabilities</b>		<b>(99,136)</b>	<b>(63,964)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		-	-
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		35,391	(32,607)
1.2.4 Net (increase) decrease in loans		346,480	(43,836)
1.2.5 Net (increase) decrease in other assets		(3,528)	(8,539)
1.2.6 Net increase (decrease) in bank deposits		(14,870)	(135,560)
1.2.7 Net increase (decrease) in other deposits		(460,231)	162,820
1.2.8 Net increase (decrease) in funds borrowed		(7,388)	23,877
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		5,010	(30,119)
<b>I. Net cash provided from banking operations</b>		<b>(8,466)</b>	<b>(87,483)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>(5,020)</b>	<b>73,629</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		(15,465)	(2,075)
2.4 Fixed assets sales		3,702	15,155
2.5 Cash paid for purchase of financial assets available for sale		(370)	(15,515)
2.6 Cash obtained from sale of financial assets available for sale		2	76,034
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		9,849	159
2.9 Others		(2,738)	(129)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from financing activities</b>		<b>-</b>	<b>-</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		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>(15,494)</b>	<b>29,245</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>(28,980)</b>	<b>15,391</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>583,088</b>	<b>356,741</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>554,108</b>	<b>372,132</b>

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



**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2016**

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

**SECTION THREE**  
**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation. The 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, 2015 and changes of TAS/TFRS that is effective from January 1, 2016 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 (2011 version) 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 21.40% 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 13.09% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 7.70% 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 MARCH 31, 2016**

(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.

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

(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.

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

### TURKLAND BANK ANONİM ŞİRKETİ NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AS OF MARCH 31, 2016

(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 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.

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**VII. Explanations on Impairment of Financial Assets (continued)**

As of March 31, 2016 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 25% 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 March 31, 2016 with regard to performing consumer loans, the additional general loan loss provision is reserved amounted TRY 265.

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 March 31, 2016.

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 MARCH 31, 2016**

(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 March 31, 2016, the Bank has no reverse repo transactions (December 31, 2015: TRY 50,015).

As of March 31, 2016, the Bank does not have any marketable securities lending transaction (December 31, 2015: 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 March 31, 2016 (December 31, 2015: 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 MARCH 31, 2016

(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	4-33

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 82. The total amount of those cases consists of TRY 2,723, USD 1,643 Thousand and EUR 193 Thousand. There is a provision of TRY 1,397 in the accompanying financial statements for these cases (December 31, 2015: TRY 1,427).

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

(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 March 31, 2016, the actuarial gains recognized in equity amounts to TRY 454 (December 31, 2015: TRY 285 actuarial gain)

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 does not have any tax provision in current period (December 31, 2015: 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 MARCH 31, 2016**

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

**XVI. Explanations on Taxation (continued)**

*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.

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 485 deferred tax expense in the accompanying income statement (December 31, 2015: TRY 5,326 deferred tax expense).

**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 MARCH 31, 2016**

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

**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE**

**I. Explanations Related to Equity**

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

As of 31 March 2016 Bank’s total capital has been calculated as TRY 768,797, capital adequacy ratio is 16.27%. As of 31 December 2015, Bank’s total capital amounted to TRY 763,670, capital adequacy ratio was 15.65% calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

**Information related to the components of shareholders' equity:**

	Current Period March 31, 2016 (*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>	
Paid-up Capital	650,000
Share issue premiums	-
Retained earnings	93,187
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	25,883
Profit	6,151
Net profit of the period	6,151
Profit of the previous years	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	45
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>775,266</b>
<b>Common Equity Tier 1 capital: regulatory adjustments</b>	
Prudential valuation adjustments	-
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognised in equity in accordance with TAS	24,364
Improvement costs for operating leasing	5,373
Goodwill (net of related tax liability)	7,864
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
Cash-flow hedge reserve	-
Shortfall of provisions to expected losses	-
Securitisation gain on sale	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Investments in own shares	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-
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)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**I. Explanations Related to Equity (continued)**

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 (as set out in the paragraph 2 of the Provisional Article 2 of the Regulation on Banks' Own Funds)	-
of which: significant investments in the common stock of financials	-
of which: mortgage servicing rights	-
of which: deferred tax assets arising from temporary differences	-
National specific regulatory adjustments which shall be determined by the Board	-
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 Tier 1</b>	<b>37,601</b>
<b>Common Equity Tier 1 capital (CET1)</b>	<b>737,665</b>
<b>ADDITIONAL TIER 1 CAPITAL</b>	
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	-
<b>Additional Tier 1 capital: regulatory adjustments</b>	-
Investments in own Additional Tier 1 instruments	-
Reciprocal cross-holdings in 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)	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
National specific regulatory adjustments which shall be determined by the Board	-
<b>Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period</b>	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	5,242
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
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>Total Additional Tier 1 capital</b>	-
<b>Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)</b>	<b>732,423</b>
<b>TIER 2 CAPITAL</b>	
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
Provisions	36,563
<b>Tier 2 capital before regulatory adjustments</b>	<b>36,563</b>
<b>Tier 2 capital: regulatory adjustments</b>	-
Investments in own Tier 2 instruments	-
Reciprocal cross-holdings in Tier 2 instruments	-

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**I. Explanations Related to Equity (continued)**

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) (-)	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) (-)	-
National specific regulatory adjustments which shall be determined by the Board	-
<b>Total regulatory adjustments to Tier 2 capital</b>	-
<b>Total Tier 2 capital</b>	<b>36,563</b>
<b>Total Capital (The sum of Tier 1 capital and Tier 2 capital)</b>	<b>768,986</b>
<b>The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>	
Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	-
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition	189
National specific regulatory adjustments which shall be determined by the Board	-
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</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 (amount above the 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (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) which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
<b>OWN FUNDS</b>	
<b>Total Capital (The sum of Tier 1 capital and Tier 2 capital)</b>	<b>768,797</b>
<b>Total Risk Weighted Assets</b>	<b>4,723,959</b>
<b>CAPITAL ADEQUACY RATIOS</b>	
Common Equity Tier 1 Capital Adequacy Ratio (%)	15.62
Tier 1 Capital Adequacy Ratio (%)	15.50
Capital Adequacy Ratio (%)	16.27

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**I. Explanations Related to Equity (continued)**

<b>BUFFERS</b>	
Total buffer requirement	0.634
of which: capital conservation buffer requirement (%)	0.625
of which: bank specific countercyclical buffer requirement (%)	0.009
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	0.111
<b>Amounts below the thresholds for deduction (before risk weighting)</b>	
Non-significant investments in the capital of other financials	-
Significant investments in the common stock of financials	-
Mortgage servicing rights (net of related tax liability)	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>	
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-
Cap on inclusion of provisions in Tier 2 under standardised approach	36,563
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>	
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-

(\*) There is no amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**I. Explanations Related to Equity (continued)**

	<b>December 31, 2015 (*)</b>
<b>Common Equity Core Capital (CET 1)</b>	
Paid-in capital	650,000
Share premium	-
Share repeal	-
Legal reserves	78,681
Accumulated other comprehensive income in accordance with TAS	25,714
Profit	14,506
Net current period profit	14,506
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>Common Equity Core capital: regulatory adjustments</b>	
Loss (in excess of Reserves) and other comprehensive expenses (-)	(26,132)
Leasehold Improvements on Operational Leases (-)	(5,751)
Goodwill and Intangible assets and related deferred tax liabilities (-)	(5,088)
Net Deferred tax assets / liabilities (-)	-
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>(36,971)</b>
<b>Common Equity Core capital (CET1)</b>	<b>731,975</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 MARCH 31, 2016**

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

**I. Explanations Related to Equity (continued)**

	December 31, 2015
<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
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 (-)	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>724,347</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
<b>Tier 2 capital before regulatory adjustments</b>	<b>39,402</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>Total capital (TC = T1 + T2)</b>	<b>763,749</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 MARCH 31, 2016**

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

**I. Explanations Related to Equity (continued)**

	December 31, 2015
<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)
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>763,670</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	-

(\*) Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 31 March 2016, the information given in the prior period column has been calculated pursuant to former regulation.

**II. 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 March 31, 2016 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	March 24, 2016	March 25, 2016	March 28, 2016	March 29, 2016	March 30, 2016	March 31, 2016
<b>USD</b>	2.8776	2.8725	2.8680	2.8640	2.8335	2.8156
<b>CHF</b>	2.9474	2.9404	2.9464	2.9395	2.9421	2.9384
<b>GBP</b>	4.0663	4.0600	4.0903	4.0861	4.0885	4.0440
<b>100 JPY</b>	2.5570	2.5400	2.5320	2.5250	2.5180	2.5090
<b>EUR</b>	3.2099	3.2063	3.2130	3.2080	3.2087	3.2103



Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**II. 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 March 31, 2016 are as follows:

	Monthly Average Foreign Exchange Rate				
<b>USD</b>					2.8831
<b>CHF</b>					2.9392
<b>GBP</b>					4.1066
<b>100 JPY</b>					2.5539
<b>EUR</b>					3.2080

  

<b>March 31, 2016</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.	12,472	420,211	-	34,715	467,398
Banks	11,250	399,121	106	1,965	412,442
Financial Assets at Fair Value Through Profit and Loss (***)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	3	-	-	3
Loans (*)	322,342	608,615	-	-	930,957
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	9	32	-	-	41
<b>Total Assets</b>	<b>346,073</b>	<b>1,427,982</b>	<b>106</b>	<b>36,680</b>	<b>1,810,841</b>
<b>Liabilities</b>					
Bank Deposits	17,287	6,181	-	-	23,468
Foreign Currency Deposits	203,362	1,398,008	-	283	1,601,653
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	107,441	97,682	-	-	205,123
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2,929	5,214	-	-	8,143
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	176	3,245	-	-	3,421
<b>Total Liabilities</b>	<b>331,195</b>	<b>1,510,330</b>	<b>-</b>	<b>283</b>	<b>1,841,808</b>
<b>Net Balance Sheet Position</b>	<b>14,878</b>	<b>(82,348)</b>	<b>106</b>	<b>36,397</b>	<b>30,967</b>
<b>Net Off-Balance Sheet Position</b>	(15,326)	78,077	-	(35,407)	27,344
Financial Derivative Assets (***)	2,009	83,334	-	34,679	120,022
Financial Derivative Liabilities (***)	(17,335)	(5,257)	-	(70,086)	(92,678)
Non-Cash Loans (**)	228,826	415,877	-	944	645,647
<b>December 31, 2015</b>					
Total Assets(*) (***)	364,088	1,578,426	108	32,128	1,974,750
Total Liabilities	380,549	1,563,981	-	315	1,944,845
Net Balance Sheet Position	(16,461)	14,445	108	31,813	29,905
Net Off-Balance Sheet Position	16,286	(14,836)	-	(30,987)	(29,537)
Financial Derivative Assets (***)	20,250	5,589	-	-	25,839
Financial Derivative Liabilities (***)	(3,964)	(20,425)	-	(30,987)	(55,376)
Non-Cash Loans (**)	230,730	450,513	-	808	682,051

(\*) Foreign currency indexed loans amounting to TRY 403,508 (December 31, 2015: TRY 518,106) are included in the loan portfolio.

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

(\*\*\*) It includes also TRY 5,462 and TRY 9,023 forward asset purchase & sale commitments (December 31, 2015: TRY 6,005 and TRY 7,435).

(\*\*\*\*) TRY 2,729 liability from derivative financial instruments are not included (December 31, 2015: TRY 29 asset from derivative financial instruments and TRY 34 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 MARCH 31, 2016

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

#### II. 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	
		March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
USD	%10 increase	(427)	(39)	-	-
USD	%10 decrease	427	39	-	-
EUR	%10 increase	(45)	(18)	-	-
EUR	%10 decrease	45	18	-	-
Other Currency	%10 increase	110	93	-	-
Other Currency	%10 decrease	(110)	(93)	-	-

#### III. 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 MARCH 31, 2016**

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

**III. 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>March 31, 2016</b>							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	533,533	-	-	-	43,404	576,937
Banks	335,061	-	-	-	-	77,521	412,582
Financial Assets at Fair Value Through Profit and Loss	-	-	-	25	-	1,326	1,351
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	87,839	257,951	342,981	-	3	138	688,912
Loans (*)	1,966,122	172,687	538,143	676,057	15,110	-	3,368,119
Held-To-Maturity Investments	1,691	-	10,262	-	-	-	11,953
Other Assets (**)	-	-	-	-	-	296,144	296,144
<b>Total Assets</b>	<b>2,390,713</b>	<b>964,171</b>	<b>891,386</b>	<b>676,082</b>	<b>15,113</b>	<b>418,533</b>	<b>5,355,998</b>
Liabilities							
Bank Deposits	8,462	16,078	-	-	-	4,394	28,934
Other Deposits	2,246,165	1,365,526	208,313	-	-	183,195	4,003,199
Money Market Borrowings	178,320	-	-	-	-	-	178,320
Sundry Creditors	-	-	-	-	-	37,330	37,330
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	10,257	98,818	61,157	48,280	-	-	218,512
Other Liabilities (***)	657	590	-	-	-	888,456	889,703
<b>Total Liabilities</b>	<b>2,443,861</b>	<b>1,481,012</b>	<b>269,470</b>	<b>48,280</b>	<b>-</b>	<b>1,113,375</b>	<b>5,355,998</b>
Balance Sheet Long Position							
Balance Sheet Long Position	-	-	621,916	627,802	15,113	-	1,264,831
Balance Sheet Short Position	(53,148)	(516,841)	-	-	-	(694,842)	1,264,831
Off-Balance Sheet Long Position	-	-	-	-	-	187,199	187,199
Off-Balance Sheet Short Position	-	-	-	-	-	(188,886)	(188,886)
<b>Total Position</b>	<b>(53,148)</b>	<b>(516,841)</b>	<b>621,916</b>	<b>627,802</b>	<b>15,113</b>	<b>(696,529)</b>	<b>(1,687)</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 55,843, intangible assets amounting to TRY 13,106, tax asset amounting to TRY 4,028, prepaid expenses amounting to TRY 9,905, non-performing loans amounting to TRY 172,748 and other assets amounting to TRY 40,514.

(\*\*\*) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 750,902, TRY 61,792 provisions, settlement account amount TRY 47,554, and TRY 28,208 other liabilities.

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

	EUR %	USD %	YEN %	TRY %
<b>March 31, 2016</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey	-	0.49	-	5.97
Banks	-	0.38	-	10.58
Financial Assets At Fair Value Through Profit And Loss	-	-	-	10.50
Money Market Placements	-	-	-	10.74
Available-For-Sale Financial Assets (*)	-	7.38	-	2.61
Loans	5.54	5.98	-	16.30
Held-To-Maturity Investments	-	-	-	8.64
Liabilities				
Bank Deposits	1.16	2.90	-	9.49
Other Deposits	1.69	2.81	-	13.15
Money Market Borrowings	-	-	-	8.45
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	1.74	2.67	-	6.66

(\*) Available-For-Sale Financial Assets include CPI indexed securities which cover 99.98% 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 MARCH 31, 2016**

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

**III. 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	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 consists of shareholders' equity amounting to TRY 742,814, provisions amounting to TRY 61,592, settlement account amounting to TRY 45,115 and other liabilities amounting to TRY 25,357.

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

### TURKLAND BANK ANONİM ŞİRKETİ NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AS OF MARCH 31, 2016

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

#### III. Explanations Related to Interest Rate Risk (continued)

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

	EUR %	USD %	YEN %	TRY %
<b>December 31, 2015</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(*)	-	0.21	-	4.13
Banks	0.05	0.20	-	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
<b>Liabilities</b>				
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. 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 ever 99.99% of the portfolio.

##### 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 9,421. The change in profit mainly is related to loans and deposits (December 31, 2015 : TRY 10,244).
- 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 239 (December 31, 2015: TRY 238).

#### IV. Explanations Related to Equity Securities Risk

The Bank has no outstanding stock position.

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio**

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 (123%) (12/02/2016) at the lowest and (546%) (27/01/2016) at the highest while the unconsolidated lowest foreign currency is (139%) (12/02/2016) and the unconsolidated highest foreign currency is (445%) (18/03/2016) 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 MARCH 31, 2016**

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

**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (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 MARCH 31, 2016**

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

**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)**

**Liquidity Coverage Ratio:**

Current Period – 31.03.2016		Total Unrated Value (*)		Total Rated Value (*)	
		TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
	High Quality Liquid Assets			932,856	344,524
<b>CASH OUTFLOWS</b>					
2	Retail deposit	2,483,847	982,451	246,785	97,792
3	Stable deposit	31,998	9,068	1,600	454
4	Less stable deposit	2,451,849	973,383	245,185	97,338
5	Unsecured wholesale funding	1,190,823	489,031	506,254	199,512
6	Operational deposit	-	-	-	-
7	Non-Operational deposit	1,103,392	474,665	418,986	185,146
8	Other unsecured funding	87,431	14,366	87,268	14,366
9	Secured funding			-	-
10	Other cash outflows	95,855	51,843	11,123	7,005
11	Derivatives cash outflows	4,612	2,499	4,162	2,499
12	Fundings due to restructured financial instruments	-	-	-	-
13	Payment commitments due to financial markets and other off balance sheet commitments and contingencies	91,243	49,344	6,961	4,506
14	Revocable other off balance sheet contingencies and commitments and other contractual cash outflows	-	-	-	-
15	Other contingent or non-contingent funding obligations	-	-	-	-
16	<b>TOTAL CASH OUTFLOWS</b>			764,162	304,309
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	541,691	314,906	429,133	309,511
19	Other cash inflows	2,251	2,394	2,251	2,394
20	<b>TOTAL CASH INFLOWS</b>	543,942	317,300	431,384	311,905
21	<b>TOTAL STOCK OF HQLA</b>			932,856	344,524
22	<b>TOTAL NET CASH OUTFLOWS</b>			332,778	80,106
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			291.00	447.82

(\*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages



Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)**

**Liquidity Coverage Ratio (continued) :**

Prior Period – 31.12.2015		Total Unrated Value (**)		Total Rated Value (**)	
		TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High Quality Liquid Assets			974,020	394,339
<b>CASH OUTFLOWS</b>					
2	Retail deposit	2,362,128	913,183	265,156	102,288
3	Stable deposit	37,738	9,825	2,423	644
4	Less stable deposit	2,324,390	903,358	262,733	101,644
5	Unsecured wholesale funding	1,617,035	647,449	688,563	263,499
6	Operational deposit	-	-	-	-
7	Non-Operational deposit	1,516,514	640,595	588,220	256,645
8	Other unsecured funding	100,521	6,854	100,343	6,854
9	Secured funding			-	-
10	Other cash outflows	99,339	61,985	6,847	4,905
11	Derivatives cash outflows	52	97	52	97
12	Fundings due to restructured financial instruments	-	-	-	-
13	Payment commitments due to financial markets and other off balance sheet commitments and contingencies	99,287	61,888	6,795	4,808
14	Revocable other off balance sheet contingencies and commitments and other contractual cash outflows	-	-	-	-
15	Other contingent or non-contingent funding obligations	-	-	-	-
16	<b>TOTAL CASH OUTFLOWS</b>			960,566	370,692
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	598,777	298,710	444,539	286,510
19	Other cash inflows	1,439	1,850	1,439	1,850
20	<b>TOTAL CASH INFLOWS</b>	600,216	300,560	445,978	288,360
21	<b>TOTAL STOCK OF HQLA</b>			974,020	394,339
22	<b>TOTAL NET CASH OUTFLOWS</b>			514,534	115,278
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			208.10	409.02

(\*\*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages

An decrease is observed in cash inflow and outflows in parallel with the decrease 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 2016.

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)**

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

<b>March 31, 2016</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 (****)	162,545	231,532	150,256	27,650	4,954	-	-	576,937
Banks	77,521	335,061	-	-	-	-	-	412,582
Financial Assets at Fair Value Through Profit and Loss	-	1,326	-	-	25	-	-	1,351
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	75,238	-	102,783	510,753	138	688,912
Loans (***)	-	1,966,122	172,687	538,143	676,057	15,110	-	3,368,119
Held-To-Maturity Investments	-	-	-	10,262	1,691	-	-	11,953
Other Assets	-	26,134	-	-	-	-	270,010	296,144
<b>Total Assets</b>	<b>240,066</b>	<b>2,560,175</b>	<b>398,181</b>	<b>576,055</b>	<b>785,510</b>	<b>525,863</b>	<b>270,148</b>	<b>5,355,998</b>
<b>Liabilities</b>								
Bank Deposits	4,394	8,462	16,078	-	-	-	-	28,934
Other Deposits	183,195	2,246,165	1,365,526	208,313	-	-	-	4,003,199
Funds Provided From Other Financial Institutions	-	10,257	98,818	61,157	48,280	-	-	218,512
Money Market Borrowings	-	178,320	-	-	-	-	-	178,320
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	37,330	-	-	-	-	-	-	37,330
Other Liabilities (**)	-	76,421	590	-	-	-	812,692	889,703
<b>Total Liabilities</b>	<b>224,919</b>	<b>2,519,625</b>	<b>1,481,012</b>	<b>269,470</b>	<b>48,280</b>	<b>-</b>	<b>812,692</b>	<b>5,355,998</b>
<b>Liquidity Gap</b>	<b>15,147</b>	<b>40,550</b>	<b>(1,082,831)</b>	<b>306,585</b>	<b>737,230</b>	<b>525,863</b>	<b>(542,544)</b>	<b>-</b>
<b>December 31, 2015</b>								
Total Assets	272,292	3,102,129	374,110	548,284	707,240	565,127	249,551	5,818,733
Total Liabilities	164,402	2,731,462	1,648,080	422,916	47,410	-	804,463	5,818,733
Liquidity Gap	107,890	370,667	(1,273,970)	125,368	659,830	565,127	(554,912)	-

(\*) 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 MARCH 31, 2016**

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

**VI. Explanations Related to Leverage Ratio**

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

As of 31 March 2016, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 11.28% (31 December 2015: 10.67%). This ratio is above the minimum required. The main factors causing a difference between leverage ratios of current period and previous period are; a decrease rate of 9% in off-balance sheet transactions compared to the previous year and an decrease rate of 6% in the balance sheet assets when compared to the previous period.

**Disclosure of Leverage ratio template :**

	<b>On Balance Sheet Exposures</b>	Current Period (*)	Prior Period (*)
1	On balance sheet exposures (excluding derivative exposures, including collaterals)	5,345,348	5,703,443
2	(Deductions from the capital)	(44,081)	(44,699)
3	Total risk amount of on balance sheet exposures (Total of 1st ve 2nd rows)	5,301,267	5,658,744
	<b>Derivative exposures</b>		
4	Replacement cost of derivative exposure	1,655	872
5	Potential credit risk of derivative exposures	1,326	794
6	Total risk of derivative exposures (Total of 4th ve 5th rows)	2,981	1,666
	<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	2,311,589	2,382,361
11	CCR adjustment amount	(1,145,577)	(1,254,426)
12	The risk amount of off balance sheet items (Total of 10th ve 11th rows)	1,166,012	1,127,935
	Capital and total risk		
13	Shareholders' Equity	729,911	724,129
14	Total risk amount (Total of 3rd, 6th, 9th and 12th rows)	6,470,260	6,788,345
	<b>Leverage Ratio</b>		
15	Leverage ratio	11.28%	10.67%

(\*) Amounts demonstrate the average of 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 MARCH 31, 2016**

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

**VII. Explanations Related to Risk Management**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented:

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

**Overview of RWA**

		RWA		Minimum capital requirements
		March 31, 2016	December 31, 2015	March 31, 2016
1	Credit risk (excluding counterparty credit risk) (CCR)	4,319,661	4,536,052	345,572
2	Of which standardised approach (SA)	4,319,661	4,536,052	345,572
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	1,835	525	147
5	Of which standardised approach for counterparty credit risk (SA-CCR)	1,835	525	147
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – fall-back approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	7,874	975	630
17	Of which standardised approach (SA)	7,874	975	630
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	394,589	343,079	31,567
20	Of which Basic Indicator Approach	394,589	343,079	31,567
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	<b>4,723,959</b>	<b>4,880,631</b>	<b>377,916</b>

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**VII. Explanations Related to Risk Management (continued)**

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.

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 October 23, 2015, numbered 29511.

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. 29511, dated October 23, 2015 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 and in accordance with "Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks" published in the Official Gazette no.29599, dated January 20, 2016.

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.

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**VII. Explanations Related to Risk Management (continued)**

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.

"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.

Organization and structure of Risk Management Group: Risk Management Group work under the Board of Directors as their functions and responsibilities. The connection with the Board of Directors and Risk Management Group is provided through the Audit Committee.

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 (ALCO), 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.

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**VII. Explanations Related to Risk Management (continued)**

	Internal Rating Grade	March 31, 2016	(%)	December 31, 2015	(%)	
High						
	Risk rating class 1	A+ Excellent	23,573	0.70	39,317	1.03
	Risk rating class 2	A- Excellent	158,523	4.71	236,728	6.23
Good						
	Risk rating class 3	B+ Very Good	335,437	9.96	405,946	10.69
	Risk rating class 4	B- Very Good	586,659	17.42	598,612	15.76
Standard						
	Risk rating class 5	C+ Good	689,322	20.47	854,670	22.50
	Risk rating class 6	C- Good	789,737	23.44	714,945	18.82
Substandard						
	Risk rating class 7	D+ Ordinary	403,219	11.97	544,959	14.34
	Risk rating class 8	D- Ordinary	245,089	7.28	237,765	6.26
	Risk rating class 9	E Bad	117,631	3.49	132,964	3.50
	Risk rating class 10	F Very Bad	1,255	0.04	3,684	0.10
Unrated			17,674	0.52	29,334	0.77
<b>Total</b>			<b>3,368,119</b>	<b>100.00</b>	<b>3,798,924</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 9 with an outstanding risk of TRY 1,255 (December 31, 2015 : TRY 3,684; 7 client). 4 of these clients are granted against mortgage with outstanding risk of TRY 925 and covers 74% of total risk (December 31, 2015: 5 clients; 69%), 4 of these clients are granted against customer check/note with outstanding risk of TRY 151 and covers 12% of total risk (December 31, 2015: 2 clients; 27%).

**“E” rating;**

Number of clients with “E” rating is 82 and total outstanding risk is TRY 117,631 (December 31, 2015 : TRY 132,964; 76 clients). 21 of these clients are granted against mortgage with outstanding risk of TRY 80,227 and covers 68% of total “E” Rating Risk (December 31, 2015 : TRY 93,752 TL; %71). 32 of these clients are granted against customer check/note with outstanding risk of TRY 25,476 and covers 22% of total “E” Rating Risk (December 31,2015 : TRY 19,319; 15%).

**“D-” rating;**

Number of clients with D- rating is 163 and total outstanding risk is TRY 245,089 (December 31, 2015 : TRY 237,765; 151 client). 59 of these clients granted against mortgage have outstanding risk of TRY 127,389 and covers 52% of total “D-” Rating Risk (December 31, 2015 : TRY 126,120; 53%). 80 of these clients are granted against customer check/note with outstanding risk of TRY 57,309 and covers 23% of total “D-” Rating Risk (December 31,2015 : TRY 51,442; 22%).

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**VII. Explanations Related to Risk Management (continued)**

6 of these clients are granted against cash blockage with outstanding risk of TRY 2,764 and cover 1% of “D-” rating risk (December 31,2015 : TRY 4,320; 2%). 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, 2015 : TRY 2,000; 1% ). One of these clients is granted against to vehicle collateral with outstanding risk of TRY 2,707 and covers 1% of “D-” rating risk (December 31, 2015 : None). Moreover, parent company of 5 clients, which have risk of TRY 16,522, have ratings of D+ and above (ratio is 7%).

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



**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and Disclosures Related to the Assets**

**1. a) Information on Cash and Balances with the Central Bank of Turkey:**

	March, 31 2016		December, 31 2015	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	10,505	30,681	10,690	32,515
Balances with the Central Bank of Turkey	99,034	436,717	39,216	532,667
Other	-	-	-	-
<b>Total</b>	<b>109,539</b>	<b>467,398</b>	<b>49,906</b>	<b>565,182</b>

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

	March, 31 2016		December, 31 2015	
	TRY	FC	TRY	FC
Unrestricted demand deposits	96,816	3,527	37,444	64,086
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Reserve deposits	2,218	433,190	1,772	468,581
<b>Total</b>	<b>99,034</b>	<b>436,717</b>	<b>39,216</b>	<b>532,667</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 MARCH 31, 2016**

(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

**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, 2015: TRY 25).

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

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
Forward Transactions	-	-	22	29
Swap Transactions	1,326	-	359	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1,326</b>	<b>-</b>	<b>381</b>	<b>29</b>

**3. Information on banks:**

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
Banks				
Domestic	140	335,150	24,022	254,990
Foreign	-	77,292	-	109,351
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>140</b>	<b>412,442</b>	<b>24,022</b>	<b>364,341</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 MARCH 31, 2016**

(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:

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	80,074	-	88,008	-
Other	-	-	-	-
<b>Total</b>	<b>80,074</b>	<b>-</b>	<b>88,008</b>	<b>-</b>

Available-for-sale securities given as collateral for open market transactions, İstanbul Stock Exchange and Takasbank are TRY 47,718, TRY 31,809 and TRY 547 respectively (December 31, 2015: Available-for-sale securities given as collateral for open market transaction is TRY 50,517, TRY 31,158 hold for İstanbul Stock Exchange, TRY 5,797 hold for Interbank money market, and TRY 536 hold for Takasbank respectively).

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

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	174,081	-	193,361	-
Other	-	-	-	-
<b>Total</b>	<b>174,081</b>	<b>-</b>	<b>193,361</b>	<b>-</b>

Net book value of unrestricted financial assets available-for-sale is TRY 434,757 (December 31, 2015: TRY 387,991) and included in this amount there are unquoted stocks amounting TRY 138 (December 31, 2015: TRY 138).

b) Information on financial assets available for sale portfolio:

	March 31, 2016	December, 31 2015
Debt securities	688,774	669,222
Quoted on a stock exchange	688,774	669,222
Not quoted	-	-
Share certificates	138	138
Quoted on a stock exchange	-	-
Not quoted	138	138
Impairment provision (-)	-	-
<b>Total</b>	<b>688,912</b>	<b>669,360</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, 2015: TRY 138).

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

(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:

	March 31, 2016		December 31, 2015	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	113	2,016	112	63
Corporate shareholders	113	2,016	112	63
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	18,659	-	18,384
Loans granted to employees	1,572	1,597	1,584	1,536
<b>Total</b>	<b>1,685</b>	<b>22,272</b>	<b>1,696</b>	<b>19,983</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	2,965,878	11,766	-	269,726	120,749	-
Discount notes	2,296,253	11,766	-	256,101	120,749	-
Export loans	153,953	-	-	1,585	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	210,164	-	-	2,997	-	-
Foreign loans	9,838	-	-	-	-	-
Consumer loans	6,793	-	-	2,161	-	-
Credit cards	-	-	-	-	-	-
Precious metals loans	-	-	-	-	-	-
Other	288,877	-	-	6,882	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>2,965,878</b>	<b>11,766</b>	<b>-</b>	<b>269,726</b>	<b>120,749</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	929,908	1,954	61,540	15,830
Non-specialized loans	929,908	1,954	61,540	15,830
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	2,035,970	9,812	208,186	104,919
Non-specialized loans	2,035,970	9,812	208,186	104,919
Specialized loans	-	-	-	-
Other Loans	-	-	-	-
<b>Total</b>	<b>2,965,878</b>	<b>11,766</b>	<b>269,726</b>	<b>120,749</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 MARCH 31, 2016**

(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	11,766	119,451
3, 4 or 5 times extended	-	1,298
5 Over the extended	-	-
<b>Total</b>	<b>11,766</b>	<b>120,749</b>

	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	1,940	18,226
6 – 12 Month	14	1,298
1 – 2 Year	3,243	35,711
2 – 5 Year	6,569	38,471
5 Years and Over	-	27,043
<b>Total</b>	<b>11,766</b>	<b>120,749</b>

As of March 31, 2016, 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 583 and for watchlist-loans, which the payments are rescheduled, amounting to TRY 5,475.

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>1,209</b>	<b>5,198</b>	<b>6,407</b>
Housing Loans	-	1,585	1,585
Car Loans	-	296	296
General Purpose Loans	1,209	3,317	4,526
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>221</b>	<b>981</b>	<b>1,202</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	221	981	1,202
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>1,345</b>	-	<b>1,345</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	-	-	-
<b>Total</b>	<b>2,775</b>	<b>6,179</b>	<b>8,954</b>

(\*) Overdraft Accounts includes TRY 278 personnel 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 MARCH 31, 2016**

(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>62,383</b>	<b>687,158</b>	<b>749,541</b>
Business Loans	26,534	43,439	69,973
Car Loans	-	23,739	23,739
General Purpose Loans	35,849	619,980	655,829
Other	-	-	-
<b>Commercial loans with installment facility - Indexed to FC</b>	<b>2,095</b>	<b>174,768</b>	<b>176,863</b>
Business Loans	-	-	-
Car Loans	1,625	54,472	56,097
General Purpose Loans	470	120,296	120,766
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>33,107</b>	<b>-</b>	<b>33,107</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Toplam</b>	<b>97,585</b>	<b>861,926</b>	<b>959,511</b>

f) Domestic and foreign loans:

	March 31, 2016	December 31, 2015
Domestic loans	3,358,281	3,760,004
Foreign loans	9,838	38,920
<b>Total</b>	<b>3,368,119</b>	<b>3,798,924</b>

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	March 31, 2016	December 31, 2015
Specific provisions		
Loans and receivables with limited collectability	2,075	2,602
Loans and receivables with doubtful collectability	18,838	15,121
Uncollectible loans and receivables	69,889	59,678
<b>Total</b>	<b>90,802</b>	<b>77,401</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 MARCH 31, 2016**

(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>March 31, 2016</b>			
(Gross amount before specific provision) (*)	-	1,432	1,153
Restructured Loans and Other Receivables	-	1,432	1,153
Rescheduled Loans and Other Receivables	-	-	-
<b>December 31, 2015</b>			
(Gross amount before specific provision)	-	-	2,229
Restructured Loans and Other Receivables	-	-	2,229
Rescheduled Loans and Other Receivables	-	-	-

(\*) As of March 31, 2016 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 958 (December 31, 2015: TRY 1,232).

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, 2015 balance</b>	<b>41,152</b>	<b>75,496</b>	<b>125,172</b>
Additions (+)	38,631	5,501	2,015
Transfers from other categories of non-performing loans (+)	-	54,262	30,561
Transfers to other categories of non-performing loans (-)	(54,262)	(30,561)	-
Collections (-)	(526)	(4,030)	(19,861)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
<b>March 31, 2016 balance</b>	<b>24,995</b>	<b>100,668</b>	<b>137,887</b>
Specific provision (-)	(2,102)	(18,811)	(69,889)
<b>Net Balances on Balance Sheet</b>	<b>22,893</b>	<b>81,857</b>	<b>67,998</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 MARCH 31, 2016**

(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>March 31, 2016 (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	<b>24,995</b>	<b>100,668</b>	<b>137,887</b>
Specific provision (-)	(2,102)	(18,811)	(69,889)
Loans to Real Persons and Legal Entities (Net)	<b>22,893</b>	<b>81,857</b>	<b>67,998</b>
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
<b>December 31, 2015 (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	<b>41,152</b>	<b>75,496</b>	<b>125,172</b>
Specific provision (-)	(2,602)	(15,121)	(59,678)
Loans to Real Persons and Legal Entities (Net)	<b>38,550</b>	<b>60,375</b>	<b>65,494</b>
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 March 2016, there is no amount that is written off from assets with the decision of the Board of Directors (December 31, 2015: 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 MARCH 31, 2016**

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

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

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

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

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	3,195	-	3,472	-
Other	-	-	-	-
<b>Total</b>	<b>3,195</b>	<b>-</b>	<b>3,472</b>	<b>-</b>

As of March 31, 2016, collateral or blocked investments held-to-maturity; stock collateral balance is TRY 1,691, Central Bank open market operations is TRY 813 and Takasbank is TRY 691 (December 31, 2015 : Central Bank open market operations is TRY 1,139 and Takasbank is TRY 697 and stock collateral balance is TRY 1,636).

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

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	5,465	-	7,285	-
Other	-	-	-	-
<b>Total</b>	<b>5,465</b>	<b>-</b>	<b>7,285</b>	<b>-</b>

Book value of held to maturity investments classified as unrestricted financial assets is TRY 3,293 (December 31, 2015: TRY 11,323).

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

	March 31, 2016	December 31, 2015
Government bonds	11,953	22,080
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>11,953</b>	<b>22,080</b>

c) Information on held to maturity investments:

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	11,953	-	22,080	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	-	-
<b>Total</b>	<b>11,953</b>	<b>-</b>	<b>22,080</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 MARCH 31, 2016**

(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:

	March 31, 2016	December 31, 2015
Beginning balance	22,080	100,420
Foreign currency differences on monetary assets (*)	(278)	(2,082)
Purchases during year	-	-
Disposal through sales and redemptions	(9,849)	(76,258)
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>11,953</b>	<b>22,080</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):**

This footnote is not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period financial statements.

**13. Information on intangible assets:**

This footnote is not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period financial statements.

**14. Investment Property (Net):** 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 MARCH 31, 2016**

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

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

**15. Explanations on deferred tax assets:**

- a) As of March 31, 2016, deferred tax asset calculated on tax losses is TRY 49 (December 31, 2015: TRY 1,432). Deferred tax asset calculated on the other temporary differences is TRY 2,638 (December 31, 2015: TRY 2,181 deferred tax asset).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- d) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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

**17. Information on other assets:**

- a) Breakdown of other assets:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Settlement Accounts	26,134	25,055
Prepaid Expenses	9,905	7,585
Other	14,380	14,438
<b>Toplam</b>	<b>50,419</b>	<b>47,078</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.

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

(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) **March 31, 2016 :**

	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	14,206	-	50,678	1,126,746	109,728	107,672	18,879	-	1,427,909
Foreign currency deposits	83,521	-	81,194	1,256,857	117,102	60,413	2,565	-	1,601,652
Residents in Turkey	80,977	-	80,670	1,180,258	115,085	59,653	1,091	-	1,517,734
Residents abroad	2,544	-	524	76,599	2,017	760	1,474	-	83,918
Public sector deposits	24,590	-	-	-	-	-	-	-	24,590
Commercial deposits	60,571	-	130,066	475,791	59,595	66,003	66,438	-	858,464
Other institutions deposits	308	-	1,490	54,175	-	34,611	-	-	90,584
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	4,393	-	2,751	5,712	16,078	-	-	-	28,934
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	83	-	-	-	-	-	-	-	83
Foreign Banks	4,310	-	2,751	5,712	16,078	-	-	-	28,851
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>187,589</b>	<b>-</b>	<b>266,179</b>	<b>2,919,281</b>	<b>302,503</b>	<b>268,699</b>	<b>87,882</b>	<b>-</b>	<b>4,032,133</b>

a.2) **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>

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	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Saving deposits	305,552	315,561	1,106,112	1,280,987
Foreign currency saving deposits	86,144	81,505	937,584	905,019
Other deposits in the form of saving deposits	698	590	14,735	11,536
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
<b>Total</b>	<b>392,394</b>	<b>397,656</b>	<b>2,058,431</b>	<b>2,197,542</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 MARCH 31, 2016**

(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:

	March 31, 2016	December 31, 2015
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	3,043	2,767
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:

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
Forward Transactions	-	16	3	25
Swap Transactions	-	2,713	-	9
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,729</b>	<b>3</b>	<b>34</b>

**3. Information on borrowings:**

a) Information on banks and other financial institutions:

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
From Domestic Banks and Institutions	13,389	24,027	16,785	20,968
From Foreign Banks, Institutions and Funds	-	181,096	-	187,296
<b>Total</b>	<b>13,389</b>	<b>205,123</b>	<b>16,785</b>	<b>208,264</b>

b) Maturity analysis of borrowings:

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
Short-term	13,389	83,819	16,785	87,146
Medium and long-term	-	121,304	-	121,118
<b>Total</b>	<b>13,389</b>	<b>205,123</b>	<b>16,785</b>	<b>208,264</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. 81% of bank deposits and 40% of other deposits are composed of foreign currency deposits.

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

(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:**

	March 31, 2016		December 31, 2015	
	TRY	FC	TRY	FC
<b>From domestic transactions</b>	<b>178,320</b>	-	<b>199,302</b>	-
Financial institutions and organizations	178,318	-	199,295	-
Other institutions and organizations	-	-	-	-
Real persons	2	-	7	-
<b>From foreign transactions</b>	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
<b>Total</b>	<b>178,320</b>	-	<b>199,302</b>	-

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

	March 31, 2016		December 31, 2015	
	Nominal	Carrying Value	Nominal	Carrying Value
Financial Assets Available for Sale	119,571	172,883	143,899	192,088
Held to Maturity Investments	5,378	5,437	7,035	7,214
Financial assets held for trading	-	-	-	-
<b>Total</b>	<b>124,949</b>	<b>178,320</b>	<b>150,934</b>	<b>199,302</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. In 2016 operational lease expenses amounting to TRY 4,721 have been recorded in the profit and loss accounts (December 31, 2015: TRY 17,448). 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 MARCH 31, 2016**

(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:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
General Provisions		
Provisions for First Group Loans and Receivables	20,989	25,001
- Additional provision for extended loans	583	533
Provisions for Second Group Loans and Receivables	5,521	4,103
- Additional provision for extended loans	5,475	5,652
Provisions for Non-cash Loans	3,995	4,113
<b>Total</b>	<b>36,563</b>	<b>39,402</b>

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 2,749 (December 31, 2015: TRY 1,468) on the foreign currency indexed loans are netted off from loans on the balance sheet.

c) The specific provisions of TRY 8,276 (December 31, 2015: TRY 7,445) 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) Table of provision for employee of benefits:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Employee termination benefit provision	8,492	8,198
Unused vacation provision	4,493	4,038
<b>Total of provision for employee benefits</b>	<b>12,985</b>	<b>12,236</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 Gazette, as per TAS 19 actuarial gain that is recorded under shareholders’ equity amounting to TRY 454 as of March 31, 2016 (December 31, 2015: TRY 285 gain).

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

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

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>March 31, 2016</b>	<b>December 31, 2015</b>
Specific provisions provided for unindemnified non cash loans	8,276	7,455
Other provisions (*)	3,968	2,499
<b>Total</b>	<b>12,244</b>	<b>9,954</b>

(\*) Other provisions include TRY 2,268 of bonus and premium provisions, TRY 303 of provision for other assets, TRY 1,397 of litigation provision. (December 31, 2015: TRY 770 of bonus and premium provisions before 2015, TRY 302 of provision for other assets, TRY 1,427 of litigation provision).

**9. Explanations on taxes payable:**

a) Information on current tax liability:

a.1) As of March 31, 2016, remaining tax liability after prepaid taxes are netted off:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Current Period Tax Payable	-	-
Prepaid Tax	(1,341)	(1,238)
<b>Total</b>	<b>(1,341)</b>	<b>(1,238)</b>

a.2) Explanations on taxes payable:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Taxation on Securities	5,260	5,350
BITT	4,521	4,664
Payroll Tax	1,064	1,379
Property Tax	471	465
Value Added Tax Payable	104	321
Stamp Tax	43	44
Other	32	66
<b>Total</b>	<b>11,495</b>	<b>12,289</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 MARCH 31, 2016**

(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:

	March 31, 2016	December 31, 2015
Social Security Premiums-Employer	883	823
Social Security Premiums-Employee	568	534
Bank Social Aid Pension Fund Premium-Employer	77	73
Bank Social Aid Pension Fund Premium-Employee	39	36
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>1,567</b>	<b>1,466</b>

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

**10. Information on Shareholders' Equity:**

a) Presentation of Paid-in capital:

As of March 31, 2016 the nominal value of the Bank's capital is amounting to TRY 650,000 and consists of 6,500 million shares

000 TL	March 31, 2016	December 31, 2015
Common stock (*)	650,000	650,000
Preferred stock	-	-

(\*) Nominal Capital

b) The Bank does not apply registered share capital system.

c) Information on share capital increases' their sources and 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.

Translated into English from the original Turkish report and financial statements

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

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

h) Information on marketable securities value increase fund:

	March 31, 2016	December 31, 2015
Valuation Difference	(24,364)	(26,132)
Foreign Exchange Difference	-	-
<b>Total</b>	<b>(24,364)</b>	<b>(26,132)</b>

**III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments**

**1. Information on off-balance sheet liabilities:**

a) Nature and amount of irrevocable loan commitments:

	March 31, 2016	December 31, 2015
Loan granting commitments	62,677	62,401
Payment commitments for checks	114,675	111,641
Forward asset purchase and sales commitments	23,235	14,877
Other irrevocable commitments	2,922	494
<b>Total</b>	<b>203,509</b>	<b>189,413</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:

	March 31, 2016	December 31, 2015
Bank acceptance loans	2,936	2,701
Letters of credit	113,049	150,969
Other guarantees and collaterals	161,113	154,325
<b>Total</b>	<b>277,098</b>	<b>307,995</b>

b.2) Guarantees, suretyships, and similar transactions:

	March 31, 2016	December 31, 2015
Definite letter of guarantess	1,268,327	1,333,414
Temporary letter of guarantees	378,354	365,002
Other letter of guarantees	202,661	228,119
<b>Total</b>	<b>1,849,342</b>	<b>1,926,535</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 MARCH 31, 2016**

(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) Total amount of non-cash loans:

	<b>March 31, 2016</b>		<b>December 31, 2015</b>	
Non-cash loans given against achieving cash loans	160,157		151,028	
With maturity of 1 year or less than 1 year	143		98,319	
With maturity of more than 1 year	160,014		52,709	
Other non-cash loans	1,966,283		2,083,502	
<b>Total</b>	<b>2,126,440</b>		<b>2,234,530</b>	

**IV. Explanations and Disclosures Related to the Statement of Income**

1. a) **Information on interest on loans:**

	<b>March 31, 2016</b>		<b>March 31, 2015</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
Interest on loans (*)				
Short term loans	36,465	1,704	57,839	2,494
Medium and long term loans	74,725	5,807	36,110	6,045
Interest on non-performing loans	1,697	-	2,305	-
<b>Total</b>	<b>112,887</b>	<b>7,511</b>	<b>96,254</b>	<b>8,539</b>

(\*) Includes fees and commissions obtained from cash loans.

b) **Information on interest received from banks:**

	<b>March 31, 2016</b>		<b>March 31, 2015</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
The Central Bank of Turkey	-	-	-	-
Domestic banks	43	296	70	107
Foreign banks	-	3	-	-
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>43</b>	<b>299</b>	<b>70</b>	<b>107</b>

c) **Interest received from marketable securities portfolio:**

	<b>March 31, 2016</b>		<b>March 31, 2015</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
Trading securities	1	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	21,835	-	9,124	-
Held-to-maturity securities	401	-	2,076	-
<b>Total</b>	<b>22,237</b>	<b>-</b>	<b>11,200</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 MARCH 31, 2016**

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

**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

**d) Information on interest income received from associates and subsidiaries:**

None.

**2. a) Information on interest on funds borrowed:**

	March 31, 2016		March 31, 2015	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	244	1,113	334	801
The Central Bank of Turkey	-	-	-	-
Domestic banks	244	83	258	124
Foreign banks	-	1,030	76	677
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
<b>Total</b>	<b>244</b>	<b>1,113</b>	<b>334</b>	<b>801</b>

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

**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:**

Account Name	March 31, 2016							Total
	Time Deposits							
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	
<b>TRY</b>								
Bank deposits	-	29	-	-	-	-	-	29
Saving deposits	-	1,251	37,108	5,911	3,342	541	-	48,153
Public sector deposits	-	-	88	75	-	-	-	163
Commercial deposits	-	2,577	14,577	2,549	1,889	1,564	-	23,156
Other deposits	-	2,920	2,849	-	-	-	-	5,769
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>6,777</b>	<b>54,622</b>	<b>8,535</b>	<b>5,231</b>	<b>2,105</b>	-	<b>77,270</b>
<b>Foreign Currency</b>								
Foreign currency deposits	-	250	9,131	578	335	5	-	10,299
Bank deposits	-	-	56	-	-	-	-	56
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>250</b>	<b>9,187</b>	<b>578</b>	<b>335</b>	<b>5</b>	-	<b>10,355</b>
<b>Grand Total</b>	-	<b>7,027</b>	<b>63,809</b>	<b>9,113</b>	<b>5,566</b>	<b>2,110</b>	-	<b>87,625</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 MARCH 31, 2016**

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

**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

Account Name	March 31, 2015								
	Time Deposits							Accumulating Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
<b>TRY</b>									
Bank deposits	-	3	-	-	-	-	-	3	
Saving deposits	-	1,235	20,587	2,600	2,495	176	-	27,093	
Public sector deposits	-	-	40	-	-	-	-	40	
Commercial deposits	-	1,525	14,223	1,992	809	2,122	-	20,671	
Other deposits	-	9	1,675	1,397	-	-	-	3,081	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
<b>Total</b>	-	<b>2,772</b>	<b>36,525</b>	<b>5,989</b>	<b>3,304</b>	<b>2,298</b>	-	<b>50,888</b>	
<b>Foreign Currency</b>									
Foreign currency deposits	-	128	8,223	1,166	223	52	-	9,792	
Bank deposits	-	59	-	-	-	-	-	59	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
<b>Total</b>	-	<b>187</b>	<b>8,223</b>	<b>1,166</b>	<b>223</b>	<b>52</b>	-	<b>9,851</b>	
<b>Grand Total</b>	-	<b>2,959</b>	<b>44,748</b>	<b>7,155</b>	<b>3,527</b>	<b>2,350</b>	-	<b>60,739</b>	

3. Information on Dividend Income: None.

4. Information on net trading income:

	March 31, 2016	March 31, 2015
<b>Income</b>	<b>132,241</b>	<b>182,815</b>
Gains on capital market operations	8	-
Gains on derivative financial instruments	8,166	16,668
Foreign exchange gains	124,067	166,147
<b>Losses (-)</b>	<b>(131,805)</b>	<b>(183,500)</b>
Losses on capital market operations	-	-
Losses on derivative financial instruments	(15,091)	(19,881)
Foreign exchange losses	(116,714)	(163,619)
<b>Total</b>	<b>436</b>	<b>(685)</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 MARCH 31, 2016**

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

**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

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

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Reversal of specific provisions (cash)	6,004	5,568
Reversal of general loan loss provisions	4,238	487
Reversal of unindemnified non-cash loan provision	993	322
Income from sales of assets	662	1,791
Income of previous year	391	68
Provisions for expenditure collected from customers	20	25
Provisions for communication expense collected from customers	8	4
Reversal of free provisions	-	35
Other	159	111
<b>Total</b>	<b>12,475</b>	<b>8,411</b>

**6. Provision for impairment of loans and other receivables:**

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Specific provisions for loans and other receivables	19,405	2,383
III. Group Loans and Receivables	3,650	1,806
IV. Group Loans and Receivables	6,343	-
V. Group Loans and Receivables	9,412	577
General loan loss provision expenses	1,399	1,667
Marketable securities impairment losses	-	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision expense on investments	-	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	-
Other	1,814	842
<b>Total</b>	<b>22,618</b>	<b>4,892</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 MARCH 31, 2016**

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

**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

**7. Information on other operating expenses:**

	March 31, 2016	March 31, 2015
Personnel expenses	20,005	18,526
Reserve for employee termination benefits	463	529
Taxes and duties	1,119	1,219
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1,091	1,031
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	2,348	1,908
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	211	155
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	13,976	12,762
Rent expenses	4,721	3,958
Maintenance expenses	1,443	1,253
Advertisement expenses	99	132
Other expenses (*)	7,713	7,419
Loss on sales of assets	-	-
Other (**)	2,541	3,990
<b>Total</b>	<b>41,754</b>	<b>40,120</b>

(\*) Included in other operating expenses; vehicle expenses are TRY 1,200, communication expenses are TRY 983, heating-lightening expenses are TRY 401, stationery expenses are TRY 251, cleaning expenses are TRY 244, non-deductible are expenses TRY 134, other provisions are TRY 1,500, computer usage expenses are TRY 914, subcontractor company expenses are TRY 869, expertise expenses are TRY 341, insurance expenses are TRY 191, representation expenses are TRY 121, and other expenses are TRY 564 (March 31 2015; vehicle expenses are TRY 1,117, communication expenses are TRY 795, cleaning expenses are TRY 265, non-deductible expenses are TRY 83, heating-lightening expenses are TRY 364, stationery expenses are TRY 183, computer usage expenses are TRY 795, insurance expenses are TRY 140, other provisions are TRY 1,888, expertise expenses are TRY 437, representation expenses are TRY 195, subcontractor company expenses are TRY 716, and other expenses are TRY 441).

(\*\*) Included in other; assurance and financial consultancy expenses are TRY 757, the premiums paid to Saving Deposit Insurance Fund is TRY 590, unused vacation expenses are TRY 456 and other expenses are TRY 738. (March 31, 2015: TRY 450 premiums paid to Saving Deposit Insurance Fund; TRY 716 assurance and financial consultancy expenses, unused vacation expenses are TRY 507 and TRY 2,317 other expenses).

**8. Information on tax provision for continued and discontinued operations:**

As of March 31, 2016, there is no current tax expense (March 31, 2015: TRY 1,258 current tax expense) and TRY 485 deferred tax expense (March 31, 2015: TRY 1,519 deferred tax expense).

**9. 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 MARCH 31, 2016**

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

**IV. Explanations and Disclosures Related to the Statement of Income (continued)**

**10. 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:**

	March 31, 2016	March 31, 2015
Other fees and commissions received		
Expertise fees collected from customers	415	515
Transfer commissions	133	229
Cheque expenses	80	98
Insurance commission	35	43
Information expenses	27	35
Safe-deposit commissions	14	21
Bill of credit commissions	14	10
Credit cards commissions and fees	3	1
Collection item commissions	1	3
Letter of credit commissions	-	4
Other banking operations income (*)	1,744	2,214
<b>Total</b>	<b>2,466</b>	<b>3,173</b>

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

	March 31, 2016	March 31, 2015
Other fees and commissions given		
Commissions given to banks	99	118
EFT commissions	73	71
Transfer commissions	33	31
Bond exchange transaction fee	11	105
Settlement and custody commission	7	9
Credit card commissions	3	10
ATM commission	2	3
Other	15	12
<b>Total</b>	<b>243</b>	<b>359</b>

**V. 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) **March 31, 2016:**

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	-	-	112	63	-	18,459
Balance at end of period	-	-	113	2,016	-	18,738
<b>Interest and commission income</b>	-	-	-	-	-	37

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 113.

b) **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>	-	-	-	4	-	32

(\*)31 March 2015 amounts are used for income statement accounts.

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 112.



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

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**V. Explanations on the Risk Group of the Bank (continued)**

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	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
<b>Deposits</b>						
Balance at beginning of period	-	-	844	730	19,194	89,693
Balance at end of period	-	-	3,075	844	11,708	19,194
<b>Interest on deposits (*)</b>	-	-	-	-	412	2,792

(\*) Interest income on deposits represents March 31, 2015.

In addition, the Bank has “Funds Borrowed” at an amount of TRY 89,252 used from risk group of the Bank (December 31, 2015: TRY 59,762) and TRY 838 (March 31, 2015: TRY 98) interest expense was incurred from funds borrowed in 2016.

c.2) Information on forward and option agreements and other similar agreements made with related parties: None.

d) As of March 31, 2016, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 1,608 (March 31, 2015: TRY 1,540).

**2. Disclosures for related parties:**

a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various commercial transactions with related parties.

b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	-	-
Banks and other receivables	113	0.03
Non-cash loans	20,754	0.90
Deposits	14,783	0.37
Borrowings	89,252	40.85

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.

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**V. Explanations on the Risk Group of the Bank (continued)**

- 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 0.33%. Details of these loans are explained in 1a above.

**VI. Explanations and Notes 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 MARCH 31, 2016**

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

**SECTION SIX**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

**I. Explanations on the Independent Auditor's Review Report:**

The unconsolidated financial statements of the Bank for the period ended March 31, 2016 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited).

The independent auditor's limited review report dated May 10, 2016 is presented preceding the unconsolidated financial statements.

**II. Other Footnotes and Explanations Prepared by Independent Auditors:**

None.

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**SECTION SEVEN (\*)**

**INFORMATION ON INTERIM ACTIVITY REPORT**

**Message of the Chairman of the Board of Directors**

2015 was a rather difficult year for the world and for Turkey. The banking sector was adversely affected by the election process, terror events and instability in financial markets. The prospect of an interest rate increase by the FED had the global effect that investors withdrew funds from developing countries. It also had a negative impact on Turkey's financial markets.

In 2016, the picture has not changed; the same factors are still at work. However, the FED has since postponed its interest rate increases and influential central banks like the European Central Bank and the Central Bank of Japan have opted for additional quantitative easing. It seems that these measures will give the developing countries some breathing space, at least in the second half of the year. In Turkey, political stability has calmed the markets, but the country faces serious risks in the form of terror events, geopolitical developments (Syria, Russia) and work on a new constitution. Precautionary macro-economic measures taken a few years ago, and the fluctuation of interest rates and the exchange rate in the last years have adversely affected, in particular, the banking sector. We have been monitoring this trend with the parameters return on equity, which is decreasing, and non-performing loans, which are on the increase. The problems with Russia and the resurgence of terrorism, in particular, will hit the tourism sector this year. This situation is reflected in non-performing tourism loans. And there can be no doubt that Basel III, which will soon come into effect, will further restrict the banking sector. However, while many other developing countries suffered a slowdown in growth or even contraction, the Turkish economy has shown great resilience in the face of adversity; interest rates continue decreasing and the national currency gains value. At the same time, the government promises further structural reforms. Because of these developments, we are cautiously optimistic for the year 2016.

Before this background T-Bank's assets increased by 4.7% to 5.356 billion TRY. T-Bank's total deposits grew by 7.8% to 4.032 billion TRY (end of 1<sup>st</sup> Q. 2016). T-Bank's credit portfolio reached 3.541 billion TRY (+ 3.6%) and we earned 6.2 million TRY in net profits, while T-Bank's capital adequacy ratio with a value of 16.27% underlines T-Bank's strong capital structure.

**Message from CEO**

Fluctuations in the Turkish money markets were rather pronounced in the first quarter of the year. In January and February, interest rates were high and the TRY value was rather low against major currencies. The reasons for this situation were the expectation of another round of interest rate hikes this year by the US-American Central Bank, FED, and low appetite for risky investments in developing countries. In March, the picture changed and global markets relaxed, causing interest rates in Turkey to fall and the value of the Turkish Lira to rise. It became clear that due to the instability in global markets at the beginning of the year and low inflation in the USA, the FED would increase interest rates both in fewer and smaller steps. These factors had a positive impact on all developing countries, including Turkey.

In February, total assets of the banking sector stood at 2.415 trillion TRY with net profits amounting to 4.6 billion TRY. The capital adequacy ratio at the end of February was 15.38%. With total loans and credits of 1.51 trillion TRY and savings of 1.27 trillion TRY, the credit to savings ratio was 119%. The ratio of non-performing loans to cash loans was 3.26%.

In the first quarter of 2016, T-Bank continued to grow, developed its current customer relations and increased its activities. Given its strong risk management and compliance functions, T-Bank maintained its position among Turkish banks. The Bank is committed to full compliance with national and international administrative regulations and standards.

T-Bank's financial results can be summarised as follows: T-Bank's assets increased by 4.7% to 5.356 billion TRY. With a total cash increase of 3.6%, T-Bank's credit portfolio reached 3.541 billion TRY. T-Bank's total deposits increased by 7.8% to 4.032 billion TRY (end of the 1<sup>st</sup> Q. 2016). T-Bank earned 6.2 million TRY in net profits; its capital adequacy ratio was 16.27%.

(\*) Amounts in section seven expressed in full Turkish Lira ("TL") amount unless otherwise stated

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

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**Information on Interim Activity Report (continued)**

**Changes in the Articles of Association during the period:**

There is no change in the Articles of Association during the period.

**Assessment of Financial Position:**

Assets of Turkland Bank A.Ş. increased by 4.7% and reached 5.356 million TRY, loans increased by 3.6% and reached 3.541 million TRY, commitments and contingencies increased by 3% and reached 2.126 million TRY compared to first quarter of 2015.

Marketable securities was 701 million TRY in 2016. Deposits increased by 7.8% and reached 4.032 million TRY compared to first quarter of 2015.

In the first quarter of 2015, the Bank's net profit was 10,4 million TRY and in the first quarter of 2016 net profit was 6,2 million TRY.

Capital adequacy ratio of the Bank was 16.27% and above legal requirement which is 8%. Non-performing loans in total loan portfolio was 7.26% and specific provision for non-performing loans was 34.45%.

**Summary Financial Highlights**

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Total Assets	5,355,998	5,818,733
Loans (net)	3,540,867	3,963,343
Loans (gross)	3,631,669	4,040,744
Marketable Securities (Net)	700,890	691,465
Banks/Money Market Placements	412,582	438,378
Deposits	4,032,133	4,481,311
Borrowings	218,512	225,049
Equity	750,902	742,814
Commitments and Contingencies	2,126,440	2,234,530

  

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Net Interest Income	51,127	43,338
Net Commission Income	6,970	7,084
Profit Before Taxes	6,636	13,136
Net Profit	6,151	10,359

**Summary Financial Ratios (%)**

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Capital Adequacy Ratio	16.27	15.65
Loans/Deposits	87.82	88.44
Loans/Total Assets	66.11	68.11
Liquid Assets/Total Assets	21.40	20.88
Non-performing Loans (net)/Total Loans (net)	4.88	4.15
Non-performing Loans (gross)/Total Loans (gross)	7.26	5.98
Non-performing Loans (net)/Total Assets	3.23	2.83
Specific Provisions/Non-performing Loans	34.45	32.01

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

**TURKLAND BANK ANONİM ŞİRKETİ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**AS OF MARCH 31, 2016**

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

**Information on Interim Activity Report (continued)**

**Turkland Bank in the first quarter of 2016**

T-Bank is presented in one of Turkey's leading financial and industrial centres with its 34 branch offices and a staff of 639 employees. While the bank mainly focuses on small and medium-sized enterprises (SME), it also provides various other services for its customers in such areas as business financing, investments as well as asset and cash-flow management.

T-Bank's majority shareholder has strong ties with correspondent banks in Middle East and North Africa, which allows to expand the range of services offered to customers in the region. T-Bank is also well-connected with global banks.