

TURKLAND BANK ANONİM ŞİRKETİ

**INDEPENDENT AUDITOR’S REVIEW REPORT, UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED
MARCH 31, 2015**

*Convenience translation of the Independent Auditor’s Report originally issued in
Turkish, see Note I of section three*

“Convenience translation of the Independent Auditor’s Report originally issued in Turkish, see Note I of section three”

To the Board of Directors of Turkland Bank Anonim Şirketi

**INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION
FOR THE PERIOD JANUARY 1,2015 - MARCH 31,2015**

Introduction

We have reviewed the unconsolidated balance sheet of Turkland Bank A.Ş. (“the Bank”) at 31 March 2015 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” except for the matters regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Limited 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” promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) of Turkey. 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 and fair view of the financial position of Turkland Bank A.Ş. at 31 March 2015 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 “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” except for the matters regulated by BRSA Legislation.

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 BRSA Accounting and Reporting 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

May 14, 2015
İstanbul, Turkey

Translated into English from the original Turkish report and financial statements

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF TURKLANDBANK A.Ş.
FOR THE YEAR ENDED MARCH 31, 2015**

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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

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 reviewed and presented as attached.

April 30, 2015

Nehme SABBAGH	A. Dinçer ALPMAN	Mehmet ÖZGÜNER	Gülçin SU
Chairman of the Board of Directors	General Manager	Executive Vice President	Manager Financial Affairs
Mehmet Behçet PERİM	Mohamed Ali BEYHUM	Nadya Nabil Tawfık 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

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015

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

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

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

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

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015

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

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

<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	PHD Degree
	HAKKI YILDIRMAZ	Human Resources	Bachelor's Degree
	İLHAN ZEKİ KÖROĞLU	Operation and Information Technologies	Bachelor's Degree
	MEHMET ÖZGÜNER	Finance	Master Degree
	MÜNEVVER ERÖZ	Treasury and Financial Institutions	Bachelor's Degree
	YURDAKUL ÖZDOĞAN	Credit & Follow up	Master Degree

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

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, 2015:

<u>Name of Shareholders</u>	<u>Share Amount</u>	<u>Share Ratios</u>	<u>Paid up Shares</u>	<u>Unpaid Shares</u>
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	-

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015

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

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

The Bank has 33 branches and 649 personnel. The Bank has no any subsidiaries in the financial sector (December 31, 2014: 33 branches, 641 personnel).

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

- a. Acceptance of Deposit
- b. Corporate and Retail Banking
- c. Foreign Trade
- d. Capital Market Transactions
- e. Bank Assurance

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

SECTION TWO

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TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS AS OF MARCH 31, 2015 AND DECEMBER 31, 2014
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

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

		Reviewed Current Period 31.03.2015			Audited Prior Period 31.12.2014		
	Note Ref (Section Five)	TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	94,103	447,498	541,601	52,568	424,576	477,144
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	146	27	173	934	19	953
2.1 Financial assets held for trading		146	27	173	934	19	953
2.1.1 Public sector debt securities		26	-	26	27	-	27
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		120	27	147	907	19	926
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	I-3	35	257,150	257,185	64,037	209,055	273,092
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	705,636	3	705,639	775,537	3	775,540
5.1 Share certificates		137	-	137	137	-	137
5.2 Public sector debt securities		705,499	3	705,502	775,400	3	775,403
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-5	2,833,020	584,501	3,417,521	2,842,700	522,442	3,365,142
6.1 Loans and receivables		2,764,602	584,501	3,349,103	2,791,783	522,442	3,314,225
6.1.1 Loans to risk group of the Bank		-	634	634	-	-	-
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		2,764,602	583,867	3,348,469	2,791,783	522,442	3,314,225
6.2 Non-performing loans		109,886	-	109,886	95,570	-	95,570
6.3 Specific provisions (-)		(41,468)	-	(41,468)	(44,653)	-	(44,653)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	I-6	101,568	-	101,568	100,420	-	100,420
8.1 Public sector debt securities		101,568	-	101,568	100,420	-	100,420
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	I-9	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	I-11	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	I-12	41,473	-	41,473	48,020	-	48,020
XV. INTANGIBLE ASSETS (Net)	I-13	16,453	-	16,453	18,231	-	18,231
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		16,453	-	16,453	18,231	-	18,231
XVI. INVESTMENT PROPERTY (Net)	I-14	-	-	-	-	-	-
XVII. TAX ASSET	I-15	4,086	-	4,086	3,972	-	3,972
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		4,086	-	4,086	3,972	-	3,972
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-16	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-17	31,728	22	31,750	25,510	536	26,046
TOTAL ASSETS		3,828,248	1,289,201	5,117,449	3,931,929	1,156,631	5,088,560

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

TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS AS OF MARCH 31, 2015 AND DECEMBER 31, 2014

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

	Note Ref. (Section Five)	Reviewed Current Period 31.03.2015			Audited Prior Period 31.12.2014		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	II-1	2,176,408	1,562,817	3,739,225	2,157,865	1,430,660	3,588,525
1.1 Deposits from risk group of the Bank		108,387	5,367	113,754	86,815	3,608	90,423
1.2 Other		2,068,021	1,557,450	3,625,471	2,071,050	1,427,052	3,498,102
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	422	103	525	9	59	68
III. FUNDS BORROWED	II-3	15,375	147,307	162,682	13,812	124,440	138,252
IV. MONEY MARKET BALANCES		306,450	-	306,450	430,464	-	430,464
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements	II-4	306,450	-	306,450	430,464	-	430,464
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS		22,035	4,495	26,530	52,464	9,282	61,746
VIII. OTHER LIABILITIES	II-5	45,800	1,021	46,821	38,957	1,491	40,448
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	II-6	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	II-7	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	II-8	65,244	818	66,062	60,731	730	61,461
12.1 General loan loss provisions		33,550	-	33,550	32,370	-	32,370
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		11,491	-	11,491	10,529	-	10,529
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		20,203	818	21,021	17,832	730	18,562
XIII. TAX LIABILITY	II-9	11,517	-	11,517	13,859	-	13,859
13.1 Current tax liability		11,517	-	11,517	13,859	-	13,859
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	II-10	757,637	-	757,637	753,737	-	753,737
16.1 Paid-in capital		650,000	-	650,000	650,000	-	650,000
16.2 Supplementary capital		18,597	-	18,597	25,056	-	25,056
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(6,798)	-	(6,798)	(265)	-	(265)
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (joint vent.)		45	-	45	45	-	45
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		25,350	-	25,350	25,276	-	25,276
16.3 Profit reserves		78,681	-	78,681	46,750	-	46,750
16.3.1 Legal reserves		3,919	-	3,919	2,322	-	2,322
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		63,044	-	63,044	37,377	-	37,377
16.3.4 Other profit reserves		11,718	-	11,718	7,051	-	7,051
16.4 Profit or loss		10,359	-	10,359	31,931	-	31,931
16.4.1 Prior years' income/(losses)		-	-	-	-	-	-
16.4.2 Current year income/(loss)		10,359	-	10,359	31,931	-	31,931
16.5 Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		3,400,888	1,716,561	5,117,449	3,521,898	1,566,662	5,088,560

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

TURKLAND BANK ANONİM ŞİRKETİ
OFF-BALANCE SHEETS AS OF MARCH 31, 2015 AND DECEMBER 31, 2014
II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section Five)	Reviewed Current Period 31.03.2015			Audited Prior Period 31.12.2014		
		TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		1,575,487	780,208	2,355,695	1,609,294	834,550	2,443,844
I. GUARANTEES		1,356,364	708,382	2,064,746	1,361,040	682,283	2,043,323
1.1 Letters of guarantee	III-I	1,355,514	390,511	1,746,025	1,360,112	397,604	1,757,716
1.1.1 Guarantees subject to State Tender Law		16,688	9,904	26,592	14,141	9,108	23,249
1.1.2 Guarantees given for foreign trade operations		88,476	54,018	142,494	81,279	54,894	136,173
1.1.3 Other letters of guarantee		1,250,350	326,589	1,576,939	1,264,692	333,602	1,598,294
1.2 Bank loans		-	2,999	2,999	-	2,532	2,532
1.2.1 Import letter of acceptance		-	2,999	2,999	-	2,532	2,532
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	183,655	183,655	78	164,633	164,711
1.3.1 Documentary letters of credit		-	183,655	183,655	78	164,633	164,711
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		850	131,217	132,067	850	117,514	118,364
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-I	177,548	15,171	192,719	159,176	15,928	175,104
2.1 Irrevocable commitments		177,548	15,171	192,719	159,176	15,928	175,104
2.1.1 Forward asset purchase and sales commitments		3,526	6,329	9,855	3,260	6,374	9,634
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		57,789	-	57,789	48,896	-	48,896
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		114,216	-	114,216	105,800	-	105,800
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10 Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		2,017	8,842	10,859	1,220	9,554	10,774
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		41,575	56,655	98,230	89,078	136,339	225,417
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		41,575	56,655	98,230	89,078	136,339	225,417
3.2.1 Forward foreign currency buy/sell transactions		8,378	10,230	18,608	5,024	5,022	10,046
3.2.1.1 Forward foreign currency transactions-buy		4,195	5,115	9,310	2,513	2,511	5,024
3.2.1.2 Forward foreign currency transactions-sell		4,183	5,115	9,298	2,511	2,511	5,022
3.2.2 Swap transactions related to foreign currency, and interest rates		-	12,898	12,898	-	48,075	48,075
3.2.2.1 Foreign currency swaps-buy		-	6,446	6,446	-	24,011	24,011
3.2.2.2 Foreign currency swaps-sell		-	6,452	6,452	-	24,064	24,064
3.2.2.3 Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4 Interest rate swaps-sell		-	-	-	-	-	-
3.2.3 Foreign currency, interest rate and securities options		2,700	2,608	5,308	538	546	1,084
3.2.3.1 Foreign currency options-buy		1,350	1,304	2,654	269	273	542
3.2.3.2 Foreign currency options-sell		1,350	1,304	2,654	269	273	542
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		30,497	30,919	61,416	83,516	82,696	166,212
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		67,298,117	5,248,942	72,547,059	73,622,569	6,565,254	80,187,823
IV. ITEMS HELD IN CUSTODY		522,875	71,052	593,927	597,396	66,013	663,409
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		11,869	4,777	16,646	11,090	4,744	15,834
4.3. Checks received for collection		501,262	62,752	564,014	571,465	56,503	627,968
4.4. Commercial notes received for collection		9,744	2,551	12,295	14,841	2,910	17,751
4.5. Other assets received for collection		-	822	822	-	1,838	1,838
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	150	150	-	18	18
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		66,775,242	5,177,890	71,953,132	73,025,173	6,499,241	79,524,414
5.1. Marketable securities		39	-	39	661	-	661
5.2. Guarantee notes		31,730	15,398	47,128	35,506	15,943	51,449
5.3. Commodities		1,646	-	1,646	1,646	-	1,646
5.4. Warrants		-	-	-	-	-	-
5.5. Properties		2,715,747	144,748	2,860,495	2,738,012	153,175	2,891,187
5.6. Other pledged items		64,026,080	5,017,744	69,043,824	70,249,348	6,330,123	76,579,471
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		68,873,604	6,029,150	74,902,754	75,231,863	7,399,804	82,631,667

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 INCOME FOR THE PERIODS
ENDED MARCH 31, 2015 AND 2014

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

III. STATEMENT OF INCOME

	Note Ref. (Section Five)	Reviewed Current Period 01.01-31.03.2015	Reviewed Prior Period 01.01-31.03.2014
I. INTEREST INCOME	IV-1	117,194	96,524
1.1 Interest on loans		104,793	78,367
1.2 Interest received from reserve deposits		683	-
1.3 Interest received from banks		177	151
1.4 Interest received from money market placements		-	15
1.5 Interest received from marketable securities portfolio		11,200	17,694
1.5.1 Held-for-trading financial assets		-	2
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		9,124	15,618
1.5.4 Investments held-to-maturity		2,076	2,074
1.6 Finance lease income		-	-
1.7 Other interest income		341	297
II. INTEREST EXPENSE	IV-2	(73,856)	(61,741)
2.1 Interest on deposits		(60,739)	(49,582)
2.2 Interest on funds borrowed		(1,135)	(1,530)
2.3 Interest on money market borrowings		(10,297)	(8,768)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(1,685)	(1,861)
III. NET INTEREST INCOME (I - II)		43,338	34,783
IV. NET FEES AND COMMISSIONS INCOME		7,084	7,645
4.1 Fees and commissions received		7,459	7,933
4.1.1 Non-cash loans		4,286	3,935
4.1.2 Other	IV-10	3,173	3,998
4.2 Fees and commissions paid		(375)	(288)
4.2.1 Non-cash loans		(16)	(14)
4.2.2 Other	IV-10	(359)	(274)
V. DIVIDEND INCOME	IV-3	-	-
VI. NET TRADING INCOME	IV-4	(685)	1,244
6.1 Securities trading gains/ (losses)		-	5
6.2 Gain/(losses) from derivative financial instruments		(3,213)	(2,910)
6.3 Foreign exchange gains/ (losses)		2,528	4,149
VII. OTHER OPERATING INCOME	IV-5	8,411	10,867
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		58,148	54,539
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-6	(4,892)	(7,129)
X. OTHER OPERATING EXPENSES (-)	IV-7	(40,120)	(31,093)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		13,136	16,317
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD		-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)		13,136	16,317
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-8	(2,777)	(2,025)
16.1 Provision for current income taxes		(1,258)	-
16.2 Provision for deferred taxes		(1,519)	(2,025)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		10,359	14,292
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-
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		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
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		-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1 Provision for current income taxes		-	-
21.2 Provision for deferred taxes		-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	IV-9	10,359	14,292

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF PROFIT LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIODS ENDED MARCH 31, 2015 AND 2014
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Reviewed Current Period 01.01-31.03.2015	Reviewed Current Period 01.01-31.03.2014
I. Additions to marketable securities revaluation differences for available for sale financial assets	(8,167)	(7,298)
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	74	(12)
IX. Deferred tax of valuation differences	1,633	1,460
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	(6,460)	(5,850)
XI. Profit/Loss	10,359	14,292
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	10,359	14,292
XII. Total Profit/Loss accounted for in the period (X±XI)	3,899	8,442

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, 2015 AND 2014

(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	Share Premium	Share Certificate Cancellation n Profits	Legal Reserves	Statutory Reserves	Extraordina ry Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. From Assets Held for Sale and Assets from	Total Equity before Minority Shares	Minority Shares	Total Equity
Prior Period – 01.01-31.03.2014																			
I. Prior opening balance		500,000	25,999	-	-	1,602	-	23,696	7,051	14,401	-	(32,944)	-	-	-	-	539,805	-	539,805
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)		500,000	25,999	-	-	1,602	-	23,696	7,051	14,401	-	(32,944)	-	-	-	-	539,805	-	539,805
Changes in the period		-	-	-	-	-	-	-	-	(14,401)	14,401	-	-	-	-	-	-	-	-
IV. Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(5,838)	-	-	-	-	(5,838)	-	(5,838)
VI. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other (*)		-	(12)	-	-	-	-	-	-	-	-	-	-	-	-	-	(12)	-	(12)
XIX Period net income/(loss)		-	-	-	-	-	-	-	-	14,292	-	-	-	-	-	-	14,292	-	14,292
XX Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		500,000	25,987	-	-	1,602	-	23,696	7,051	14,292	14,401	(38,782)	-	-	-	-	548,247	-	548,247

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

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2015 AND 2014

(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
Current 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	II-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	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 No:19 published in the Official Gazette on 12 March 2013 (Communiqué No:28585)

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

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2015 AND 2014
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Reviewed Current Period 01.01-31.03.2015	Reviewed Prior Period 01.01-31.03.2014
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(23,519)	33,747
1.1.1 Interest received		87,319	99,001
1.1.2 Interest paid		(73,878)	(55,312)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		7,900	8,763
1.1.5 Other income		(24,718)	2,806
1.1.6 Collections from previously written off loans		16,809	7,422
1.1.7 Payments to personnel and service suppliers		(19,643)	(16,041)
1.1.8 Taxes paid		-	-
1.1.9 Others		(17,308)	(12,892)
1.2 Changes in operating assets and liabilities		(63,964)	(35,093)
1.2.1 Net (increase) decrease in financial assets held for trading		-	91
Net (increase) decrease in financial assets at fair value through profit			
1.2.2 or loss		-	-
Net (increase) decrease in due from banks and other financial			
1.2.3 institutions		(32,607)	(56,086)
1.2.4 Net (increase) decrease in loans		(43,836)	(84,395)
1.2.5 Net (increase) decrease in other assets		(8,539)	(8,107)
1.2.6 Net increase (decrease) in bank deposits		(135,560)	68,155
1.2.7 Net increase (decrease) in other deposits		162,820	78,984
1.2.8 Net increase (decrease) in funds borrowed		23,877	(57,697)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(30,119)	23,962
I. Net cash provided from banking operations		(87,483)	(1,346)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		73,629	5,576
Cash paid for purchase of jointly controlled entities, associates and			
2.1 subsidiaries		-	-
Cash obtained from sale of jointly controlled entities, associates and			
2.2 subsidiaries		-	-
2.3 Fixed assets purchases		(2,075)	(1,384)
2.4 Fixed assets sales		15,155	2,732
2.5 Cash paid for purchase of financial assets available for sale		(15,515)	(25,150)
2.6 Cash obtained from sale of financial assets available for sale		76,034	25,045
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		159	5,101
2.9 Others		(129)	(768)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		-	-
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		-	-
IV. Effect of change in foreign exchange rate on cash and cash			
equivalents		29,245	(258)
V. Net increase / (decrease) in cash and cash equivalents		15,391	3,972
VI. Cash and cash equivalents at beginning of the period		356,741	416,343
VII. Cash and cash equivalents at end of the period		372,132	420,315

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2015

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

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

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

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

Additional paragraph for convenience translation:

The effects of differences between accounting principles and standards set out by BRSA Accounting and Reporting 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 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 19.41% 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.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2015

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

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

Marketable securities comprising 15.77% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 5.03% of the total assets and these assets provide liquidity with low risk and yield.

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.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2015

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

VI. Explanations on Financial Assets (Continued)

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.

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).

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2015

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

VI. Explanations on Financial Assets (continued)

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.

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.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2015

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

VII. Explanations on Impairment of Financial Assets (continued)

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.

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

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

As of March 31,2015 the rates determined above for consumer loans do not exceed, consumer loans is used for the standard rates specified in the regulations.

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 2014, the Bank has been recorded all provisions which have should been recorded in according with the comminique.

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 and numbered 29267 dated February 14, 2015, banks may apply 0% for standard qualified cash and non-cash credits for transit trade, foreign currency earning services and the sales and deliveries deemed export, 0.5% for SME cash loans and 0.1% for non cash loans. Hence, the Bank applied the amendment as of March 31, 2015.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2015

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

VII. Explanations on Impairment of Financial Assets (continued)

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.

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, 2015, the Bank has not any reverse repo transactions(December 31, 2014: None).

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

X. Explanations on Assets Held for Sale and Discontinued Operations

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

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

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2015

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

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

XII. Explanations on Tangible Fixed Assets

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

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

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

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

Normal maintenance and repair cost of the properties are expensed.

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

XIII. Explanations on Leasing Transactions

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

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

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

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

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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 60. The total amount of those cases consists of TRY 969, USD 1,604 Thousand and EUR 193 Thousand. There is a provision of TRY 2,047 in the accompanying financial statements for these cases (December 31, 2014: TRY 1,762).

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, 2015, the actuarial losses recognized in equity amounts to TRY (81). (December 31, 2014: TRY (155) actuarial loss)

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

Defined Contribution Plans

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

Short-term Employee Benefits

In accordance with TAS No: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 offset 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.

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XVI. Explanations on Taxation (Continued)

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 has TRY 14,236 tax provision in current period (December 31, 2014: TRY 12,979).

Deferred Tax Liability / Asset:

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

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 expense recorded under the tax provision expenses amounts to TRY 1,519 in the accompanying income statement (December 31, 2014: TRY 4,668 deferred tax income).

XVII. Additional Explanations on Borrowings

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

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

The Bank has not issued convertible bonds

XVIII. Explanations on Issued Share Certificates

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

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

Translated into English from the original Turkish report and financial statements

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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)
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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio : The capital adequacy ratio is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” (the “Regulation”) published in the Official Gazette No. 29111 as of September 6, 2014 and “Regulation Credit Risk Mitigation Techniques” and “Regulation on calculation of Risk-Weighted Amounts of Securitizations” and also “Regulation Regarding Banks’ Shareholders’ Equity” published in the Official Gazette No. 28756 dated September 5, 2013 . The Bank’s capital adequacy ratio in accordance with the related communiqué is 18.19% as of March 31, 2015 (December 31, 2014: 18.52%).

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

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

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

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

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

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

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

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

Information related to the capital adequacy ratio:

	Risk Weight								
	0%	10%	20%	%50	75%	100%	150%	200%	250%
The amount subject to credit risk									
Risk Types									
Contingent and Non-Contingent Receivables on Sovereigns	1,308,656	-	-	1,229	-	-	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	54	-	-	-	-	189	-	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	4,089	-	119,331	355,012	-	794	-	-	-
Contingent and Non-Contingent Corporate Receivables	83,872	-	-	-	-	2,383,145	-	-	-
Contingent and Non-Contingent Retail Receivables	41,278	-	-	-	332,386	118	-	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	990,830	-	377,319	-	-	-
Past Due Receivables	1	-	-	8,158	-	46,067	14,192	-	-
Receivables defined in high risk category by BRSA	860	-	-	-	-	-	8,399	10,775	-
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other Receivables	2,580,495	-	-	-	-	47,491	-	-	-
Weighted amount subject to credit risk	-	-	23,866	677,615	249,290	2,855,123	33,887	21,550	-

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

Summary information related to the capital adequacy ratio:

	March 31, 2015	December 31, 2014
Required Capital Liabilities for Credit Risk		
(Main related with Credit Risk *0.08) (RCLCR)	308,906	307,383
Required Capital Liabilities for Market Risk (RCLMR)	297	244
Required Capital Liabilities for Operational (RCLOR)	27,446	20,012
Shareholders' Equity	765,268	758,632
Shareholders' Equity/((CRCLCR+MRCR+ORCR)*12.5*100)	18.19	18.52
Tier1 Capital/((CRCLCR+MRCR+ORCR) *12.5*100)	17.39	17.73
Core Capital/((CRCLCR+MRCR+ORCR) *12.5)*100	17.74	18.19

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

Information related to the components of shareholders' equity:

	March 31, 2015	December 31 ,2014
Common Equity Core Capital (CET 1)		
Paid-in capital	650,000	650,000
Share premium	-	-
Share repeal	-	-
Legal reserves	78,681	46,750
Accumulated other comprehensive income in accordance with TAS	25,350	25,276
Profit	10,359	31,931
Net current period profit	10,359	31,931
Prior period profit	-	-
Provisions for possible losses up to 25% of core capital	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	45	-
Common Equity Core capital before regulatory adjustments	764,435	753,957
Common Equity Core capital: regulatory adjustments		
Loss (in excess of Reserves) and other comprehensive expenses (-)	(6,798)	(265)
Leasehold Improvements on Operational Leases (-)	(5,375)	(5,223)
Goodwill and Intangible assets and related deferred tax liabilities (-)	(6,582)	(3,646)
Net Deferred tax assets / liabilities (-)	906	268
Excess amount expressed in the Law (Article 56, 4rd paragraph) (-)	-	-
Investments in own common equity (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued share capital (amount above 10% threshold) (-)	-	-
Mortgage servicing rights (amount above 10% threshold) (-)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) (-)	-	-
Amount exceeding the 15% threshold (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued share capital (amount above 10% threshold) (-)	-	-
Mortgage servicing rights (amount above 10% threshold) (-)	-	-
Deferred tax assets arising from temporary differences (-)	-	-
National specific regulatory adjustments (-)	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions (-)	-	-
Total regulatory adjustments to Common equity Core Capital	(17,849)	(8,866)
Common Equity Core capital (CET1)	746,586	745,091

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

	March 31, 2015	December 31, 2014
Additional Tier 1 capital: instruments	-	-
Privileged stocks which are not included in common equity and share premiums	-	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (after 1.1.2014)	-	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (before 1.1.2014)	-	-
Additional Tier 1 capital before regulatory adjustments	-	-
Additional Tier 1 capital: regulatory adjustments	-	-
Investments in own Additional Tier 1 instruments (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold) (-)	-	-
National specific regulatory adjustments (-)	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	-	-
Regulatory adjustments to Common Equity		
Amount of goodwill and Intangible assets and related deferred tax liabilities that are not covered as regulatory adjustment in Common Equity in accordance with the temporary article 2 of the Own Fund Regulation (-)	9,872	14,585
Amount of net deferred tax assets / liabilities that are not covered as regulatory adjustment in Common Equity in accordance with the temporary article 2 of the Own Fund Regulation (-)	4,992	4,220
Tier 1 capital (T1 = CET1 + AT1)	731,722	726,266
Tier 2 capital: instruments and provisions		
Directly issued qualifying Tier 2 instruments (that are approved by the regulators) plus related stock surplus (after 1.1.2014)	-	-
Directly issued qualifying Tier 2 instruments (that are approved by the regulators) 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	33,550	32,370
Tier 2 capital before regulatory adjustments	33,550	32,370
Tier 2 capital: regulatory adjustments		
Investments in own Tier 2 instruments (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-
National specific regulatory adjustments (-)	-	-
Total regulatory adjustments to Tier 2 capital	-	-
Tier 2 capital (T2)	33,550	32,370
Total capital (TC = T1 + T2)	765,272	758,636

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

	March 31, 2015	December 31, 2014
Deductions from the capital		
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed (-)	(4)	(4)
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-	-
Deductions in accordance with the article number 20 of the Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio (-)	-	-
Other (-)	-	-
Un-adjusted total amount from Common Equity, Tier-1 and Tier-2 due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the temporary paragraph 1 of the article numbered 2 of Own Fund Regulation (-)	-	-
Un-adjusted total amount from Common Equity, Tier-1 and Tier-2 due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the paragraph 1 of the temporary article numbered 2 of Own Fund Regulation (-)	-	-
Un-adjusted total amount from Common Equity, (in accordance with the paragraph 1 and 2 of temporary article numbered 2 of the Own Fund Regulation) due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the paragraph 1 of the temporary article numbered 2 of Own Fund Regulation (-)	-	-
Own Fund	765,268	758,632
Amounts below the thresholds for deduction		
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences	-	-

Information related to the management of internal capital

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

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

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

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

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

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II. Explanations Related to Credit Risk

Internal credit rating system

		Internal Rating Grade	March 31, 2015	(%)	December 31, 2014	(%)
High						
	Risk rating class 1	A+ Excellent	20,722	0.62	13,598	0.41
	Risk rating class 2	A- Excellent	126,628	3.78	101,542	3.06
Good						
	Risk rating class 3	B+ Very Good	325,168	9.71	317,839	9.59
	Risk rating class 4	B- Very Good	569,677	17.01	566,740	17.10
Standard						
	Risk rating class 5	C+ Good	733,382	21.90	720,953	21.75
	Risk rating class 6	C- Good	710,899	21.23	787,940	23.78
Substandard						
	Risk rating class 7	D+ Ordinary	469,442	14.02	478,989	14.45
	Risk rating class 8	D- Ordinary	214,104	6.39	200,638	6.05
	Risk rating class 9	E Bad	138,602	4.14	93,262	2.82
	Risk rating class 10	F Very Bad	2,070	0.06	2,251	0.07
Unrated			38,409	1.14	30,473	0.92
Total			3,349,103	100.00	3,314,225	100.00

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

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

“F” rating;

Number of clients with “F” rating is 4 with an outstanding risk of TRY 2,070 (December 31, 2014 : TRY 2,251; 7 client). 3 of these clients are granted against mortgage with outstanding risk of TRY 1,853 and covers 99% of total risk (December 31, 2014: 2 clients, 51%), One of these clients are granted against customer check with outstanding risk of TRY 192 and covers 9.28% of total risk (December 31, 2014: 2 clients, 31%).

“E” rating;

Number of clients with “E” rating is 39 and total outstanding risk is TRY 138,602 (December 31, 2014 : TRY 93,262; 37 clients). 11 of these clients are granted against mortgage with outstanding risk of TRY 77,319 and covers 55,78% of total “E” Rating Risk (December 31, 2014 : TRY 24,873 TL, 27%). 14 of these clients are granted against Customer Check/Note with outstanding risk of TRY 13,268 and covers 9.57% of total “E” Rating Risk (December 31, 2014 : TRY 16,756; 18%). One of these clients are granted against assignment with outstanding risk of TRY 16,208 and covers 11.7% (December 31, 2014 : TRY 17,907 TL, 19%). Moreover, parent company of 3 clients, which have risk of TRY 6,938, have ratings of C- and above (ratio is 5%) (December 31, 2014: 10%).

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II. Explanations Related to Credit Risk (continued)

“D-” rating;

Number of clients with D- rating is 88 and total outstanding risk is TRY 214,104 (December 31, 2014 : TRY 200,638, 80 clients). Clients granted against mortgage have outstanding risk of TRY 104,676 and covers 48.89% (40 clients) of total “D-” Rating Risk (December 31, 2014 : TRY 95,841; 48%).

38 of these clients are granted against Customer check/note with outstanding risk of TRY 49,550 and covers 23.14% of total “D-” Rating Risk. (December 31, 2014 : TRY 48,151, %24, 3 clients, TRY 1,184, %1, cash blockage).

Moreover, parent company of 2 clients, which have risk of TRY 5,013, have ratings of C- and above (ratio is 2.34%) (December 31, 2014: 2%).

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

III. Explanations Related to Market Risk

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

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

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

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

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

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II. Explanations Related to Market Risk (continued)

Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	2
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
Standard Method For Specific Risk of Necessary Capital Requirement on Securitization Positions	
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	280
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Capital Requirement to be Employed For Counterparty Risk - Standard Method	15
(VIII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	297
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	3,713

Quantitative Counterparty Risk Information

For counterparty credit risks, limits are set by Board of Directors. Counterparty credit risk is managed by the Financial Institutions Department of the Bank by taking into account the counterparty's financial reports, general overview, rating, current and expected transaction volumes with the Bank. Within the scope Regulation on the Internal Systems of Banks and Regulation on Measurement and Assessment of Capital Adequacy of Bank's and "Regulation on the Internal System of Bank's, published in the Official Gazette No. 29111 dated September 6, 2014, "Counterparty Credit Risk Management Policy" is formed, then approved by the Board of Directors and published in the Bank. Limits are defined by Board of Directors and controlled daily and reported to the Bank. In addition to that, related current limits are taken into capital accounts.

Other price risks:

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

V. Explanations Related to Currency Risk

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

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

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

	24 Mar 2015	25 Mar 2015	26 Mar 2015	27 Mar 2015	30 Mar 2015	31 Mar 2015
USD	2.5587	2.5604	2.5918	2.5999	2.6027	2.6087
CHF	2.6812	2.6710	2.7015	2.7052	2.6960	2.6828
GBP	3.8073	3.8104	3.8424	3.8754	3.8468	3.8596
100 JPY	2.1380	2.1420	2.1750	2.1830	2.1690	2.1750
EUR	2.7938	2.8085	2.8298	2.8272	2.8159	2.8028

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V. Explanations Related to Currency Risk (continued)

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

	Monthly Average Foreign Exchange Rate
USD	2.5924
CHF	2.6491
GBP	3.8763
100 JPY	2.1537
EUR	2.8039

March 31, 2015	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	7,422	408,843	-	31,233	447,498
Banks	9,483	245,735	69	1,863	257,150
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	3	-	-	3
Loans (*)	321,571	718,476	-	-	1,040,047
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	13	9	-	-	22
Total Assets	338,489	1,373,066	69	33,096	1,744,720
Liabilities					
Bank Deposits	14,060	564	-	842	15,466
Foreign Currency Deposits	258,066	1,289,081	-	204	1,547,351
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	71,041	76,266	-	-	147,307
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	1,127	3,368	-	-	4,495
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	593	1,209	-	37	1,839
Total Liabilities	344,887	1,370,488	-	1,083	1,716,458
Net Balance Sheet Position	(6,398)	2,578	69	32,013	28,262
Net Off-Balance Sheet Position	5,885	(5,490)	-	(30,919)	(30,524)
Financial Derivative Assets (***)	9,740	5,450	-	1,040	16,230
Financial Derivative Liabilities (***)	(3,855)	(10,940)	-	(31,959)	(46,754)
Non-Cash Loans (**)	213,452	494,305	-	625	708,382
December 31, 2014					
Total Assets(*) (****)	369,021	1,193,152	91	30,634	1,592,898
Total Liabilities	394,249	1,170,631	-	1,723	1,566,603
Net Balance Sheet Position	(25,228)	22,521	91	28,911	26,295
Net Off-Balance Sheet Position	24,717	(24,539)	-	(27,565)	(27,386)
Financial Derivative Assets (***)	27,652	2,446	-	27,565	57,663
Financial Derivative Liabilities (***)	(2,935)	(26,985)	-	(55,130)	(85,050)
Non-Cash Loans (**)	230,105	452,079	-	98	682,282

(*) Foreign currency indexed loans amounting to TRY 455,546 (December 31, 2014: TRY 436,286) are included in the loan portfolio.

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

(***) It includes also TRY 3,363 and TRY 2,966 forward asset purchase & sale commitments. (December 31, 2014: TRY 3,303 and TRY 3,071)

(****) TRY 27 asset from derivative financial instruments and TRY 103 liability from derivative financial instruments are not included (December 31, 2014: TRY 19 asset and TRY 59 liability from derivative financial instruments are not included).

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V. Explanations Related to Currency Risk (continued)

Foreign currency sensitivity:

The Bank holds EUR and USD currencies positions mainly.

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

Change in currency rate in %		Effect on profit or loss		Effect on equity	
		March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
USD	% 10 increase	(291)	202	-	-
USD	% 10 decrease	291	(202)	-	-
EUR	% 10 increase	(51)	(51)	-	-
EUR	% 10 decrease	51	51	-	-
Other Currency	% 10 increase	116	145	-	-
Other Currency	% 10 decrease	(116)	(145)	-	-

VI. Explanations Related to Interest Rate Risk

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

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

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

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

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

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VI. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
March 31, 2015							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	82,925	-	-	-	458,676	541,601
Banks	224,350	-	-	-	-	32,835	257,185
Financial Assets at Fair Value Through Profit and Loss	-	-	-	26	-	147	173
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	175,987	234,344	295,167	1	3	137	705,639
Loans (*)	1,996,650	110,846	434,997	803,665	2,945	-	3,349,103
Held-To-Maturity Investments	1,563	69,579	20,220	10,206	-	-	101,568
Other Assets (**)	-	-	-	-	-	162,180	162,180
Total Assets	2,398,550	497,694	750,384	813,898	2,948	653,975	5,117,449
Liabilities							
Bank Deposits	-	14,024	-	-	-	2,220	16,244
Other Deposits	2,261,554	1,207,358	92,423	31,853	-	129,793	3,722,981
Money Market Borrowings	306,450	-	-	-	-	-	306,450
Sundry Creditors	-	-	-	-	-	26,530	26,530
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	49,546	51,200	55,681	6,255	-	-	162,682
Other Liabilities (***)	653	441	-	-	-	881,468	882,562
Total Liabilities	2,618,203	1,273,023	148,104	38,108	-	1,040,011	5,117,449
Balance Sheet Long Position	-	-	602,280	775,790	2,948	-	1,381,018
Balance Sheet Short Position	(219,653)	(775,329)	-	-	-	(386,036)	(1,381,018)
Off-Balance Sheet Long Position	-	-	-	-	-	48,909	48,909
Off-Balance Sheet Short Position	-	-	-	-	-	(49,322)	(49,322)
Total Position	(219,653)	(775,329)	602,280	775,790	2,948	(386,449)	(413)

(*) 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 41,473, intangible assets amounting to TRY 16,453, tax asset amounting to TRY 4,086, net non performing loans amounting to TRY 68,418, prepaid expenses amounting to TRY 9,610, settlement account amounting to TRY 18,763 and other assets amounting to TRY 3,377.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 757,637, TRY 66,062 provisions, settlement account amount TRY 38,144, and TRY 19,625 other liabilities.

Average interest rates applied to monetary financial instruments:

	EUR %	USD %	YEN %	TRY %
March 31, 2015				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey (*)	-	-	-	2.79
Banks	0.05	0.22	-	7.63
Financial Assets At Fair Value Through Profit And Loss	-	-	-	10.50
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets (**)	-	7.38	-	2.99
Loans	5.44	6.06	-	13.23
Held-To-Maturity Investments	-	-	-	7.29
Liabilities				
Bank Deposits	1.63	-	-	10.39
Other Deposits	2.11	2.75	-	10.48
Money Market Borrowings	-	-	-	9.99
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2.34	2.07	-	7.34

(*) Effective from November 1, 2014, interest has been paid from TRY reserve deposits by CBRT. Average interest rate base represents 2015 January, February and March average interest rate.

(**) Available-For-Sale Financial Assets include TUFE indexed securities which cover %87 of the portfolio.

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VI. Explanations Related to Interest Rate Risk (continued)

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

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

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

(**) The other assets line in the non-interest bearing column consist of tangible assets amounting to TRY 48,020, intangible assets amounting to TRY 18,231, tax asset amounting to TRY 3,972, settlement account amounting to TRY 16,860, prepaid expenses amounting to TRY 6,498, non-performing loans amounting to 50,917 and other assets amounting to TRY 2,688.

(***) The other liabilities line in the non-interest bearing column consists of shareholders' equity amounting to TRY 753,737, provisions amounting to TRY 61,746, settlement account amounting to TRY 32,689 and other liabilities amounting to 20,367.

Average interest rates applied to monetary financial instruments:

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

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

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

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VI. Explanations Related to Interest Rate Risk (continued)

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

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

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

Unit of Currency	Applicable Shock base point)*	(+ / -	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
TRY	500 (400)		(48,258) 43,753	(%6) %6
EUR	200 (200)		(4,026) 4,331	(%1) %1
USD	200 (200)		(11,878) 12,934	(%2) %2
Total (For Negative Shock)			61,018	%8
Total (For Positive Shock)			(64,162)	(%8)

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

Interest rate sensitivity:

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

- Net profit would change by TRY 8,550. The change in profit mainly is related to loans and deposits (December 31, 2014 : TRY 7,074).
- Possible changes in the interest rates effects the equity as a result of the revaluation of the available-for-sale assets decreases equity by TRY 235 (December 31,2014: TRY 233).

VII. Explanations Related to Liquidity Risk

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

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

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

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

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VII. Explanations Related to Liquidity Risk (continued)

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 currency 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" which have been published on the Official Gazette dated March 21, 2014 numbered 28948. Furthermore, liquidity risk analysis form is started to report weekly to BRSA by the Bank in 2013.

Liquidity coverage ratios are calculated weekly and monthly starting from January 1, 2015 as per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948 dated March 21, 2014. Liquidity coverage ratios should be at least 40% for foreign currency denominated assets and liabilities and 60% for total assets and liabilities for 2015. Liquidity coverage ratios for the first quarter of 2015 are as follows:

Current Year- 31 March 2015	FC	FC+TRY
Average%	421.65	212.32

Presentation of assets and liabilities according to their remaining maturities:

March 31, 2015	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey (****)	129,861	253,356	137,970	16,236	4,178	-	-	541,601
Banks	32,835	224,350	-	-	-	-	-	257,185
Financial Assets at Fair Value Through Profit and Loss	-	-	147	-	26	-	-	173
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	135,523	2,028	-	82,910	485,041	137	705,639
Loans (***)	-	1,996,650	110,846	434,997	803,665	2,945	-	3,349,103
Held-To-Maturity Investments	-	-	69,578	20,220	10,207	1,563	-	101,568
Other Assets	-	18,763	-	-	-	-	143,417	162,180
Total Assets	162,696	2,628,642	320,569	471,453	900,986	489,549	143,554	5,117,449
Liabilities								
Bank Deposits	2,220	-	14,024	-	-	-	-	16,244
Other Deposits	129,793	2,261,554	1,207,358	92,423	31,853	-	-	3,722,981
Funds Provided From Other Financial Institutions	-	49,546	51,200	55,681	6,255	-	-	162,682
Money Market Borrowings	-	306,450	-	-	-	-	-	306,450
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	26,530	-	-	-	-	-	26,530
Other Liabilities (**)	-	57,269	441	-	-	-	824,852	882,562
Total Liabilities	132,013	2,701,349	1,273,023	148,104	38,108	-	824,852	5,117,449
Liquidity Gap	30,683	(72,707)	(952,454)	323,349	862,878	489,549	(681,298)	-
December 31, 2014								
Total Assets	141,731	2,492,332	306,525	646,395	887,268	483,846	130,463	5,088,560
Total Liabilities	158,787	2,714,979	1,055,393	308,905	32,598	-	817,898	5,088,560
Liquidity Gap	(17,056)	(222,647)	(748,868)	337,490	854,670	483,846	(687,435)	-

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

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

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

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

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VIII. Explanations on Credit Risk Mitigation Techniques

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

Collateral on the basis of risk classes

Risk Types	Amount	Financial Collateral	Other / Physical Collateral	Guaranties and Credit Derivatives
Contingent and Non-Contingent Receivables on Sovereigns	1,309,885	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	243	54	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	479,226	4,092	-	-
Contingent and Non-Contingent Corporate Receivables	2,467,017	92,964	-	-
Contingent and Non-Contingent Retail Receivables	373,782	43,084	-	-
Contingent and Non-Contingent Receivables Secured by Property	1,368,149	-	-	-
Past Due Receivables	68,417	1	-	-
Receivables defined in high risk category by BRSA	20,034	860	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-
Investment similar to collective investment funds	-	-	-	-
Other Receivables	2,627,986	-	-	-
Total	8,714,739	141,055	-	-

IX. Risk Management Objectives and Policies

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

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

Objective of risk policies: In line with "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks (published in the Official Gazette dated July 11, 2014 numbered 29057)", sustaining the Bank's operations in accordance with the Banks's 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

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IX. Risk Management Objectives and Policies (continued)

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

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

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

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

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

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

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

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

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

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

"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.

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XI. Risk Management Objectives and Policies (continued)

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

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

Risk Management Procedure is also updated in such a way that it includes all the definitions above.

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.

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SECTION FIVE
EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

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

	March, 31 2015		December, 31 2014	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	9,178	20,304	7,754	29,761
Balances with the Central Bank of Turkey	84,925	427,194	44,814	394,815
Other	-	-	-	-
Total	94,103	447,498	52,568	424,576

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

	March, 31 2015		December, 31 2014	
	TRY	FC	TRY	FC
Unrestricted demand deposits	84,242	1,226	44,814	1,454
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
FC Reserve deposits	683	425,968	-	393,361
Total	84,925	427,194	44,814	394,815

c) Explanations related to reserve deposits:

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

FC reserve deposits rates:

FX demand deposits, notice deposits and FX private current accounts, FX deposits/FX participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities	FX deposits/FX participation accounts with 1-year and longer maturity and cumulative FX deposits/ FX participation accounts	FX Special fund pools	FX liabilities up to 1-year maturity (including 1-year)	FX liabilities 1-2 year maturity (including 2-year)	FX liabilities 2- 3 year maturity (including 3-year)	Other liabilities up to 3-5 year maturity (including 5-year)	Other liabilities longer than 5 years
%13.0	%9.0	Ratios for corresponding maturities	%20.0	%14.0	%8.0	%7.0	%6.0

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

TRY reserve deposits rates:

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

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

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 26 (December 31, 2014: TRY 27).

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

	March, 31 2015		December, 31 2014	
	TRY	FC	TRY	FC
Forward Transactions	120	27	11	19
Swap Transactions	-	-	896	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	120	27	907	19

3. a) Information on banks:

	March, 31 2015		December, 31 2014	
	TRY	FC	TRY	FC
Banks				
Domestic	35	224,671	64,037	168,012
Foreign	-	32,479	-	41,043
Branches and head office abroad	-	-	-	-
Total	35	257,150	64,037	209,055

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

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

	March, 31 2015		December, 31 2014	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	15,263	-	25,711	-
Other	-	-	-	-
Total	15,263	-	25,711	-

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

Available-for-sale securities given as collateral for open market transactions are TRY 15,263 respectively. (December 31, 2014: Available-for-sale securities given as collateral for Interbank money market and open market transactions are TRY 25,428, TRY 283 hold for Takasbank respectively.)

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

	March, 31 2015		December, 31 2014	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	251,677	-	383,119	-
Other	-	-	-	-
Total	251,677	-	383,119	-

Net book value of unrestricted financial assets available-for-sale is TRY 438,699 (December 31, 2014: TRY 366,710) and included in this amount there are unquoted stocks amounting TRY 137 (December 31, 2014: TRY 137).

b) Information on financial assets available for sale portfolio:

	March, 31 2015	December, 31 2014
Debt securities	705,545	775,429
Quoted on a stock exchange	705,545	775,429
Not quoted	-	-
Share certificates	137	137
Quoted on a stock exchange	-	-
Not quoted	137	137
Impairment provision (-)	(43)	(26)
Total	705,639	775,540

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

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

5. Information on loans:

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

	March, 31 2015		December, 31 2014	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	100	56	99	85
Corporate shareholders	100	56	99	85
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	634	16,419	-	15,841
Loans granted to employees	1,137	1,431	1,325	1,450
Total	1,871	17,906	1,424	17,376

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled	Other	Loans and Other Receivables	Restructured or Rescheduled	Other
Non-specialized loans	3,051,792	8,781	-	129,062	159,468	-
Discount notes	1,747,413	8,302	-	97,505	153,582	-
Export loans	580,818	479	-	18,335	5,886	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	94,223	-	-	-	-	-
Foreign loans	37,201	-	-	-	-	-
Consumer loans	19,230	-	-	10,221	-	-
Credit cards	-	-	-	-	-	-
Precious metals loans	-	-	-	-	-	-
Other	572,907	-	-	3,001	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	3,051,792	8,781	-	129,062	159,468	-

c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and other Receivables	1,768,293	221	45,305	26,721
Non-specialized loans	1,768,293	221	45,305	26,721
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	1,283,499	8,560	83,757	132,747
Non-specialized loans	1,283,499	8,560	83,757	132,747
Specialized loans	-	-	-	-
Other Loans	-	-	-	-
Total	3,051,792	8,781	129,062	159,468

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

Number of Changes for the Payment Plan Extension	Standard Loans and Other Receivables	Watching Loans and Other Receivables
1 or 2 times extended	8,781	156,615
3, 4 or 5 times extended	-	2,848
5 Over the extended	-	5
Total	8,781	159,468

	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	211	20,011
6 – 12 Month	-	4,101
1 – 2 Year	-	24,748
2 – 5 Year	8,570	66,379
5 Years and Over	-	44,229
Total	8,781	159,468

As of March 31, 2015, in accordance with “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” (published in the Official Gazette on May 28, 2011, numbered 27947) the bank calculated general loan loss provision for standard loan, which the payments are rescheduled, amounting to TRY 436 and for watchlist-loans, which the payments are rescheduled, amounting to TRY 7,337.

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	11,724	15,554	27,278
Housing Loans	523	2,283	2,806
Car Loans	68	456	524
General Purpose Loans	11,133	12,815	23,948
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	157	670	827
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	157	670	827
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Real Persons) (*)	1,346	-	1,346
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	13,227	16,224	29,451

(*) Overdraft Accounts includes TRY 246 personel loans.

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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
Commercial loans with installment facility-TRY	32,260	863,381	895,641
Business Loans	9,448	101,374	110,822
Car Loans	180	29,445	29,625
General Purpose Loans	22,632	732,562	755,194
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	4,546	178,198	182,744
Business Loans	-	-	-
Car Loans	2,972	58,553	61,525
General Purpose Loans	1,574	119,645	121,219
Other	-	-	-
Commercial loans with installment facility –FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Legal Entities)	37,238	-	37,238
Overdraft Accounts-FC(Legal Entities)	-	-	-
Toplam	74,044	1,041,579	1,115,623

f) Domestic and foreign loans:

	March, 31 2015	December, 31 2014
Domestic loans	3,311,902	3,314,222
Foreign loans	37,201	3
Total	3,349,103	3,314,225

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	March, 31 2015	December, 31 2014
Specific provisions		
Loans and receivables with limited collectability	1,806	-
Loans and receivables with doubtful collectability	-	-
Uncollectible loans and receivables	39,662	44,653
Total	41,468	44,653

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
March 31, 2015			
(Gross amount before specific provision) (*)	-	-	7,066
Restructured Loans and Other Receivables	-	-	7,066
Rescheduled Loans and Other Receivables	-	-	-
December 31, 2014			
(Gross amount before specific provision)	-	-	8,044
Restructured Loans and Other Receivables	-	-	8,044
Rescheduled Loans and Other Receivables	-	-	-

(*) As of March 31, 2015 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 3,607 (December 31, 2014: TRY 4,365).

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
December 31, 2014 balance	-	-	95,570
Additions (+)	30,607	-	519
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections (-)	(1)	-	(16,809)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
March 31, 2015 balance	30,606	-	79,280
Specific provision (-)	(1,806)	-	(39,662)
Net Balances on Balance Sheet	28,800	-	39,618

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
March 31, 2015 (Net)			
Loans to Real Persons and Legal Entities (Gross)	30,606	-	79,280
Specific provision (-)	(1,806)	-	(39,662)
Loans to Real Persons and Legal Entities (Net)	28,800	-	39,618
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2014 (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	-	95,570
Specific provision (-)	-	-	(44,653)
Loans to Real Persons and Legal Entities (Net)	-	-	50,917
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

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

l) Explanations on write-off policy:

As of 31 March 2015, there is no amount that is written off from assets with the decision of the Board of Directors.(December 31,2014: The Bank sold a portion of non-performing loan amounting to TRY 21,073, to an asset management firm and removed from records.)

6. Information on held-to-maturity investments:

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

	March, 31 2015		December, 31 2014	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	21,558	-	36,888	-
Other	-	-	-	-
Total	21,558	-	36,888	-

As of March 31, 2015, collateral or blocked investments held-to-maturity; Central Bank open market operations is TRY 3,046 and Central Bank of the interbank money market is TRY 7,799 and stock collateral balance is TRY 10,713.(December 31,2014 : Central Bank open market operations is TRY 506 and Central Bank of the interbank money market is TRY 5,479 and stock collateral balance is TRY 30,903).

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

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

	March, 31 2015		December, 31 2014	
	TP	YP	TP	YP
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	37,230	-	23,780	-
Other	-	-	-	-
Total	37,230	-	23,780	-

Book value of held to maturity investments classified as unrestricted financial assets is TRY 42,780 (December 31, 2014: TRY 39,752).

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

	March, 31 2015	December, 31 2014
Government bonds	101,568	100,420
Treasury bills	-	-
Other public sector debt securities	-	-
Total	101,568	100,420

c) Information on held-to-maturity investments:

	March, 31 2015		December, 31 2014	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	101,568	-	100,420	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	-	-
Total	101,568	-	100,420	-

d) Movement of held-to-maturity investments:

	March, 31 2015	December, 31 2014
Beginning balance	100,420	98,895
Foreign currency differences on monetary assets(*)	1,307	1,952
Purchases during year	-	20,016
Disposal through sales and redemptions	(159)	(20,443)
Impairment provision (-)	-	-
Closing Balance	101,568	100,420

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

7. Information on associates (Net):

The Bank has no associates in the current period.

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on jointly controlled entities:

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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I. Explanations and Disclosures Related to the Assets (continued)

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 :

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.

15. Explanations on deferred tax assets:

- a) As of March 31, 2015, there are no deferred tax asset calculated on tax losses and tax deductions or exemptions. (December 31, 2014: None). Deferred tax asset calculated on the other temporary differences is TRY 4,086 (December 31, 2014: TRY 3,972 deferred tax asset).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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

17. Information on other assets:

- a) Breakdown of other assets:

	March 31, 2015	December 31, 2014
Settlement Accounts	18,763	16,860
Prepaid Expenses	9,610	6,498
Advances Given	485	184
Other	2,892	2,504
Toplam	31,750	26,046

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

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) March 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	12,180	-	39,944	857,456	106,285	16,482	6,638	-	1,038,985
Foreign currency deposits	55,147	-	41,055	1,337,367	85,546	18,740	9,495	-	1,547,350
Residents in Turkey	46,856	-	39,625	1,275,590	85,040	17,614	7,182	-	1,471,907
Residents abroad	8,291	-	1,430	61,777	506	1,126	2,313	-	75,443
Public sector deposits	14,642	-	-	-	-	-	-	-	14,642
Commercial deposits	47,529	-	87,774	590,915	134,565	35,782	84,033	-	980,598
Other institutions deposits	296	-	113	94,049	-	46,949	-	-	141,407
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	2,219	-	-	14,024	-	-	-	-	16,243
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	30	-	-	-	-	-	-	-	30
Foreign Banks	2,189	-	-	14,024	-	-	-	-	16,213
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	132,013	-	168,886	2,893,811	326,396	117,953	100,166	-	3,739,225

a.2) December 31, 2014:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	17,038	-	35,793	850,208	95,898	22,633	6,564	-	1,028,134
Foreign currency deposits	54,322	-	59,319	1,101,175	151,186	38,905	9,661	-	1,414,568
Residents in Turkey	52,355	-	58,492	1,076,470	145,087	37,787	7,344	-	1,377,535
Residents abroad	1,967	-	827	24,705	6,099	1,118	2,317	-	37,033
Public sector deposits	12,837	-	-	-	-	-	-	-	12,837
Commercial deposits	72,010	-	51,988	586,118	108,428	29,732	81,917	-	930,193
Other institutions deposits	299	-	1,649	55,018	1,513	116,385	-	-	174,864
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	2,283	-	11,506	14,140	-	-	-	-	27,929
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	40	-	-	-	-	-	-	-	40
Foreign Banks	2,243	-	11,506	14,140	-	-	-	-	27,189
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	158,789	-	160,255	2,606,659	357,025	207,655	98,142	-	3,588,525

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

i. Information on saving deposits:

Saving Deposits	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Saving deposits	248,111	234,903	782,418	785,436
Foreign currency saving deposits	69,522	68,278	799,688	674,691
Other deposits in the form of saving deposits	517	469	8,235	7,798
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	318,150	303,650	1,590,341	1,467,925

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

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

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

	March 31, 2015	December 31, 2014
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	1,429	1,479
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

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

	March 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Forward Transactions	-	98	9	5
Swap Transactions	422	5	-	54
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	422	103	9	59

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

	March 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
From Domestic Banks and Institutions	15,375	20,452	13,510	21,534
From Foreign Banks, Institutions and Funds	-	126,855	302	102,906
Total	15,375	147,307	13,812	124,440

b) Maturity analysis of borrowings:

	March 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
Short-term	15,375	105,221	13,812	85,130
Medium and long-term	-	42,086	-	39,310
Total	15,375	147,307	13,812	124,440

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

Bank diversifies its funding resources by customer deposits and foreign borrowings. 95% of bank deposits and 42% of other deposits are composed of foreign currency deposits.

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

4. Information on funds provided from repurchase agreement transactions :

	March 31, 2015		December 31, 2014	
	TRY	FC	TRY	FC
From domestic transactions	306,450	-	430,464	-
Financial institutions and organizations	306,441	-	430,456	-
Other institutions and organizations	-	-	-	-
Real persons	9	-	8	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	306,450	-	430,464	-

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

	March 31, 2015		December 31, 2014	
	Nominal	Carrying Value	Nominal	Carrying Value
Financial Assets Available for Sale	200,757	270,586	299,967	407,469
Held to Maturity Investments	36,500	35,864	23,711	22,995
Financial assets held for trading	-	-	-	-
Total	237,257	306,450	323,678	430,464

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

6. Explanations on lease obligations (Net):

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

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

- b) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. In 2015 operational lease expenses amounting to TRY 3,958 have been recorded in the profit and loss accounts (December 31, 2014: TRY 13,279). The lease periods vary between 5 and 10 years.

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

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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II. Explanations and Disclosures Related to the Liabilities: (continued)

8. Information on provisions:

a) Information on general provisions:

	March 31, 2015	December 31, 2014
General Provisions		
Provisions for First Group Loans and Receivables	19,245	19,288
- Additional provision for extended loans	436	41
Provisions for Second Group Loans and Receivables	2,539	2,208
- Additional provision for extended loans	7,337	6,924
Provisions for Non-cash Loans	3,993	3,909
Total	33,550	32,370

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 2,483 (December 31, 2014: TRY 2,220) on the foreign currency indexed loans are netted off from loans on the balance sheet.

c) The specific provisions of TRY 8,018 (December 31, 2014: TRY 8,226) were provided for unindemnified non cash loans.

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

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

d.2) Information on employee termination benefits and unused vacation accrual:

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.

	March 31, 2015	December 31, 2014
Employee termination benefit provision	7,608	7,153
Unused vacation provision	3,883	3,376
Total of provision for employee benefits	11,491	10,529

In accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits"; total benefit is calculated for each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement. According to communique numbered 28585 published in Turkish Trade Registry Gazette, as per TAS19 actuarial loss that is recorded under shareholders' equity amounting to TRY (81) as of March 31, 2015. (December 31,2014: TRY (155) loss)

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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:

	March 31, 2015	December 31, 2014
Specific provisions provided for unindemnified non cash loans	8,018	8,226
Other provisions (*)	13,003	10,336
Total	21,021	18,562

(*) Other provisions include TRY 1,663 of bonus and premium provisions for 2015, TRY 8,264 of the remaining provision before 2015, TRY 302 of provisions for other assets, TRY 2,047 of litigation provision, TRY 727 credit provision. (December 31, 2014: TRY 7,500 bonus provision, TRY 772 2014 bonus provision before the year, TRY 1,762 of legal claim provision, TRY 302 other provisions).

f) Liabilities on pension rights: None.

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

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

9. Explanations on taxes payable:

a) Information on current tax liability:

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

	March 31, 2015	December 31, 2014
Current Period Tax Payable	14,236	12,979
Prepaid Tax	(13,084)	(10,329)
Total	1,152	2,650

a.2) Explanations on taxes payable:

	March 31, 2015	December 31, 2014
Taxation on Securities	3,791	4,277
BITT	3,635	3,828
Corporate Tax Payable	1,152	2,650
Payroll Tax	1,016	1,218
Property Tax	412	324
Value Added Tax Payable	100	251
Stamp Tax	47	38
Other	16	45
Total	10,169	12,631

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

a.3) Information on premiums:

	March 31, 2015	December 31, 2014
Social Security Premiums-Employer	758	691
Social Security Premiums-Employee	490	446
Unemployment Insurance-Employee	67	61
Unemployment Insurance-Employer	33	30
Bank Social Aid Pension Fund Premium-Employer		
Bank Social Aid Pension Fund Premium-Employee		
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Other	-	-
Total	1,348	1,228

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

10. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

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

000 TL	March 31, 2015	December 31, 2014
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 and their sources; other information on increased capital shares in the current period: Explained in a) section.
- d) Information on share capital increases from revaluation funds in the current period: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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II. Explanations and Disclosures Related to the Liabilities: (continued)

- g) Information on preferred shares: None.
- h) Information on marketable securities value increase fund:

	March 31, 2015	December 31, 2014
Valuation Difference	(6,798)	(265)
Foreign Exchange Difference	-	-
Total	(6,798)	(265)

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2015

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

1. Information on off-balance sheet liabilities:

1. a) Nature and amount of irrevocable loan commitments:

	March 31, 2015	December 31, 2014
Loan granting commitments	57,789	48,896
Payment commitments for checks	114,216	105,800
Forward asset purchase and sales commitments	9,855	9,634
Other irrevocable commitments	10,859	10,774
Total	192,719	175,104

b) Possible losses and commitments related to off-balance sheet items including items listed below:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letters of credits:

	March 31, 2015	December 31, 2014
Bank acceptance loans	2,999	2,532
Letters of credit	183,655	164,711
Other guarantees and collaterals	132,067	118,364
Total	318,721	285,607

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

	March 31, 2015	December 31, 2014
Definite letter of guarantess	1,215,068	1,240,063
Temporary letter of guarantees	321,755	306,253
Other letter of guarantees Diğer	209,202	211,400
Total	1,746,025	1,757,716

c) c.1) Total amount of non-cash loans:

	March 31, 2015	December 31, 2014
Non-cash loans given against achieving cash loans	129,355	115,212
With maturity of 1 year or less than 1 year	55,816	83,173
With maturity of more than 1 year	73,539	32,039
Other non-cash loans	1,935,391	1,928,111
Total	2,064,746	2,043,323

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IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	March 31, 2015		March 31, 2014	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	57,839	2,494	45,402	4,878
Medium and long term loans	36,110	6,045	25,440	2,499
Interest on non-performing loans	2,305	-	148	-
Total	96,254	8,539	70,990	7,377

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

b) Information on interest received from banks:

	March 31, 2015		March 31, 2014	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	70	107	46	103
Foreign banks	-	-	-	2
Branches and head office abroad	-	-	-	-
Total	70	107	46	105

c) Interest received from marketable securities portfolio:

	March 31, 2015		March 31, 2014	
	TRY	FC	TRY	FC
Trading securities	-	-	2	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	9,124	-	15,618	-
Held-to-maturity securities	2,076	-	2,074	-
Total	11,200	-	17,694	-

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

None.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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IV. Explanations and Disclosures Related to the Statement of Income (continued)

2. a) Information on interest on funds borrowed:

	March 31, 2015		March 31, 2014	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	334	801	372	1,158
The Central Bank of Turkey	-	-	-	-
Domestic banks	258	124	269	196
Foreign banks	76	677	103	962
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	334	801	372	1,158

(*) 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:

March 31 , 2015								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TRY								
Bank deposits	-	3	-	-	-	-	-	3
Saving deposits	-	1,235	20,587	2600	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	1397	-	-	-	3081
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	2,772	36,525	5,989	3,304	2,298	-	50,888
Foreign Currency								
Foreign currency deposits	-	128	8,223	1,166	223	52	-	9,792
Bank deposits	-	59	-	-	-	-	-	59
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	187	8,223	1,166	223	52	-	9,851
Grand Total	-	2,959	44,748	7,155	3,527	2,350	-	60,739

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

March 31 , 2014								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TRY								
Bank deposits	-	2	-	-	-	-	-	2
Saving deposits	-	796	19,868	2,434	1,571	70	-	24,739
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	1,959	9,277	542	1,088	10	-	12,876
Other deposits	-	-	1,026	941	-	-	-	1,967
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	2,757	30,171	3,917	2,659	80	-	39,584
Foreign Currency								
Foreign currency deposits	-	317	8,134	678	311	409	-	9,849
Bank deposits	-	149	-	-	-	-	-	149
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	466	8,134	678	311	409	-	9,998
Grand Total	-	3,223	38,305	4,595	2,970	489	-	49,582

3. Information on Dividend Income: None.

4. Information on net trading income:

	March 31, 2015	March 31, 2014
Income	182,815	166,587
Gains on capital market operations	-	5
Gains on derivative financial instruments	16,668	6,383
Foreign exchange gains	166,147	160,199
Losses (-)	(183,500)	(165,343)
Losses on capital market operations	-	-
Losses on derivative financial instruments	(19,881)	(9,293)
Foreign exchange losses	(163,619)	(156,050)
Total	(685)	1,244

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

5. Information on other operating income:

	March 31, 2015	March 31, 2014
Reversal of free provisions	35	23
Reversal of specific provisions (cash)	5,568	1,895
Reversal of unindemnified non-cash loan provision	322	448
Income from sales of assets	1,791	779
Income of previous year	68	23
Provisions for communication expense collected from customers	4	4
Provisions for expenditure collected from customers	25	23
Reversal of general loan loss provisions(*)	487	7,556
Income from financial leasing	-	-
Other	111	116
Total	8,411	10,867

(*) As of March 31, 2014, TRY 7,446 comprises of reversal of general loan loss provisions due to the transition to new regulation.

6. Provision for impairment of loans and other receivables:

	March 31, 2015	March 31, 2014
Specific provisions for loans and other receivables	2,383	5,044
III. Group Loans and Receivables	1,806	1,415
IV. Group Loans and Receivables	-	975
V. Group Loans and Receivables	577	2,654
General loan loss provision expenses	1,667	1,652
Marketable securities impairment losses	-	95
Financial assets at fair value through profit and loss	-	1
Investment securities available for sale	-	94
Impairment provision expense on investments	-	104
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	104
Other	842	234
Total	4,892	7,129

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FOR THE PERIOD ENDED MARCH 31, 2015

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

7. Information on other operating expenses:

	March 31, 2015	March 31, 2014
Personnel expenses	18,526	14,948
Reserve for employee termination benefits	529	365
Taxes and duties	1,219	761
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1,031	640
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	1,908	1,720
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	155	185
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	12,762	10,554
Rent expenses	3,958	2,945
Maintenance expenses	1,253	1,491
Advertisement expenses	132	121
Other expenses(*)	7,419	5,997
Loss on sales of assets	-	4
Other(**)	3,990	1,916
Total	40,120	31,093

(*) Included in other operating expenses; vehicle expenses are TRY 1,117, communication expenses are TRY 795, cleaning expenses are TRY 265, non-deductible expenses TRY 83, heating- lightening expenses are TRY 364, stationery expenses are TRY 183, computer usage expenses TRY 795, insurance expenses TRY 140, TRY 1,888 other provisions, TRY 437 expertise expense, TRY 195 representation expenses, subcontractor company expense TRY 716, and other expenses are TRY 441. (March 31 2014; vehicle expenses are TRY 1,094, communication expenses are TRY 680, cleaning expenses are TRY 207, non-deductible expenses TRY 80, heating- lightening expenses are TRY 304, stationery expenses are TRY 157, computer usage expenses TRY 255, insurance expenses TRY 121, TRY 1,655 other provisions, TRY 385 expertise expense, TRY 175 representation expenses and other expenses are TRY 884).

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 450, assurance and financial services expenses are TRY 716, unused vacation expenses are TRY 507 and other expenses are TRY 2,317. (March 31, 2014: TRY 471 premiums paid to Saving Deposit Insurance Fund; TRY 556 assurance and financial consultancy expenses, unused vacation expenses are TRY 554 and TRY 355 other expenses).

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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IV. Explanations and Disclosures Related to the Statement of Income (continued)

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

- a) As of March 31, 2015; current tax expense is TRY 1,258. (March 31, 2014: None) and TRY 1,519 deferred tax expense (March 31, 2014: TRY 2,025 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.

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, 2015	March 31, 2014
<u>Other fees and commissions received</u>		
Expertise fees collected from customers	515	443
Insurance comission	43	25
Transfer commissions	229	128
Cheque expenses	98	64
Information expenses	35	61
Safe-deposit comissions	21	11
Bill of credit comissions	10	7
Letter of credit comissions	4	23
Collection item comissions	3	1
Credit cards commissions and fees	1	1
Other banking operations income (*)	2,214	3,234
Total	3,173	3,998

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

	March 31, 2015	March 31, 2014
<u>Other fees and commissions given</u>		
Transfer commissions	9	9
Credit card commissions	10	5
Bond exchange transaction fee	105	84
Money transfer commission	31	21
Commissions given to banks	118	80
ATM commission	3	2
EFT commissions	71	55
Other	12	18
Total	359	274

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VII. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) March 31, 2015:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	99	85	-	15,913
Balance at end of period	-	-	100	56	634	16,494
Interest and commission income	-	-	-	4	-	32

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 100.

b) December 31, 2014:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	73	3,211	23	11,151
Balance at end of period	-	-	99	85	-	15,913
Interest and commission income	-	-	-	24	83	113

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains foreign bank accounts amounting to TRY 99.

c.1) Information on related party deposits balances:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Deposits						
Balance at beginning of period	-	-	730	969	89,693	33,545
Balance at end of period	-	-	562	730	113,192	89,693
Interest on deposits (*)	-	-	-	-	2,792	543

(*) Interest income on deposits represents March 31, 2014.

In addition, the Bank has "Funds Borrowed" at an amount of TRY 13,126 used from risk group of the Bank (December 31, 2014: TRY 302) and TRY 98 (March 31, 2014: TRY 658) interest expense was incurred from funds borrowed in 2015.

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

d) As of March 31, 2015, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 1,540 (March 31, 2014: TRY 1,248)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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VII. Explanations on the Risk Group of the Bank (continued)

2. Disclosures for related parties:

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	634	0.02
Banks and other receivables	100	0.04
Non-cash loans	16,550	0.74
Deposits	113,754	3.04
Borrowings	13,126	8.07

These transactions are priced in accordance with the general pricing policies of the Bank.

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: Explained in b).
- d) Transactions accounted under the equity method: None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.30%. Details of these loans are explained in 1a above.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VIII. Explanations on the Bank's domestic branches, agencies and branches abroad and off- shore branches

1. Explanations on the Bank's domestic branches, agencies and branches abroad and off- shore branches:

	Number	Employees			
Domestic branches	33	649			
			Country		
Rep-offices abroad	-	-	-		
				Total Assets	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

2. Explanations on Branch and Agency Openings or Closings of the Bank::

None.

IX. Explanations and disclosures related to subsequent events

None.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2015

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SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations on the Operations of the Bank:

The Bank is not required to prepare consolidated financial statements as per the decree of “Preparation of financial statements of the Bank” published in the official gazette dated November 8, 2006 and mubered 26340.

SECTION SEVEN

INDEPENDENT AUDITOR’S REVIEW REPORT

I. Explanations on the Independent Auditor’s Review Report:

The unconsolidated financial statements of the Bank as of March 31, 2015 were 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 14, 2015 is presented preceding the unconsolidated financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.