

TURKLAND BANK ANONİM ŐİRKETİ

**INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED
DECEMBER 31, 2014**

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

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

To the Board of Directors of
Turkland Bank Anonim Şirketi
Istanbul

Turkland Bank Anonim Şirketi

**INDEPENDENT AUDITOR’S REPORT
FOR THE YEAR JANUARY 1- DECEMBER 31,2014**

We have audited the accompanying balance sheet of Turkland Bank A.Ş. (“Bank”) as at December 31, 2014, and the related statement of income, statement of income and expense items accounted under shareholders’ equity, statement of cash flows and changes in shareholders’ equity for the year ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Bank’s Board of Directors for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents” published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency (“BRSA”). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error and selecting and applying appropriate accounting policies.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on “Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks” published in the Official Gazette dated November 1, 2006 and numbered 26333 and with the Independent Auditing Standards which is a part of the Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”). We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor’s Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Turkland Bank A.Ş. as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the BRSA in respect of accounting and financial reporting.

Reports on independent auditor's responsibilities arising from other regulatory requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period January 1 – December 31, 2014 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional Paragraph for convenience translation to English

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

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

Yaşar Bivas
Partner, SMMM

February 12, 2015
İstanbul, Turkey

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

**THE UNCONSOLIDATED FINANCIAL AUDIT REPORT OF TURKLANDBANK A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

Telephone : (0 212) 368 34 34

Fax : (0 212) 368 35 35

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

E-mail Address : t-bank@turklandbank.com

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

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

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

January 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 Tawfik TALHOUNİ	
Member of Audit Committee	Member of Audit Committee	Member of Audit Committee	

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

Name-Surname / Title: Sevgi Üstün / Assistant Manager

Telephone Number: (0212) 368 37 24

Fax Number: (0212) 368 35 35

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2014

(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 Doğuş Group in 1992. After the change in the name of the bank as "Garanti Yatırım ve Ticaret Bankası Anonim Şirketi" in 1994, Mehmet Nazif Günel (the main shareholder of MNG Group Companies) has acquired the Bank in 1997 and the name of the Bank has been changed as "MNG Bank Anonim Şirketi".

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

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

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

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

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

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

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

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2014

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

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

As of December 31, 2014, the shareholders' structure and their ownerships are summarized as follows:

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

As of December 31, 2014 the nominal value of the Bank's capital is amounting to TRY 650,000 and consists of 6,500 million shares.

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2014

(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	
	MEHMET BEHÇET PERİM	Member of Audit Committee	Master Degree	
	NADYA NABIL TAWFIK TALHOUNI	Member of Audit Committee	Bachelor's Degree	
	HENRI MARIE RENE JACQUAND	Member	Master Degree	
	MUSTAFA SELÇUK TAMER	Member	Bachelor's Degree	
	RIAD BURHAN TAHER KAMAL	Member	Master Degree	
	HAITHAM HELMI MOHAMMAD FOUDEH(**)	Member	Master Degree	
	FATEN MATAR	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
HAKKI YILDIRMAZ		Human Resources	PHD Degree	
İLHAN ZEKİ KÖROĞLU		Operation and Information Technologies	Bachelor's Degree	
MEHMET ÖZGÜNER		Finance	Bachelor's Degree	
MÜNEVVER ERÖZ		Treasury and Financial Institutions	Master Degree	
YURDAKUL ÖZDOĞAN		Credit & Follow up	Bachelor's Degree	

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

(**) HAITHAM HELMI MOHAMMAD FOUDEH has been appointed as a member of Board of Directors with the decision numbered 521, dated 1 March, 2014.

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

Information about the persons and institutions that have qualified shares as of December 31, 2014:

<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 DECEMBER 31, 2014

(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 641 personnel. The Bank has no any subsidiaries in the financial sector (December 31, 2013: 27 branches, 535 personnel).

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

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

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

The Bank has no consolidated subsidiaries.

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

The Bank has no consolidated subsidiaries.

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TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

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

		Audited Current Period 31.12.2014			Audited Prior Period 31.12.2013			
		TRY	FC	Total	TRY	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	I-1	52,568	424,576	477,144	43,247	347,163	390,410
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	934	19	953	116	149	265
2.1	Financial assets held for trading		934	19	953	116	149	265
2.1.1	Public sector debt securities		27	-	27	116	-	116
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		907	19	926	-	149	149
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	64,037	209,055	273,092	80,045	206,352	286,397
IV.	MONEY MARKET PLACEMENTS		-	-	-	70,015	-	70,015
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	70,015	-	70,015
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	775,537	3	775,540	505,811	2	505,813
5.1	Share certificates		137	-	137	75	-	75
5.2	Public sector debt securities		775,400	3	775,403	505,736	2	505,738
5.3	Other marketable securities		-	-	-	-	-	-
VI.	LOANS AND RECEIVABLES	I-5	2,842,700	522,442	3,365,142	2,205,853	462,435	2,668,288
6.1	Loans and receivables		2,791,783	522,442	3,314,225	2,172,355	462,435	2,634,790
6.1.1	Loans to risk group of the Bank		-	-	-	23	-	23
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		2,791,783	522,442	3,314,225	2,172,332	462,435	2,634,767
6.2	Non-performing loans		95,570	-	95,570	69,874	-	69,874
6.3	Specific provisions (-)		(44,653)	-	(44,653)	(36,376)	-	(36,376)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	I-6	100,420	-	100,420	98,895	-	98,895
8.1	Public sector debt securities		100,420	-	100,420	98,895	-	98,895
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		-	-	-	-	-	-
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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	48,020	-	48,020	36,013	-	36,013
XV.	INTANGIBLE ASSETS (Net)	I-13	18,231	-	18,231	20,674	-	20,674
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		18,231	-	18,231	20,674	-	20,674
XVI.	INVESTMENT PROPERTY (Net)	I-14	-	-	-	-	-	-
XVII.	TAX ASSET	I-15	3,972	-	3,972	9,708	-	9,708
17.1	Current tax asset		-	-	-	2,234	-	2,234
17.2	Deferred tax asset		3,972	-	3,972	7,474	-	7,474
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	25,510	536	26,046	24,750	35	24,785
TOTAL ASSETS			3,931,929	1,156,631	5,088,560	3,095,127	1,016,136	4,111,263

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2013

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

		Audited Current Period 31.12.2014			Audited Prior Period 31.12.2013			
		TRY	FC	Total	TRY	FC	Total	
I.	DEPOSİTS	II-1	2,157,865	1,430,660	3,588,525	1,649,482	1,187,655	2,837,137
1.1	Deposits from risk group of the Bank		86,815	3,608	90,423	33,772	742	34,514
1.2	Other		2,071,050	1,427,052	3,498,102	1,615,710	1,186,913	2,802,623
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	9	59	68	727	-	727
III.	FUNDS BORROWED	II-3	13,812	124,440	138,252	27,199	189,796	216,995
IV.	MONEY MARKET BALANCES		430,464	-	430,464	395,085	-	395,085
4.1	Interbank money market takings		-	-	-	24,505	-	24,505
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements	II-4	430,464	-	430,464	370,580	-	370,580
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		52,464	9,282	61,746	19,168	6,383	25,551
VIII.	OTHER LIABILITIES	II-5	38,957	1,491	40,448	36,544	1,483	38,027
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	60,731	730	61,461	48,625	674	49,299
12.1	General loan loss provisions		32,370	-	32,370	30,368	-	30,368
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		10,529	-	10,529	7,743	-	7,743
12.4	Insurance technical reserves (Net)		-	-	-	-	-	-
12.5	Other provisions		17,832	730	18,562	10,514	674	11,188
XIII.	TAX LIABILITY	II-9	13,859	-	13,859	8,637	-	8,637
13.1	Current tax liability		13,859	-	13,859	8,637	-	8,637
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	II-10	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	II-11	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	II-12	753,737	-	753,737	539,805	-	539,805
16.1	Paid-in capital		650,000	-	650,000	500,000	-	500,000
16.2	Supplementary capital		25,056	-	25,056	(6,945)	-	(6,945)
16.2.1	Share premium		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities value increase fund		(265)	-	(265)	(32,944)	-	(32,944)
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	-	-	-
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		25,276	-	25,276	25,999	-	25,999
16.3	Profit reserves		46,750	-	46,750	32,349	-	32,349
16.3.1	Legal reserves		2,322	-	2,322	1,602	-	1,602
16.3.2	Statutory reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		37,377	-	37,377	23,696	-	23,696
16.3.4	Other profit reserves		7,051	-	7,051	7,051	-	7,051
16.4	Profit or loss		31,931	-	31,931	14,401	-	14,401
16.4.1	Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2	Current year income/ (loss)		31,931	-	31,931	14,401	-	14,401
16.5	Minority shares	II-13	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			3,521,898	1,566,662	5,088,560	2,725,272	1,385,991	4,111,263

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2013

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section Five)	Audited Current Period 31.12.2014			Audited Prior Period 31.12.2013		
		TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II+III)		1,609,294	834,550	2,443,844	7,613,981	729,283	8,343,264
I. GUARANTEES	III-1	1,361,040	682,283	2,043,323	1,064,803	616,579	1,681,382
1.1 Letters of guarantee		1,360,112	397,604	1,757,716	1,064,644	302,261	1,366,905
1.1.1 Guarantees subject to State Tender Law		14,141	9,108	23,249	11,430	7,993	19,423
1.1.2 Guarantees given for foreign trade operations		81,279	54,894	136,173	67,012	20,040	87,052
1.1.3 Other letters of guarantee		1,264,692	333,602	1,598,294	986,202	274,228	1,260,430
1.2 Bank loans		-	2,532	2,532	-	7,824	7,824
1.2.1 Import letter of acceptance		-	2,532	2,532	-	7,824	7,824
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		78	164,633	164,711	84	160,613	160,697
1.3.1 Documentary letters of credit		78	164,633	164,711	84	160,613	160,697
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	117,514	118,364	75	145,881	145,956
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	159,176	15,928	175,104	6,520,876	26,580	6,547,456
2.1 Irrevocable commitments		159,176	15,928	175,104	254,054	26,580	280,634
2.1.1 Forward asset purchase and sales commitments		3,260	6,374	9,634	3,087	12,597	15,684
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		48,896	-	48,896	157,758	-	157,758
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		105,800	-	105,800	85,587	-	85,587
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10 Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		1,220	9,554	10,774	7,622	13,983	21,605
2.2 Revocable commitments		-	-	-	6,266,822	-	6,266,822
2.2.1 Revocable loan granting commitments		-	-	-	6,266,822	-	6,266,822
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	III-2	89,078	136,339	225,417	28,302	86,124	114,426
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		89,078	136,339	225,417	28,302	86,124	114,426
3.2.1 Forward foreign currency buy/sell transactions		5,024	5,022	10,046	1,324	1,382	2,706
3.2.1.1 Forward foreign currency transactions-buy		2,513	2,511	5,024	658	696	1,354
3.2.1.2 Forward foreign currency transactions-sell		2,511	2,511	5,022	666	686	1,352
3.2.2 Swap transactions related to foreign currency, and interest rates		-	48,075	48,075	-	56,996	56,996
3.2.2.1 Foreign currency swaps-buy		-	24,011	24,011	-	28,552	28,552
3.2.2.2 Foreign currency swaps-sell		-	24,064	24,064	-	28,444	28,444
3.2.2.3 Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4 Interest rate swaps-sell		-	-	-	-	-	-
3.2.3 Foreign currency, interest rate and securities options		538	546	1,084	1,772	1,850	3,622
3.2.3.1 Foreign currency options-buy		269	273	542	886	925	1,811
3.2.3.2 Foreign currency options-sell		269	273	542	886	925	1,811
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		83,516	82,696	166,212	25,206	25,896	51,102
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		73,622,569	6,565,254	80,187,823	29,792,397	2,928,497	32,720,894
IV. ITEMS HELD IN CUSTODY		597,396	66,013	663,409	470,300	57,737	528,037
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		11,090	4,744	15,834	12,061	3,454	15,515
4.3 Checks received for collection		571,465	56,503	627,968	455,499	49,517	505,016
4.4 Commercial notes received for collection		14,841	2,910	17,751	2,740	4,112	6,852
4.5 Other assets received for collection		-	1,838	1,838	-	637	637
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	18	18	-	17	17
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		73,025,173	6,499,241	79,524,414	29,322,097	2,870,760	32,192,857
5.1 Marketable securities		661	-	661	661	-	661
5.2 Guarantee notes		35,506	15,943	51,449	8,812	21,787	30,599
5.3 Commodities		1,646	-	1,646	1,646	-	1,646
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		2,738,012	153,175	2,891,187	2,778,501	283,654	3,062,155
5.6 Other pledged items		70,249,348	6,330,123	76,579,471	26,532,477	2,565,319	29,097,796
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		75,231,863	7,399,804	82,631,667	37,406,378	3,657,780	41,064,158

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 DECEMBER 31, 2014 AND 2012

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

III. STATEMENT OF INCOME

	Note (Section Five)	Audited Current Period 01.01-31.12.2014	Audited Prior Period 01.01-31.12.2013
I. INTEREST INCOME	IV-1	441,218	280,614
1.1 Interest on loans		368,099	236,396
1.2 Interest received from reserve deposits		195	-
1.3 Interest received from banks		494	532
1.4 Interest received from money market placements		62	205
1.5 Interest received from marketable securities portfolio		71,096	41,737
1.5.1 Held-for-trading financial assets		5	4
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		62,831	36,614
1.5.4 Investments held-to-maturity		8,260	5,119
1.6 Finance lease income		-	-
1.7 Other interest income		1,272	1,744
II. INTEREST EXPENSE	IV-2	(259,911)	(160,159)
2.1 Interest on deposits		(218,618)	(136,593)
2.2 Interest on funds borrowed		(4,631)	(6,790)
2.3 Interest on money market borrowings		(34,784)	(16,305)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(1,878)	(471)
III. NET INTEREST INCOME (I - II)		181,307	120,455
IV. NET FEES AND COMMISSIONS INCOME		28,080	22,280
4.1 Fees and commissions received		29,710	23,648
4.1.1 Non-cash loans		16,123	11,970
4.1.2 Other	IV-12	13,587	11,678
4.2 Fees and commissions paid		(1,630)	(1,368)
4.2.1 Non-cash loans		(83)	(53)
4.2.2 Other	IV-12	(1,547)	(1,315)
V. DIVIDEND INCOME	IV-3	17	-
VI. NET TRADING INCOME	IV-4	1,126	6,862
6.1 Securities trading gains/ (losses)		12	7,411
6.2 Gain/(losses) from derivative financial instruments		(19,817)	854
6.3 Foreign exchange gains/ (losses)		20,931	(1,403)
VII. OTHER OPERATING INCOME	IV-5	37,882	24,003
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		248,412	173,600
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-6	(44,826)	(27,277)
X. OTHER OPERATING EXPENSES (-)	IV-7	(163,344)	(126,196)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		40,242	20,127
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)		40,242	20,127
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-9	(8,311)	(5,726)
16.1 Provision for current income taxes		(12,979)	-
16.2 Provision for deferred taxes		4,668	(5,726)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	IV-10	31,931	14,401
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-11	31,931	14,401

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF PROFIT LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2014 AND 2013
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Audited Current Period 01.01-31.12.2014	Audited Prior Period 01.01-31.12.2013
I. Additions to marketable securities revaluation differences for available for sale financial assets	40,849	(44,804)
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	(678)	568
IX. Deferred tax of valuation differences	(8,170)	10,442
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	32,001	(33,794)
XI. Profit/Loss	31,931	6,996
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	-	(7,405)
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	31,931	14,401
XII. Total Profit/Loss accounted for in the period (X±XI)	63,932	(26,798)

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2014 AND 2013
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited		Effect Of Inflation Accounting On Capital and Other Reserves																	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.		Total Equity Before Minority Shares		Total Equity
Prior Period – 01.01-31.12.2013		Note (Section Five)	Paid-in Capital	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							
I.	Prior opening balance		300,000	25,431	-	-	967	-	15,927	2,746	12,709	-	8,824	-	-	-	-	-	-	366,604	-	366,604	
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)		300,000	25,431	-	-	967	-	15,927	2,746	12,709	-	8,824	-	-	-	-	-	-	366,604	-	366,604	
	Changes in the period		-	-	-	-	-	-	-	-	(12,709)	12,709	-	-	-	-	-	-	-	-	-	-	
IV.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(41,768)	-	-	-	-	-	-	-	(41,768)	(41,768)	
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		200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000	
14.1	Cash		200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000	
14.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.	Other(*)		-	568	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	568	568	
XIX.	Period net income/(loss)		-	-	-	-	-	-	-	-	14,401	-	-	-	-	-	-	-	-	-	14,401	14,401	
XX.	Profit distribution		-	-	-	-	635	-	7,769	4,305	-	(12,709)	-	-	-	-	-	-	-	-	-	-	
20.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20.2	Transfers to reserves		-	-	-	-	635	-	7,769	4,305	-	(12,709)	-	-	-	-	-	-	-	-	-	-	
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Closing Balance (I+II+III+...+XVI+XVII+XVIII)			500,000	25,999	-	-	1,602	-	23,696	7,051	14,401	-	(32,944)	-	-	-	-	-	-	539,805	-	539,805	

(*) 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 (Comminuqie No:28585)

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2014 AND 2013

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

v. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited	Note(Section Five)	Paid-in Capital	Effect Of Inflation Accounting On Capital and Other 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
I. Current Period – 01.01-31.12.2014																			
I.		500,000	25,999	-	-	1,602	-	23,696	7,051	14,401	-	(32,944)	-	-	-	-	539,805	-	539,805
										(14,401)	14,401								
II.																			
III.												32,679					32,679		32,679
IV.																			
4.1																			
4.2																			
V.																			
VI.																			
VII.																			
VIII.														45			45		45
IX.																			
X.																			
XI.																			
XII.	II-12	150,000															150,000		150,000
12.1		150,000															150,000		150,000
12.2																			
XIII.																			
XIV.																			
XV.																			
XVI.			(723)														(723)		(723)
XVII.										31,931							31,931		31,931
XVIII.						720		13,681			(14,401)								
18.1						720		13,681			(14,401)								
18.2																			
18.3																			
Closing Balance																			
(I+II+III+...+XVI+XVII+XVIII)		650,000	25,276	-	-	2,322	-	37,377	7,051	31,931	-	(265)	-	45	-	-	753,737	-	753,737

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

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED DECEMBER 31, 2014 AND 2013
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Audited Current Period 01.01-31.12.2014	Audited Prior Period 01.01-31.12.2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		70,373	(37,923)
1.1.1 Interest received		403,136	207,060
1.1.2 Interest paid		(247,550)	(157,785)
1.1.3 Dividend received		17	-
1.1.4 Fees and commissions received		31,312	24,873
1.1.5 Other income		5,121	363
1.1.6 Collections from previously written off loans		24,819	22,393
1.1.7 Payments to personnel and service suppliers		(76,255)	(65,327)
1.1.8 Taxes paid		(2,193)	(1,403)
1.1.9 Others	VI-1	(68,034)	(68,097)
1.2 Changes in operating assets and liabilities		(109,462)	179,774
1.2.1 Net (increase) decrease in financial assets held for trading		90	59
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(62,913)	(149,265)
1.2.4 Net (increase) decrease in loans		(774,655)	(644,800)
1.2.5 Net (increase) decrease in other assets	VI-1	(7,111)	16,924
1.2.6 Net increase (decrease) in bank deposits		19,118	207,142
1.2.7 Net increase (decrease) in other deposits		754,290	663,433
1.2.8 Net increase (decrease) in funds borrowed		(77,744)	84,474
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	VI-1	39,463	1,807
I. Net cash provided from banking operations		(39,089)	141,851
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(189,057)	(315,453)
2.1 Cash paid for purchase of jointly controlled entities, associates and subsidiaries		-	-
2.2 Cash obtained from sale of jointly controlled entities, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(10,588)	(2,521)
2.4 Fixed assets sales		10,228	1,703
2.5 Cash paid for purchase of financial assets available for sale		(242,818)	(387,728)
2.6 Cash obtained from sale of financial assets available for sale		58,545	127,216
2.7 Cash paid for purchase of investment securities		(20,016)	(82,678)
2.8 Cash obtained from sale of investment securities		20,443	53,129
2.9 Others		(4,851)	(24,574)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		150,045	200,000
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		150,045	200,000
IV. Effect of change in foreign exchange rate on cash and cash equivalents	VI-1	18,499	31,007
V. Net increase / (decrease) in cash and cash equivalents		(59,602)	57,405
VI. Cash and cash equivalents at beginning of the period	VI-2	416,343	358,938
VII. Cash and cash equivalents at end of the period	VI-2	356,741	416,343

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

TURKLAND BANK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF PROFIT APPROPRIATION
FOR THE PERIODS ENDED 31 ARALIK 2014 AND 2013**

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

VII. PROFIT DISTRIBUTION TABLE

	Audited Current Period 31.12.2014 (*)	Audited Prior Period 31.12.2013
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	40,242	20,127
1.2 TAXES AND DUTIES PAYABLE (-)	(8,311)	(5,726)
1.2.1 Corporate tax (Income tax)	(12,979)	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties(**)	4,668	(5,726)
A. NET INCOME FOR THE YEAR (1.1-1.2)	31,931	14,401
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	720
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]		
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	13,681
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE (***)		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

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

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

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2014

(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, 2013 and changes of TAS/TFRS that is effective from January 1, 2014 have an immaterial effect on the accounting policies, financial position and performance of the Bank. These accounting policies and valuation principles are explained in Notes II to XXII. Changes in TAS and TFRS are issued but not yet effective as the date of the financial statements with the exception of TFRS 9 Financial Instruments Standards do not have any effect on the accounting policies, financial position and performance of the Bank. The bank is assessing the impact of TFRS 9 Financial Instruments Standard.

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

Additional paragraph for convenience translation:

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

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

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 21.37% of its resources in liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

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

Marketable securities comprising 17.21% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 5.37% of the total assets and these assets provide liquidity with low risk and yield.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2014

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

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

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

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

III. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

IV. Explanations on Interest Income and Expenses

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

V. Explanations on Fees and Commission Income and Expenses

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

VI. Explanations on Financial Assets

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

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

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

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

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TURKLAND BANK ANONİM ŞİRKETİ NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2014

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

VI. Explanations on Financial Assets (continued)

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

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value Through Profit and Loss

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

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

Held to Maturity Investments

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

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

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

Financial Assets Available for Sale

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

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

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

The Bank has an equity investment with participation rate of 0.0025% in the available for sale financial assets portfolio. Since this equity investment does not have fair value, it is carried at cost.

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

Loans and receivables

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2014

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

VI. Explanations on Financial Assets (continued)

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

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

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

VII. Explanations on Impairment of Financial Assets

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

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

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

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

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

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

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

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TURKLAND BANK ANONİM ŞİRKETİ **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **AS OF DECEMBER 31, 2014**

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

VII. Explanations on Impairment of Financial Assets (continued)

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

As of December 31, 2014 the provision rates determined for the non-cash loans do not exceed the required ratios therefore standard rates which are determined in the regulation have been used for the non-cash loans.

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

As of December 31,2014 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 be 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), banks may apply 0% for standard qualified cash and non-cash export credits, 0.5% for SME cash loans,and 0.1% for non cash loans. Hence, the Bank applied the amendment as of December 31, 2014.

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

VIII. Explanations on Offsetting of Financial Assets and Liabilities

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

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

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

Funds given against securities purchased under agreements to resell (“reverse repo”) are accounted under “Receivables from reverse repurchase agreements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method.

The income and expenses from these transactions are reflected to the “Interest Income on Marketable Securities” and “Interest Expense on Money Market Borrowings” accounts in the income statement.

As of December 31, 2014, the Bank has not any reverse repo transactions.. (December 31, 2013: TRY 70,015).

As of December 31, 2014, the Bank does not have any marketable securities lending transaction.(December 31, 2013: None).

X. Explanations on Assets Held for Sale and Discontinued Operations

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

The Bank does not have any assets held for sale as of December 31, 2014 (December 31, 2013: None).

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

XI. Explanations on Goodwill and Other Intangible Assets

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

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

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

	%
Intangible Assets	7-33

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XII. Explanations on Tangible Fixed Assets

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

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

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

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

Normal maintenance and repair cost of the properties are expensed.

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

XIII. Explanations on Leasing Transactions

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

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

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

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

XIV. Explanations on Provisions and Contingent Liabilities

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

According to the legal department of the Bank; the total number of ongoing cases against the Bank is 52. The total amount of those cases consists of TRY 657, USD 1,604 Thousand and EUR 193 Thousand. There is a provision of TRY 1,761 in the accompanying financial statements for these cases (December 31, 2013: TRY 1,046).

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XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. As per the Official Gazette No. 28585 dated 12 March 2013 which came into effect on 1 January 2013 published the revised IAS 19 required actuarial gains/losses recognized shareholder equity. As of December 31, 2014, the actuarial losses recognized in equity amounts to TRY (155). (December 31, 2013: TRY 568 actuarial gain)

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

Defined Contribution Plans

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

Short-term Employee Benefits

In accordance with TAS 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.

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.

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XVI. Explanations on Taxation (continued)

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities. The Bank has TRY 12,979 tax provision in current period (December 31, 2013: None).

Deferred Tax Liability / Asset:

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

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

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

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

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax income recorded under the tax provision expenses amounts to TRY 4,668 in the accompanying income statement (December 31, 2013: TRY 5,726 deferred tax charge).

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.

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XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

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

XXII. Explanations on Other Matters

None, other than above explanations.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio : The capital adequacy ratio is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” (the “Regulation”) published in the Official Gazette No. 29111 as of September 6, 2014 and “Regulation Credit Risk Mitigation Techniques” and “Regulation on calculation of Risk-Weighted Amounts of Securitizations” and also “Regulation Regarding Banks’ Shareholders’ Equity” published in the Official Gazette No. 28756 dated September 5, 2013 . The Bank’s capital adequacy ratio in accordance with the related communiqué is 18.52% as of December 31, 2014 (December 31, 2013: 15.85%).

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	1,320,942	-	-	1,457	-	-	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	58	-	-	-	-	169	-	-	-
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	939	-	229,539	275,432	-	1,312	-	-	-
Contingent and Non-Contingent Corporate Receivables	84,866	-	-	-	-	2,514,124	-	-	-
Contingent and Non-Contingent Retail Receivables	20,049	-	-	-	262,568	698	-	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	919,391	-	343,858	-	-	-
Past Due Receivables	2	-	-	13,204	-	37,656	55	-	-
Receivables defined in high risk category by BRSA	975	-	-	-	-	-	10,039	15,931	-
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other Receivables	2,395,469	-	-	-	-	49,897	-	-	-
Weighted amount subject to credit risk	-	-	45,908	604,742	196,926	2,947,714	15,141	31,862	-

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

Summary information related to the capital adequacy ratio:

	December 31, 2014(*)	December 31, 2013
Required Capital Liabilities for Credit Risk (Main related with Credit Risk *0.08) (RCLCR)	307,383	260,323
Required Capital Liabilities for Market Risk (RCLMR)	244	305
Required Capital Liabilities for Operational (RCLOR)	20,012	15,845
Shareholders' Equity	758,632	547,829
Shareholders' Equity/((CRCR+MRMR+ORCR)*12.5*100)	18.52	15.85
Tier1 Capital/((CRCR+MRMR+ORCR) *12.5*100)	17.73	-
Core Capital/((CRCR+MRMR+ORCR) *12.5)*100	18.19	-

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

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

Information related to the components of shareholders' equity:

	December 31,2014
Common Equity Core Capital (CET 1)	
Paid-in capital	650,000
Share premium	-
Share repeal	-
Legal reserves	46,750
Accumulated other comprehensive income in accordance with TAS	25,276
Profit	31,931
Net current period profit	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	-
Common Equity Core capital before regulatory adjustments	753,957
Common Equity Core capital: regulatory adjustments	
Loss (in excess of Reserves) and other comprehensive expenses (-)	(265)
Leasehold Improvements on Operational Leases (-)	(5,223)
Goodwill and Intangible assets and related deferred tax liabilities (-)	(3,646)
Net Deferred tax assets / liabilities (-)	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	(8,867)
Common Equity Core capital (CET1)	745,091

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	December 31, 2014
Additional Tier 1 capital: instruments	-
Prevalaged 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 (-)	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 (-)	4,240
Tier 1 capital (T1 = CET1 + AT1)	726,266
Tier 2 capital: instruments and provisions	-
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (after 1.1.2014)	-
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (before 1.1.2014)	-
Pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders**	-
Generic Provisions	32,370
Tier 2 capital before regulatory adjustments	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)	32,370
Total capital (TC = T1 + T2)	758,636

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	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)
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	758,632
Amounts below the thresholds for deduction	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity	-
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences	-

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

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	December 31, 2013
CORE CAPITAL	
Paid up Capital	500,000
Nominal capital	500,000
Capital commitments (-)	-
Inflation adjustment to share capital	25,431
Share premium	-
Cancellation profits	-
Legal reserves, status reserves and extraordinary reserves	32,349
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-
Profit	14,401
Current period net profit	14,401
Prior years' profits	-
Provision for possible losses up to 25% of the Core Capital	-
Profit on disposal of associates, subsidiaries and immovables	-
Primary subordinated debts up to 15% of the Core Capital	-
Losses that cannot be covered by reserves (-)	-
Current period loss (net)	-
Prior years' losses	-
Leasehold improvements (-)	(1,666)
Intangible assets (-)	(20,674)
Deferred tax asset exceeding 10% of the Core Capital (-)	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-
Other	568
Total Core Capital	550,409
SUPPLEMENTARY CAPITAL	(2,576)
General loan loss reserves	30,368
45% of the revaluation reserve for movable fixed assets	-
45% of the of revaluation reserve for properties	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-
Primary subordinated loans excluded in the calculation of the Core Capital	-
Secondary subordinated loans	-
45% value increase of available for sale financial assets and associates and subsidiaries	(32,944)
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	-
Total Supplementary Capital	(2,576)
CAPITAL	547,833
DEDUCTIONS FROM THE CAPITAL	(4)
Investments in Unconsolidated Financial Institutions (Domestic, Foreign) and Banks	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and Debt Instruments That Have Primary Secondary Subordinated Loan Nature Purchased From Them	-
Investment in Financial Institutions (Domestic, Foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	-
Loans extended as contradictory to the articles 50 and 51 of the law	-
The net book value of Bank's Immovables that are 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	(4)
Other	-
Total Shareholders' Equity	547,829

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.

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

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

II. Explanations Related to Credit Risk

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

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

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

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

Risk Types	Current Year Net Credit Risk Amount After Provisions	Average Net Credit Risk Amount After Provisions
Contingent and Non-Contingent Receivables on Sovereigns	1,322,399	1,182,368
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	300	1,158
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	595,932	507,902
Contingent and Non-Contingent Corporate Receivables	12,367,694	10,773,057
Contingent and Non-Contingent Retail Receivables	383,755	300,565
Contingent and Non-Contingent Receivables Secured by Mortgages	1,328,919	1,216,431
Past Due Receivables	50,917	48,117
Receivables defined in high risk category by BRSA	35,540	41,356
Collateralized Mortgage Marketable Securities	-	-
Securitisation positions	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-
Investment similar to collective investment funds	-	-
Other Receivables	2,445,366	2,314,438
Total	18,530,822	16,385,392

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II. Explanations Related to Credit Risk (continued)

For the forward transactions and other similar positions of the Bank, operational limits are set by the Board of Directors and the transactions take place within these limits.

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

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

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

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II. Explanations Related to Credit Risk (continued)

The share of cash loans of the Bank from its top 100 and top 200 customers respectively in the total balance sheet are TRY 1,758,216 and TRY 2,254,632 (December 31, 2013: TRY 1,350,055 and TRY 1,752,919), the share of total cash loans are 51.56% and 66.12% as of December 31, 2014 (December 31, 2013: 49.92% and 64.81%).

The share of non- cash loans of the Bank from its top 100 and top 200 customers respectively in the total balance sheet are TRY 1,247,733 and TRY 1,626,925 (December 31, 2013: TRY 1,162,015 and TRY 1,475,885), the share of total non-cash loans are 56.49% ve 73.66% as of December 31,2014. (December 31, 2013: 59.70% and 75.83%).

The share of cash and non-cash receivables of the Bank from its top 100 and 200 customers respectively in the total balance sheet and non-cash risks are %32.04 and % 43.53 as of December 31,2014. (December 31, 2013: 32.25% and 44.01%).

As of December 31, 2014, the general loan loss provision related with the credit risk is TRY 32,370 (December 31, 2013: TRY 30,368).

Significant Risks that are significant on the profile of the regions

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizatio ns	Receivables on Banks and Capital Market Intermediary	Contingent and Non- Contingent Corporate Receivables	Contingent and Non-Contingent Retail Receivables	Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by BRSA	Collateralized Mortgage Marketable Securities	Short-Term Receivables from Banks, brokerage houses and Corporate	Investment similar to collective investment funds	Other Receivables	Total
Domestic	1,322,399	-	227	-	-	462,758	2,598,989	283,312	1,263,249	50,917	26,945	-	-	-	2,445,366	8,454,162
European Union Countries	-	-	-	-	-	13,796	1	3	-	-	-	-	-	-	-	13,800
OECD Countries(*)	-	-	-	-	-	1,386	-	-	-	-	-	-	-	-	-	1,386
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	29,087	-	-	-	-	-	-	-	-	-	29,087
Other Countries	-	-	-	-	-	195	-	-	-	-	-	-	-	-	-	195
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,322,399	-	227	-	-	507,222	2,598,990	283,315	1,263,249	50,917	26,945	-	-	-	2,445,366	8,498,630

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II. Explanations Related to Credit Risk (continued)

Risk profile by sectors or counterparties:

Sectors/Counterparties	Due from Governments or Central Banks	Regional Governments or Local Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Capital Market Intermediary	Corporate Receivables	Retail Receivables	Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by BRSA	Collateralized Mortgage Marketable Securities	Securitisation Positions	Short-Term Receivables from Banks, brokerage houses and Inv	Other Receivables	TRY	FC	Total
1 Agriculture	-	-	-	-	-	-	14,513	3,392	12,741	202	29	-	-	-	-	29,747	1,130	30,877
1.1 Farming and Raising Livestock	-	-	-	-	-	-	8,115	2,575	8,367	170	26	-	-	-	-	18,383	870	19,253
1.2 Forestry, Wood and Paper	-	-	-	-	-	-	6,396	331	4,374	32	3	-	-	-	-	10,876	260	11,136
1.3 Fishery	-	-	-	-	-	-	2	486	-	-	-	-	-	-	-	488	-	488
2 Manufacturing	-	-	54	-	-	-	1,044,243	127,259	356,369	21,676	903	-	-	-	1,303	1,019,182	532,625	1,551,807
2.1 Mining and Quarry	-	-	54	-	-	-	255,938	48,821	144,802	7,063	250	-	-	-	-	355,464	101,464	456,928
2.2 Production	-	-	-	-	-	-	769,124	78,124	211,567	14,569	567	-	-	-	1,303	648,510	426,744	1,075,254
2.3 Electricity, Gas and Water	-	-	-	-	-	-	19,181	314	-	44	86	-	-	-	-	15,208	4,417	19,625
3 Construction	-	-	-	-	-	-	594,180	39,913	387,381	6,986	5,637	-	-	-	45,821	786,303	293,615	1,079,918
4 Services	-	-	9	-	-	507,222	532,344	46,930	312,907	11,352	8,159	-	-	-	2,260,499	1,045,064	2,634,358	3,679,422
4.1 Wholesale and Retail Trade	-	-	-	-	-	-	20,084	3,019	22,765	248	8	-	-	-	-	42,942	3,182	46,124
Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	82,157	4,661	117,336	7,716	321	-	-	-	-	90,240	121,951	212,191
4.2 Services	-	-	-	-	-	-	184,540	9,119	76,717	2	1,410	-	-	-	2,260,495	183,371	2,348,912	2,532,283
4.3 Transportation and Communication	-	-	-	-	-	-	507,222	158,696	24,361	74,851	2,382	6,411	-	-	4	671,199	102,728	773,927
4.4 Financial Institutions	-	-	-	-	-	-	-	69,454	165	11,543	-	-	-	-	-	24,911	56,251	81,162
4.5 Real Estate and Renting Services.	-	-	-	-	-	-	-	-	79	326	2	-	-	-	-	658	-	658
4.6 Self-Employment Services	-	-	-	-	-	-	251	-	-	-	-	-	-	-	-	526	-	526
4.7 Education Services	-	-	-	-	-	-	53	105	368	-	-	-	-	-	-	526	-	526
4.8 Health and Social Services	-	-	9	-	-	-	17,109	5,500	9,248	678	7	-	-	-	-	31,217	1,334	32,551
5 Other	1,322,399	-	164	-	-	-	413,710	65,821	193,851	10,701	12,217	-	-	-	137,743	1,335,107	821,499	2,156,606
6 Total	1,322,399	-	227	-	-	507,222	2,598,990	283,315	1,263,249	50,917	26,945	-	-	-	2,445,366	4,215,403	4,283,227	8,498,630

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II. Explanations Related to Credit Risk (continued)

Maturity Distribution of Remaining Maturities of time exposures:

Risk Types	Time to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Due from central governments or central banks	396,626	81,473	203,140	10,145	631,015
Regional Governments or Local Government Receivables	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	18	209
Receivables on Multilateral Development Banks	-	-	-	-	-
Receivables on International Organizations	-	-	-	-	-
Receivables on Banks and Capital Market Intermediary	397,321	3,196	3,124	12,565	91,016
Corporate Receivables	194,914	250,190	450,254	797,531	906,101
Retail Receivables	10,827	33,564	44,874	127,550	66,500
Receivables Secured by Mortgages	29,041	42,918	69,896	330,381	791,013
Past Due Receivables	-	-	-	-	50,917
Receivables defined in high risk category by BRSA	-	273	2	782	25,888
Collateralized Mortgage Marketable Securities	-	-	-	-	-
Securitisation positions	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-
Other Receivables	2,445,366	-	-	-	-
Total	3,474,095	411,614	771,290	1,278,972	2,562,659

Risk by Risk Weight Balances:

	Risk Weights	Risk Weights									Deductions from Equity
		0%	10%	20%	50%	75%	100%	150%	200%	250%	
1	Amount before the credit risk mitigation	3,716,411	-	230,476	290,637	379,899	3,854,190	10,556	16,461	-	4
2	Amount after the credit risk mitigation	3,823,300	-	229,539	1,209,484	262,568	2,947,714	10,094	15,931	-	4

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

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

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

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II. Explanations Related to Credit Risk (continued)

Important sectors or type of information according to counterparty

Sectors/ Counterparties	Impaired(*)	Loans		Value Adjustments	Provisions
		Non-Performing			
1 Agricultural	2,767	4,445		126	3,125
1.1 Farming and Raising Livestock	2,767	4,355		126	3,067
1.2 Forestry, Wood and Paper	-	90		-	58
1.3 Fishery	-	-		-	-
2 Manufacturing	38,258	44,088		1,779	18,240
2.1 Mining and Quarry	387	7,589		19	2,665
2.2 Production	37,871	36,455		1,760	15,575
2.3 Electricity, Gas and Water	-	44		-	-
3 Construction	22,093	17,614		1,051	10,439
4 Services	77,384	24,608		3,589	11,363
4.1 Wholesale and Retail Trade	23,045	12,412		1,048	7,855
4.2 Hotel, Tourism, Food and Beverage Services	20,841	10,289		978	2,573
4.3 Transportation and Communication	1,627	552		81	550
4.4 Financial Institutions	8,002	27		380	26
4.5 Real Estate and Renting Services	-	-		-	-
4.6 Self-Employment Services	15,111	408		667	117
4.7 Education Services	-	-		-	-
4.8 Health and Social Services	8,758	920		435	242
5 Other	8,418	4,815		420	1,486
Total	148,920	95,570		6,965	44,653

*Rescheduled loans

Information on Credit Value Adjustments and Change in loan loss provisions

	Opening Balance	The amount of provision in the period	Reversal of Provision	Other Provisions*	Closing Balance
1 Specific Provisions	36,376	29,650	(21,373)	-	44,653
2 General Provisions	30,368	9,705	(7,703)	-	32,370

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

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

Gross Maximum Exposure	December 31, 2014	December 31, 2013
Central Banks	439,629	367,156
Due from banks	273,092	286,397
Due from Money market transactions	-	70,015
Financial assets held for trading	27	116
Derivative financial instruments	926	149
Financial assets available-for-sale	775,403	505,738
Held to maturity investment	100,420	98,895
Loans	3,365,142	2,668,288
Total	4,954,639	3,996,754
Contingent liabilities	2,043,323	1,681,382
Irrevocable commitments	175,104	280,634
Total	2,218,427	1,962,016
Total credit risk exposure	7,173,066	5,958,770

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II. Explanations Related to Credit Risk (continued)

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

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

Credit quality per class of financial assets as of December 31, 2013 is as follows:

	Neither past due nor impaired	Past due or individually impaired	Total
Due from banks	286,397	-	286,397
Financial assets designated at fair value through profit or loss	265	-	265
Loans to customers			
<i>Corporate lending</i>	1,759,561	137,622	1,897,183
<i>Small business lending</i>	701,461	60,267	761,728
<i>Retail loans</i>	6,877	2,500	9,377
<i>Other</i>	-	-	-
Total	2,754,561	200,389	2,954,950
Financial Investments			
Quoted on a stock exchange - <i>domestic public sector debt securities</i>	604,633	-	604,633
Quoted on a stock exchange - <i>Other debt securities</i>	-	-	-
Unquoted on a stock exchange - <i>Debt securities</i>	-	-	-
Total	604,633	-	604,633
Total	3,359,194	200,389	3,559,583

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II. Explanations Related to Credit Risk (continued)

	Internal Rating Grade	December 31, 2014	(%)	December 31, 2013	(%)	
High						
	Risk rating class 1	A+ Excellent	13,598	0.41	15,973	0.61
	Risk rating class 2	A- Excellent	101,542	3.06	105,295	4.00
Good						
	Risk rating class 3	B+ Very Good	317,839	9.59	280,074	10.63
	Risk rating class 4	B- Very Good	566,740	17.10	565,943	21.48
Standard						
	Risk rating class 5	C+ Good	720,953	21.75	480,645	18.24
	Risk rating class 6	C- Good	787,940	23.78	603,686	22.91
Substandard						
	Risk rating class 7	D+ Ordinary	478,989	14.45	318,619	12.09
	Risk rating class 8	D- Ordinary	200,638	6.05	89,740	3.41
	Risk rating class 9	E Bad	93,262	2.82	42,704	1.62
	Risk rating class 10	F Very Bad	2,251	0.07	4,467	0.17
Unrated			30,473	0.92	127,644	4.84
Total			3,314,225	100.00	2,634,790	100.00

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

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

“F” rating;

Number of clients with “F” rating is 7 with an outstanding risk of TRY 2,251 (December 31, 2013 : TRY 4,467; 9 client). 2 of these clients are granted against mortgage with outstanding risk of TRY 1,140 and covers 51% of total risk (December 31, 2013: 4 clients, 62%), 2 of these clients are granted against customer check with outstanding risk of TRY 707 and covers 31% of total risk (December 31, 2013: 1 clients, 19%).

“E” rating;

Number of clients with “E” rating is 37 and total outstanding risk is TRY 93,262 (December 31, 2013 : TRY 42,704; 31 clients). 9 of these clients are granted against mortgage with outstanding risk of TRY 24,873 and covers 27% of total “E” Rating Risk (December 31, 2013 : TRY 10,199 TL, %24). 19 of these clients are granted against Customer Check/Note with outstanding risk of TRY 16,756 and covers 18% of total “E” Rating Risk (December 31,2013 : TRY 2,700; 6%). One of these clients are granted against assignment with outstanding risk of TRY 17,907 and covers 19%. Moreover, parent company of 3 clients, which have risk of TRY 8,860, have ratings of C- and above (ratio is 10%).

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II. Explanations Related to Credit Risk (continued)

“D-” rating;

Number of clients with D- rating is 80 and total outstanding risk is TRY 200,638 (December 31, 2013 : TRY 89,740, 61 client). Clients granted against mortgage have outstanding risk of TRY 95,841 and covers 48% of total “D-” Rating Risk (December 31, 2013 : TRY 20,409; 23%).

35 of these clients are granted against Customer check/note with outstanding risk of TRY 48,151 and covers 24% of total “D-” Rating Risk. (December 31,2013 : TRY 27,316, %30). 3 of these clients are granted against cash collateral with outstanding risk of TRY 1,184 and covers 1% of “D-” rating risk. Moreover, parent company of 2 clients, which have risk of TRY 4,147, have ratings of C- and above (ratio is 2%).

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

III. Explanations Related to Market Risk

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

The Board of Directors determines the limits for the basic risk that the Bank is exposed 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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III. Explanations Related to Market Risk (continued)

Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	1
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
Standard Method For Specific Risk of Necessary Capital Requirement on Securitization Positions	205
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	205
(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	38
(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)	244
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	3,050

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

	December 31, 2013		
	Average	Maximum	Minimum
Interest Rate Risk	1	2	1
Common Stock Risk	-	-	-
Currency Risk	157	341	65
Commodity Risk	-	-	-
Settlement Risk	-	-	-
Option Risk	-	-	-
Counterparty Risk	18	49	5
Total Value Subject to Risk	2,210	4,900	883

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III. Explanations Related to Market Risk (continued)

Quantitative Counterparty Risk Information

	Amount
Interest Rate Based Contracts	-
Exchange Rate Based Contracts (*)	34,124
Commodity Based Contracts	-
Common Stock Based Contracts	-
Gross Profit Fair Value (**)	1,064
Benefits to Clarify	-
Net Amount of Current Risk	-
Guarantees Held	-
The Net Position of Derivatives (***)	2,241
Other	83,554

(*) Principal

(**) Positive Replacement Cost

(***) Calculated Counterparty Credit Risk

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

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

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

Other price risks:

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

IV. Explanations Related to Operational Risk

Basic indicators approach:

	2 PY Amount	1 PY Amount	CY Amount	Total/Positive gr number of years	Rate (%)	Total
Gross income	92,917	141,705	165,625	133,416	15	20,012
The amount subject to operational risk (Total*12.5)						250,154

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

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

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

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IV. Explanations Related to Operational Risk (continued)

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

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

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

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

Within IT Risk Management framework, business continuity plan and related IT Continuity Plan were updated in 2014 in coordination with related departments. Within business continuity plan scope, by negotiating the Bank's all departments, critical business processes are assessed , the Bank's Contingency Plan, Crisis Management Plan, Business Recovery Plan and teams are updated. Also, Business Continuity Procedure is formed. In 2014, business continuity and related IT continuity tests for critical processes are conducted.

V. Explanations Related to Currency Risk

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

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

The announced current foreign exchange buying rates of the Bank at December 31, 2014 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	24 Dec 2014	25 Dec 2014	26 Dec 2014	29 Dec 2014	30 Dec 2014	31 Dec 2014
USD	2.3180	2.3128	2.3154	2.3193	2.3261	2.3301
CHF	2.3507	2.3550	2.3437	2.3508	2.3553	2.3499
GBP	3.6026	3.5935	3.6009	3.6033	3.6180	3.6297
100 JPY	1.9250	1.9250	1.9220	1.9220	1.9530	1.9500
EUR	2.8259	2.8335	2.8178	2.8273	2.8316	2.8248

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V. Explanations Related to Currency Risk (continued)

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2014 are as follows:

	Monthly Average Foreign Exchange Rate				
USD					2.2949
CHF					2.3506
GBP					3.5876
100 JPY					1.9196
EUR					2.8259

December 31, 2014	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.	64,738	332,029	-	27,809	424,576
Banks	11,434	194,705	91	2,825	209,055
Financial Assets at Fair Value Through Profit and Loss (***)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	3	-	-	3
Loans (*)	292,318	666,410	-	-	958,728
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	531	5	-	-	536
Total Assets	369,021	1,193,152	91	30,634	1,592,898
Liabilities					
Bank Deposits	14,181	450	-	1,460	16,091
Foreign Currency Deposits	325,065	1,089,241	-	263	1,414,569
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	53,484	70,956	-	-	124,440
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	1,063	8,219	-	-	9,282
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	456	1,765	-	-	2,221
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					
Financial Derivative Assets (***)	24,717	(24,539)	-	(27,565)	(27,386)
Financial Derivative Liabilities (***)	27,652	2,446	-	27,565	57,663
Non-Cash Loans (**)	(2,935)	(26,985)	-	(55,130)	(85,050)
Non-Cash Loans (**)	230,105	452,079	-	98	682,282
December 31, 2013					
Total Assets(*) (***)	447,777	933,616	176	29,993	1,411,562
Total Liabilities	419,226	964,020	-	2,745	1,385,991
Net Balance Sheet Position	28,551	(30,406)	176	27,248	25,571
Net Off-Balance Sheet Position	(30,221)	28,299	-	(25,896)	(27,818)
Financial Derivative Assets (***)	1,630	33,822	-	-	35,452
Financial Derivative Liabilities (***)	(31,851)	(5,523)	-	(25,896)	(63,270)
Non-Cash Loans (**)	211,200	439,190	838	9,118	660,346

(*) Foreign currency indexed loans amounting to TRY 436,286 (December 31, 2013: TRY 395,575) are included in the loan portfolio.

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

(***) It includes also TRY 3,303 and TRY 3,071 forward asset purchase & sale commitments. (December 31, 2013: TRY 5,278 and TRY 7,319

(****) TRY 19 asset from derivative financial instruments and TRY 59 liability from derivative financial instruments are not included (December 31, 2013: TRY 149 asset from derivative financial instruments are not included).

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V. Explanations Related to Currency Risk (continued)

Foreign currency sensitivity:

The Bank holds EUR and USD currencies positions mainly.

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

Change in currency rate in %		Effect on profit or loss		Effect on equity	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
USD	%10 increase	202	(211)	-	-
USD	%10 decrease	(202)	211	-	-
EUR	%10 increase	(51)	(167)	-	-
EUR	%10 decrease	51	167	-	-
Other Currency	%10 increase	145	5.332	-	-
Other Currency	%10 decrease	(145)	(5.332)	-	-

VI. Explanations Related to Interest Rate Risk

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

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

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

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

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

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VI. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
December 31, 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, net non performing loans amounting to TRY 50,917, prepaid expenses amounting to TRY 6,498, settlement account amounting to TRY 16,860 and other assets amounting to TRY 2,688.

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

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 November and December average interest rate.

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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, 2013							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	390,410	390,410
Banks	278,787	-	-	-	-	7,610	286,397
Financial Assets at Fair Value Through Profit and Loss	-	91	-	-	25	149	265
Money Market Placements	70,015	-	-	-	-	-	70,015
Available-For-Sale Financial Assets	122,595	89,389	136,915	156,837	2	75	505,813
Loans (*)	1,750,627	108,541	233,172	511,380	31,063	7	2,634,790
Held-To-Maturity Investments	-	5,159	16,712	77,024	-	-	98,895
Other Assets (**)	-	-	-	-	-	124,678	124,678
Total Assets	2,222,024	203,180	386,799	745,241	31,090	522,929	4,111,263
Liabilities							
Bank Deposits	10,002	32,359	-	-	-	1,866	44,227
Other Deposits	1,849,606	538,142	240,775	1,971	-	162,416	2,792,910
Money Market Borrowings	395,085	-	-	-	-	-	395,085
Sundry Creditors	-	-	-	-	-	25,551	25,551
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	38,989	35,617	140,070	2,319	-	-	216,995
Other Liabilities (***)	451	466	-	-	-	635,578	636,495
Total Liabilities	2,294,133	606,584	380,845	4,290	-	825,411	4,111,263
Balance Sheet Long Position	-	-	5,954	740,951	31,090	-	777,995
Balance Sheet Short Position	(72,109)	(403,404)	-	-	-	(302,482)	(777,995)
Off-Balance Sheet Long Position	-	-	-	-	-	56,923	56,923
Off-Balance Sheet Short Position	-	-	-	-	-	(57,503)	(57,503)
Total Position	(72,109)	(403,404)	5,954	740,951	31,090	(303,062)	(580)

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

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

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

Average interest rates applied to monetary financial instruments:

	EUR %	USD %	YEN %	TRY %
December 31, 2013				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey	-	-	-	-
Banks	0.21	0.22	-	7.00
Financial Assets At Fair Value Through Profit And Loss	-	-	-	8.91
Money Market Placements	-	-	-	7.74
Available-For-Sale Financial Assets	-	7.38	-	3.76
Loans	6.38	6.19	-	11.84
Held-To-Maturity Investments	-	-	-	7.58
Liabilities				
Bank Deposits	-	2.12	-	7.75
Other Deposits	3.31	3.33	-	8.99
Money Market Borrowings	-	-	-	6.78
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2.87	3.05	-	6.11

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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)		(60,553) 56,117	(8%) 7%
EUR	200 (200)		(4,839) 5,259	(1%) 1%
USD	200 (200)		(10,270) 11,193	(1%) 1%
Total (For Negative Shock)			72,569	10%
Total (For Positive Shock)			(75,661)	(10%)

* 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 7,074. The change in profit mainly is related to loans and deposits (December 31, 2013 : TRY 4,687).
- 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 233 (December 31,2013: TRY 313).

VII. Explanations Related to Equity Position Risk

The bank has no outstanding stock position.

VIII. Explanations Related to Liquidity Risk

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

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

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

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VIII. Explanations Related to Liquidity Risk (continued)

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

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

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

Presentation of assets and liabilities according to their remaining maturities:

December 31, 2014	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 (***)	100,426	229,714	110,686	32,851	3,467	-	-	477,144
Banks	41,305	231,787	-	-	-	-	-	273,092
Financial Assets at Fair Value Through Profit and Loss	-	-	926	-	-	27	-	953
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	163	81,473	134,969	81,980	476,818	137	775,540
Loans (***)	-	2,013,808	113,440	400,259	781,258	5,460	-	3,314,225
Held-To-Maturity Investments	-	-	-	78,316	20,563	1,541	-	100,420
Other Assets	-	16,860	-	-	-	-	130,326	147,186
Total Assets	141,731	2,492,332	306,525	646,395	887,268	483,846	130,463	5,088,560
Liabilities								
Bank Deposits	2,282	11,506	14,140	-	-	-	-	27,928
Other Deposits	156,505	2,145,706	1,036,607	190,346	31,433	-	-	3,560,597
Funds Provided From Other Financial Institutions	-	14,337	4,191	118,559	1,165	-	-	138,252
Money Market Borrowings	-	430,464	-	-	-	-	-	430,464
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	61,746	-	-	-	-	-	61,746
Other Liabilities (**)	-	51,220	455	-	-	-	817,898	869,573
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)	-
December 31, 2013								
Total Assets	67,579	2,340,320	184,813	334,098	774,093	302,106	108,254	4,111,263
Total Liabilities	164,282	2,366,158	606,584	380,845	4,290	-	589,104	4,111,263
Liquidity Gap	(96,703)	(25,838)	(421,771)	(46,747)	769,803	302,106	(480,850)	-

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

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

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

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

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VIII. Explanations Related to Liquidity Risk (continued)

Analysis of financial liabilities by remaining contractual maturities:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments (*)	Total
As of December 31, 2014							
Bank Deposits	11,517	14,137	-	-	-	(8)	25,646
Other deposits	2,151,571	1,047,449	198,101	38,186	-	(31,215)	3,404,092
Funds provided from other financial institutions	430,645	-	-	-	-	(181)	430,464
Money market borrowings	14,341	4,285	120,288	1,215	-	(1,877)	138,252
Total	2,608,074	1,065,871	318,389	39,401	-	(33,281)	3,998,454
As of December 31, 2013							
Bank Deposits	10,004	32,454	-	-	-	(97)	42,361
Other deposits	1,856,501	545,399	248,631	2,187	-	(22,224)	2,630,494
Funds provided from other financial institutions	395,176	-	-	-	-	(91)	395,085
Money market borrowings	39,141	35,950	143,358	2,430	-	(3,884)	216,995
Total	2,300,822	613,803	391,989	4,617	-	(26,296)	3,284,936

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

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

December 31, 2014	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Trading Derivatives Instruments						
Foreign Exchange Derivatives	844	1	-	-	-	845
- Addition	110,476	2,655	-	-	-	113,131
- Disposal (-)	(109,632)	(2,654)	-	-	-	(112,286)
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Trading Derivatives Instruments						
Foreign Exchange Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Total cash flow	110,746	2,655				113,131
Total cash inflow	(109,632)	(2,096)				(112,286)
December 31, 2013	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Trading Derivatives Instruments						
Foreign Exchange Derivatives	(582)	-	2	-	-	(580)
- Addition	53,758	2,096	1,069	-	-	56,923
- Disposal (-)	(54,340)	(2,096)	(1,067)	-	-	(57,503)
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Trading Derivatives Instruments						
Foreign Exchange Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Interest Rate Derivatives	-	-	-	-	-	-
- Addition	-	-	-	-	-	-
- Disposal (-)	-	-	-	-	-	-
Total cash flow	53,758	2,096	1,069	-	-	56,923
Total cash inflow	(54,340)	(2,096)	(1,067)	-	-	(57,503)

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IX. Explanations on Securitization Positions

None.

X. Explanations on Credit Risk Mitigation Techniques

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

X. Explanations on Credit Risk Mitigation Techniques (continued)

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	1,322,399	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	227	75	-	-
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	507,222	941	-	-
Contingent and Non-Contingent Corporate Receivables	2,598,990	91,408	-	-
Contingent and Non-Contingent Retail Receivables	283,315	22,872	-	-
Contingent and Non-Contingent Receivables Secured by Property	1,263,249	-	-	-
Past Due Receivables	50,917	2	-	-
Receivables defined in high risk category by BRSA	26,945	979	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-
Investment similar to collective investment funds	-	-	-	-
Other Receivables	2,445,366	-	-	-
Total	8,498,630	116,277	-	-

XI. Risk Management Objectives and Policies

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

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

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

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XI. Risk Management Objectives and Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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XI. Risk Management Objectives and Policies (continued)

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

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

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

Risk 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 (APKO), ECAP stress test, scenario analysis, Duration Gap primary shock, the market data and limit reports are presented a weekly basis to Assets- Liability Committee. On a quarterly basis, the rest of the reports and other works are reported to Audit Committee and Board of Directors.

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

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

	Book Value		Fair Value	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Financial Assets	4,514,057	3,629,333	4,532,463	3,658,990
Money Market Placements	-	70,015	-	70,015
Banks	273,092	286,397	273,092	286,397
Available-For-Sale Financial Assets (*)	775,403	505,738	775,403	505,738
Held-To-Maturity Investments	100,420	98,895	100,581	97,208
Loans	3,365,142	2,668,288	3,383,387	2,699,632
Financial Liabilities	4,218,987	3,474,768	4,220,037	3,475,372
Bank Deposits	27,928	44,227	27,929	44,227
Other Deposits	3,560,597	2,792,910	3,560,820	2,793,189
Funds Borrowed From Other Financial Institutions	138,252	216,995	139,078	217,320
Money Market Borrowings	430,464	395,085	430,464	395,085
Sundry Creditors	61,746	25,551	61,746	25,551

(*) Unquoted stocks amounting to TRY 137 have not been considered in fair value calculation.

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

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

i. Financial assets:

Money market placements and banks are carried at amortised cost values on the face of the financial statements and due to their short term nature, their fair values are considered to be approximate to their respective carrying values. The discount rate used to calculate the fair value of held to maturity investments and loans and receivables as of December 31, 2014 is the market rates available for the loan and security types.

ii. Financial liabilities:

The fair value of bank deposits, money market borrowings and sundry creditors are considered to approximate their respective carrying values amortised cost values due to their short term nature. The discount rate used to calculate the fair value of other deposits and funds borrowed as of December 31, 2014 is the market rates available for the borrowing and deposits types.

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

	Level 1 (Quoted)	Level 2 (Valuation techniques – market observable)	Level 3 (Valuation techniques – non market observable)	Fair value not available
December 31, 2014				
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	27	926	-	-
Money Market Placements	-	-	-	-
Banks	-	-	-	-
Available-For-Sale Financial Assets	775,403	-	-	137
Held-To-Maturity Investments	-	-	-	-
Loans	-	-	-	-
Financial Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-
Marketable Securities Issued	-	-	-	-
Derivative financial liabilities held for trading	-	(68)	-	-
December 31, 2013				
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	116	149	-	-
Money Market Placements	-	-	-	-
Banks	-	-	-	-
Available-For-Sale Financial Assets	505,738	-	-	75
Held-To-Maturity Investments	-	-	-	-
Loans	-	-	-	-
Financial Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-
Marketable Securities Issued	-	-	-	-
Derivative financial liabilities held for trading	-	(727)	-	-

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

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

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SECTION FIVE
EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

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

	December, 31 2014		December, 31 2013	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	7,754	29,761	7,673	15,581
Balances with the Central Bank of Turkey	44,814	394,815	35,574	331,582
Other	-	-	-	-
Total	52,568	424,576	43,247	347,163

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

	December, 31 2014		December, 31 2013	
	TRY	FC	TRY	FC
Unrestricted demand deposits	44,814	1,454	35,574	1,134
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
FC Reserve deposits	-	393,361	-	330,448
Total	44,814	394,815	35,574	331,582

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 up to 3-year maturity (including 3-year)	FX liabilities longer than 3-year maturity
%13.0	%9.0	Ratios for corresponding maturities	%13.0	%11.0	%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 27 (December 31, 2013: TRY 116).

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

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Forward Transactions	11	19	-	37
Swap Transactions	896	-	-	112
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	907	19	-	149

3. a) Information on banks:

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Banks				
Domestic	64,037	168,012	80,045	198,972
Foreign	-	41,043	-	7,380
Branches and head office abroad	-	-	-	-
Total	64,037	209,055	80,045	206,352

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
European Union Countries	12,500	3,884	-	-
USA and Canada	27,058	2,532	-	-
OECD Countries (*)	1,386	890	-	-
Other	99	74	-	-
Total	41,043	7,380	-	-

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

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

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

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

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	25,711	-	78,516	-
Other	-	-	-	-
Total	25,711	-	78,516	-

Available-for-sale securities given as collateral for open market transactions are TRY 25,428 and 283 TRY hold for Takasbank respectively. (December 31, 2013: Available-for-sale securities given as collateral for Interbank money market and open market transactions are TRY 57,371, TRY 20,368 and TRY 777 hold for Takasbank respectively.)

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

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	383,119	-	321,603	-
Other	-	-	-	-
Total	383,119	-	321,603	-

Net book value of unrestricted financial assets available-for-sale is TRY 366,710 (December 31, 2013: TRY 105,694) and included in this amount there are unquoted stocks amounting TRY 137 (December 31, 2013: TRY 75).

b) Information on financial assets available for sale portfolio:

	December 31, 2014	December, 31 2013
Debt securities	775,429	525,161
Quoted on a stock exchange	775,429	525,161
Not quoted	-	-
Share certificates	137	75
Quoted on a stock exchange	-	-
Not quoted	137	75
Impairment provision (-)	(26)	(19,423)
Total	775,540	505,813

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, 2013: TRY 75).

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

5. Information on loans:

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

	December 31, 2014		December 31, 2013	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	99	85	73	89
Corporate shareholders	99	85	73	89
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	15,841	-	14,228
Loans granted to employees	1,325	1,450	1,296	1,295
Total	1,424	17,376	1,369	15,612

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	3,050,632	841	-	114,673	148,079	-
Discount notes	1,755,344	371	-	91,941	134,271	-
Export loans	542,206	470	-	14,063	5,806	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	115,373	-	-	-	8,002	-
Foreign loans	3	-	-	-	-	-
Consumer loans	24,149	-	-	5,742	-	-
Credit cards	-	-	-	-	-	-
Precious metals loans	-	-	-	-	-	-
Other	613,557	-	-	2,927	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	3,050,632	841	-	114,673	148,079	-

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	1,836,862	763	19,860	24,596
Non-specialized loans	1,836,862	763	19,860	24,596
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	1,213,770	78	94,813	123,483
Non-specialized loans	1,213,770	78	94,813	123,483
Specialized loans	-	-	-	-
Other Loans	-	-	-	-
Total	3,050,632	841	114,673	148,079

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

Number of Changes for the Payment Plan Extension		
Plan Extension	Standard Loans and Other Receivables	Watching Loans and Other Receivables
1 or 2 times extended	841	144,772
3, 4 or 5 times extended	-	3,299
5 Over the extended	-	8
Total	841	148,079

	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	284	12,075
6 – 12 Month	-	4,120
1 – 2 Year	-	7,586
2 – 5 Year	557	69,816
5 Years and Over	-	54,482
Total	841	148,079

As of December 31, 2014, 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 41 and for watchlist-loans, which the payments are rescheduled, amounting to TRY 6,924.

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	3,206	24,291	27,497
Housing Loans	504	2,551	3,055
Car Loans	107	140	247
General Purpose Loans	2,595	21,600	24,195
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	229	695	924
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	229	695	924
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) (*)	1,470	-	1,470
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	4,905	24,986	29,891

(*) Overdraft Accounts includes TRY 343 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	28,398	832,988	861,386
Business Loans	12,856	107,008	119,864
Car Loans	993	7,277	8,270
General Purpose Loans	14,549	718,632	733,181
Other	-	71	71
Commercial loans with installment facility - Indexed to FC	4,808	202,531	207,339
Business Loans	-	-	-
Car Loans	4,318	61,812	66,130
General Purpose Loans	490	140,719	141,209
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)	29,646	-	29,646
Overdraft Accounts-FC(Legal Entities)	-	-	-
Toplam	62,852	1,035,519	1,098,371

f) Domestic and foreign loans:

	December 31, 2014	December 31, 2013
Domestic loans	3,314,222	2,634,762
Foreign loans	3	28
Total	3,314,225	2,634,790

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	December 31, 2014	December 31, 2013
Specific provisions		
Loans and receivables with limited collectability	-	785
Loans and receivables with doubtful collectability	-	7,018
Uncollectible loans and receivables	44,653	28,573
Total	44,653	36,376

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
December 31, 2014			
(Gross amount before specific provision) (*)	-	-	8,044
Restructured Loans and Other Receivables	-	-	8,044
Rescheduled Loans and Other Receivables	-	-	-
December 31, 2013			
(Gross amount before specific provision)	-	795	5,307
Restructured Loans and Other Receivables	-	795	5,307
Rescheduled Loans and Other Receivables	-	-	-

(*) As of December 31, 2014 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 4,365 (December 31, 2013: TRY 4,214).

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, 2013 balance	3,243	17,486	49,145
Additions (+)	46,666	9,028	15,794
Transfers from other categories of non-performing loans (+)	-	29,621	69,239
Transfers to other categories of non-performing loans (-)	(49,205)	(49,655)	-
Collections (-)	(704)	(6,480)	(17,535)
Write-offs (-)	-	-	(21,073)
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
December 31, 2014 balance	-	-	95,570
Specific provision (-)	-	-	(44,653)
Net Balances on Balance Sheet	-	-	50,917

(*) A portion of non-performing loans of the Bank with a principal amount of TRY 21,073 are sold to asset management company Final Varlık Yönetim A.Ş according to Board of Directors' decision dated December 8, 2014.

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
December 31, 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)	-	-	-
December 31, 2013 (Net)			
Loans to Real Persons and Legal Entities (Gross)	3,243	17,486	49,145
Specific provision (-)	(785)	(7,018)	(28,573)
Loans to Real Persons and Legal Entities (Net)	2,458	10,468	20,572
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

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

l) Explanations on write-off policy:

As of 31 December 2014, there is no amount that is written off from assets with the decision of the board of directors.(December 31,2013 : None.)

Upon the request of legal counsel and loan department for doubtful loans that has no proof to recover is evaluated according to the authority delegated by the Board of Directors. The Bank sold a portion of non-performing loan amounting to TRY 21,073, to an asset management firm and removed from records.

m) Other explanations and disclosures:

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

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December 31, 2013	Corporate	SME	Retail	Other	Total
Neither past due nor impaired	1,759,561	701,461	6,877	-	2,467,899
Past due not impaired	116,801	47,739	2,351	-	166,891
Restructured loans (*)	-	-	-	-	-
Individually impaired	47,001	22,331	542	-	69,874
Total gross	1,923,363	771,531	9,770	-	2,704,664
Less: allowance for individually impaired loans	(26,180)	(9,803)	(393)	-	(36,376)
Total net	1,897,183	761,728	9,377	-	2,668,288

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

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

	Total
At January 1, 2013	36,376
Additions in the period	34,060
Non-performing loan sales	(20,103)
The effect of collections in the period	(5,680)
Write off	-
At December 31, 2014	44,653

The fair value of collaterals that the Bank holds relating to loans individually determined to be impaired as of December 31, 2014 is TRY 117,610. (December 31, 2013: TRY 59,340).

Properties amounting to TRY 14,872 are transferred to the ownership of the Bank in 2014 and in the same period TRY 3,227 has been sold. In addition, properties transferred to the ownership of the Bank before 2014 year have been sold amounting to TRY 6,319.

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

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

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

December 31, 2013	Less than 30 Days	31- 60 Days	61- 90 Days	More than 91 Days	Total
Loans and advances to customers					
<i>Corporate Loans</i>	89,274	13,709	13,818	-	116,801
<i>Small Business Loans</i>	32,585	6,599	8,555	-	47,739
<i>Consumer Loans</i>	1,316	964	71	-	2,351
<i>Other</i>	-	-	-	-	-
Total	123,175	21,272	22,444	-	166,891

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

Fair value of past due but not impaired loans and other receivable as of December 31, 2014 is TRY 333,942. (December 31, 2013: TRY 258,283).

Loans and advances amounting to TRY 1,518,812 are revolving loans that have maturity up to one month and floating interest rates (December 31, 2013: TRY 1,343,836) and the remaining TRY 1,795,413 have fixed interest rates. (December 31, 2013: TRY 1,290,954).

6. Information on held-to-maturity investments:

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

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	36,888	-	29,341	-
Other	-	-	-	-
Total	36,888	-	29,341	-

As of December 31, 2014, collateral or blocked investments held-to-maturity; 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. (December 31, 2013 : Central Bank open market operations is TRY 6,683 and Central Bank of the interbank money market is TRY 5,142 and stock collateral balance is TRY 17,516).

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

	December 31, 2014		December 31, 2013	
	TP	YP	TP	YP
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	23,780	-	66,204	-
Other	-	-	-	-
Total	23,780	-	66,204	-

Book value of held to maturity investments classified as unrestricted financial assets is TRY 39,752 (December 31, 2013: TRY 3,350).

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

	December 31, 2014	December 31, 2013
Government bonds	100,420	98,895
Treasury bills	-	-
Other public sector debt securities	-	-
Total	100,420	98,895

c) Information on held-to-maturity investments:

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	100,420	-	98,895	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	-	-
Total	100,420	-	98,895	-

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

d) Movement of held-to-maturity investments:

	December 31, 2014	December 31, 2013
Beginning balance	98,895	70,959
Foreign currency differences on monetary assets(*)	1,952	(1,613)
Purchases during year	20,016	82,678
Disposal through sales and redemptions	(20,443)	(53,129)
Impairment provision (-)	-	-
Closing Balance	100,420	98,895

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

7. Information on associates (Net):

The Bank has no associates in the current period.

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on jointly controlled entities:

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

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

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

12. Information on tangible assets (Net) :

	Balance December 31, 2013	Additions	Disposals	Other	Change in estimate	Balance December 31, 2014
Cost:						
Land and buildings	-					
Leased tangible assets	5,974	-	(64)	-	-	5,910
Vehicles	-	-	-	-	-	-
Other	58,747	25,461	(10,164)	-	-	74,044
Total Cost	64,721	25,461	(10,228)	-	-	79,954

	Balance December 31, 2013	Additions	Disposals	Other	Change in estimate	Balance December 31, 2014
Accumulated Depreciation:						
Land and buildings	-	-	-	-	-	-
Leased tangible assets	(5,795)	(41)	64	-	-	(5,772)
Vehicles	-	-	-	-	-	-
Other	(22,913)	(3,913)	664	-	-	(26,162)
Total Accumulated Depreciation	(28,708)	(3,954)	728	-	-	(31,934)
Net Book Value	36,013	21,507	(9,500)	-	-	48,020

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

- a) For an individual asset, In the current period the amount of impairment losses recorded or revoked is crucial to the whole of the financial statements:
- a.1) Impairment to be recorded or cancellation of events that led to and no term of events: None.
- a.2) Recorded in the financial statements or canceled amount of impairment losses: None.
- b) Recorded in the current period or cancelled, and each one or some financial statements as a whole are not significant, but sum of impairment losses recorded or revoked is significant for the whole of the financial statements, reasons and circumstances :None.
- c) For pledge on tangible assets, mortgages and other restrictions if there exists and tangible assets, the amount of the expenditures made during construction, the commitments for the purchase of tangible fixed assets: None.

13. Information on intangible assets:

	Closing Balance December 31, 2013	Additions	Disposals	Other	Change in estimate	Ending Balance December 31, 2014
Cost:						
Software cost	34,113	4,851	-	-	-	38,964
Other intangible assets	-	-	-	-	-	-
Total Cost	34,113	4,851	-	-	-	38,964

	Closing Balance December 31, 2013	Period Charge	Disposals	Other	Change in estimate	Ending Balance December 31, 2014
Accumulated Depreciation:						
Software cost	(13,439)	(7,294)	-	-	-	(20,733)
Other intangible assets	-	-	-	-	-	-
Total Accumulated Depreciation	(13,439)	(7,294)	-	-	-	(20,733)
Net Book Value	20,674	(2,443)	-	-	-	18,231

14. Investment Property (Net): None.

15. Explanations on deferred tax assets:

- a) As of December 31, 2014, there are no deferred tax asset calculated on tax losses and tax deductions or exemptions. (December 31, 2013: 2,351). Deferred tax asset calculated on the other temporary differences is TRY 3,972 (December 31, 2013: TRY 5,123 deferred tax asset).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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

d) Movement of deferred tax:

	December 31, 2014	December 31, 2013
At January 1	7,474	2,758
Effect of change in tax rate	-	-
Deferred tax (charge)/benefit	4,668	(5,726)
Deferred tax (charge)/ benefit (Net)	12,142	(2,968)
Deferred tax accounted for under Shareholders' Equity	(8,170)	10,442
Deferred Tax Asset	3,972	7,474

	December 31, 2014		December 31, 2013	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Reserve for Employee Benefits	10,375	2,075	8,311	1,662
Possible provisions	-	-	1,046	209
Other provisions	10,336	2,067	6,211	1,242
Net Book Value and Tax Value Differences of Assets:				
Tangible Fixed Assets	1,207	241	470	94
Deferred Commission	4,339	868	2,737	547
Financial Assets	301	60	11,743	2,349
Tax Losses	-	-	11,753	2,350
Deferred Tax Assets		5,311		8,453
Net Book Value and Tax Value Differences of Assets:				
Tangible Fixed Assets	4,480	896	3,212	642
Financial Assets	-	-	1,687	337
Other	2,215	443	-	-
Deferred tax liability (-)		1,339		979
Deferred tax Asset (Net)		3,972		7,474

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

17. Information on other assets:

a) Breakdown of other assets:

	December 31, 2014	December 31, 2013
Settlement Accounts	16,860	16,499
Prepaid Expenses	6,498	6,047
Other	2,688	2,239
Toplam	26,046	24,785

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

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) December 31, 2014 :

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	17,038	-	35,793	850,208	95,898	22,633	6,564	-	1,028,134
Foreign currency deposits	54,322	-	59,319	1,101,175	151,186	38,905	9,661	-	1,414,568
Residents in Turkey	52,355	-	58,492	1,076,470	145,087	37,787	7,344	-	1,377,535
Residents abroad	1,967	-	827	24,705	6,099	1,118	2,317	-	37,033
Public sector deposits	12,837	-	-	-	-	-	-	-	12,837
Commercial deposits	72,010	-	51,988	586,118	108,428	29,732	81,917	-	930,193
Other institutions deposits	299	-	1,649	55,018	1,513	116,385	-	-	174,864
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	2,283	-	11,506	14,140	-	-	-	-	27,929
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	40	-	-	-	-	-	-	-	40
Foreign Banks	2,243	-	11,506	14,140	-	-	-	-	27,889
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	158,789	-	160,255	2,606,659	357,025	207,655	98,142	-	3,588,525

a.2) December 31, 2013:

	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	10,510	-	20,802	760,868	98,136	11,309	3,327	-	904,952
Foreign currency deposits	79,130	-	63,887	846,654	82,344	37,544	44,454	-	1,154,013
Residents in Turkey	74,822	-	62,886	807,696	80,967	34,972	42,949	-	1,104,292
Residents abroad	4,308	-	1,001	38,958	1,377	2,572	1,505	-	49,721
Public sector deposits	6,105	-	-	-	-	-	-	-	6,105
Commercial deposits	65,886	-	89,204	365,290	59,011	50,946	1,706	-	632,043
Other institutions deposits	785	-	50	27,627	15,565	51,762	8	-	95,797
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	1,866	-	10,002	10,793	21,566	-	-	-	44,227
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	32	-	-	-	-	-	-	-	32
Foreign Banks	1,834	-	10,002	10,793	21,566	-	-	-	44,195
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	164,282	-	183,945	2,011,232	276,622	151,561	49,495	-	2,837,137

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

i. Information on saving deposits:

Saving Deposits	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Saving deposits	234,903	200,830	785,436	698,101
Foreign currency saving deposits	68,278	44,404	674,691	418,527
Other deposits in the form of saving deposits	469	342	7,798	4,866
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	303,650	245,576	1,467,925	1,121,494

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

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

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

	December 31, 2014	December 31, 2013
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	1,479	2,341
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

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

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Forward Transactions	9	5	37	-
Swap Transactions	-	54	690	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	9	59	727	-

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

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
From Domestic Banks and Institutions	13,510	21,534	19,190	28,112
From Foreign Banks, Institutions and Funds	302	102,906	8,009	161,684
Total	13,812	124,440	27,199	189,796

b) Maturity analysis of borrowings:

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Short-term	13,812	85,130	27,199	135,079
Medium and long-term	-	39,310	-	54,717
Total	13,812	124,440	27,199	189,796

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

Bank diversifies its funding resources by customer deposits and foreign borrowings. 58% of bank deposits and 40% of other deposits are composed of foreign currency deposits.

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

4. Information on funds provided from repurchase agreement transactions :

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
From domestic transactions	430,464	-	370,580	-
Financial institutions and organizations	430,456	-	370,575	-
Other institutions and organizations	-	-	-	-
Real persons	8	-	5	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	430,464	-	370,580	-

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

	December 31, 2014		December 31, 2013	
	Nominal	Carrying Value	Nominal	Carrying Value
Financial Assets Available for Sale	299,967	407,469	279,805	307,226
Held to Maturity Investments	23,711	22,995	67,007	63,354
Financial assets held for trading	-	-	-	-
Total	323,678	430,464	346,812	370,580

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

6. Explanations on lease obligations (Net):

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

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

b) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. As of December 2014 operational lease expenses amounting to TRY 13,279 have been recorded in the profit and loss accounts (December 31,2013: TRY 10,248). 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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II. Explanations and Disclosures Related to the Liabilities: (continued)

8. Information on provisions:

a) Information on general provisions:

	December 31, 2014	December 31, 2013
General Provisions		
Provisions for First Group Loans and Receivables	19,288	21,001
- Additional provision for extended loans	41	355
Provisions for Second Group Loans and Receivables	2,208	1,457
- Additional provision for extended loans	6,924	4,308
Provisions for Non-cash Loans	3,909	3,247
Total	32,370	30,368

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

	First Group Loans and Receivables	Second Group Loans and Receivables	Non-Cash Loans
January 1, 2013	21,356	5,765	3,247
Additions	5,177	3,540	988
Disposals	(7,204)	(173)	(326)
December 31, 2014	19,329	9,132	3,909

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 2,220 (December 31, 2013: TRY 50) on the foreign currency indexed loans are netted off from loans on the balance sheet.

c) The specific provisions of TRY 8,226 (December 31, 2013: TRY 3,931) were provided for unindemnified non cash loans.

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

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

d.1) Movement of employee termination benefits:

	December 31, 2014	December 31, 2013
As of January 1	5,314	4,898
Service cost	1,272	1,173
Interest cost	539	357
Actuarial gain / (loss)	723	(568)
Benefits paid	(695)	(546)
End of period	7,153	5,314

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

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.

	December 31, 2014	December 31, 2013
Employee termination benefit provision	7,153	5,314
Unused vacation provision	3,376	2,429
Total of provision for employee benefits	10,529	7,743

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 Gazzette, as per TAS19 actuarial loss that is recorded under shareholders’ equity amounting to TRY (155) as of December 31, 2014. (December 31,2013: TRY 568 gain)

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

	Assumptions
Discount rate	8,20%
Inflation rate	6,00%

e) Information on other provisions:

e.1) Provisions for possible losses: None.

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

	December 31, 2014	December 31, 2013
Specific provisions provided for unindemnified non cash loans	8,226	3,931
Other provisions (*)	10,336	7,257
Total	18,562	11,188

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

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

	Specific provisions provided for unindemnified non cash loans	Other provisions(*)
December 31, 2013	3,931	7,257
Additions	5,119	8,384
Disposals	(824)	(5,305)
December 31, 2014	8,226	10,336

(*) Other provisions include TRY 7,500 of bonus and premium provisions, TRY 772 of the remaining provision from 2013, TRY 302 of provisions for other assets, TRY 1,762 of litigation provision. (December 31, 2013: TRY 5,250 bonus provision, TRY 659 2013 bonus provision before the year, TRY 1,046 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 December 31, 2014, remaining tax liability after prepaid taxes are netted off;

	December 31, 2014	December 31, 2013
Current Period Tax Payable	12,979	-
Prepaid Tax	(10,329)	-
Total	2,650	-

a.2) Explanations on taxes payable:

	December 31, 2014	December 31, 2013
Taxation on Securities	4,277	2,977
BITT	3,828	2,415
Corporate Tax Payable	2,650	-
Payroll Tax	1,218	1,636
Property Tax	324	282
Value Added Tax Payable	251	190
Stamp Tax	38	44
Other	45	105
Total	12,631	7,649

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

a.3) Information on premiums:

	December 31, 2014	December 31, 2013
Social Security Premiums-Employer	691	555
Social Security Premiums-Employee	446	360
Bank Social Aid Pension Fund Premium-Employer	61	49
Bank Social Aid Pension Fund Premium-Employee	30	24
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	-	-
Unemployment Insurance-Employer	-	-
Other	-	-
Total	1,228	988

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

10. Information on liabilities regarding assets held for sale and discounted operations: None.

11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

The bank does not have subordinated loans.

12. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

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.

As of December 31, 2014 the nominal value of the Bank's capital is amounting to TRY 650,000 and consists of 6,500 million shares

000 TL	December 31, 2014	December 31, 2013
Common stock(*)	650,000	500,000
Preferred stock	-	-

(*) Nominal Capital

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

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

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

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

	December 31, 2014	December 31, 2013
Valuation Difference	(265)	(32,944)
Foreign Exchange Difference	-	-
Total	(265)	(32,944)

Information on legal reserves :

	December 31, 2014	December 31, 2013
First Legal reserves	2,322	1,602
Second Legal reserves	-	-
Other legal reserves appropriated in accordance with special legislation	-	-
Total	2,322	1,602

Information on extraordinary reserves:

	December 31, 2014	December 31, 2013
Reserves appropriated by the General Assembly	-	-
Retained earnings	37,377	23,696
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	37,377	23,696

13. Information on minority shares: None.

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

1. Information on off-balance sheet liabilities:

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

	December 31, 2014	December 31, 2013
Loan granting commitments	48,896	157,758
Payment commitments for checks	105,800	85,587
Forward asset purchase and sales commitments	9,634	15,684
Other irrevocable commitments	10,774	21,605
Total	175,104	280,634

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

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

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

	December 31, 2014	December 31, 2013
Bank acceptance loans	2,532	7,824
Letters of credit	164,711	160,697
Other guarantees and collaterals	118,364	145,956
Total	285,607	314,477

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

	December 31, 2014	December 31, 2013
Definite letter of guarantess	1,240,063	1,007,719
Temporary letter of guarantees	306,253	194,290
Other letter of guarantees Diğer	211,400	164,896
Total	1,757,716	1,366,905

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

	December 31, 2014	December 31, 2013
Non-cash loans given against achieving cash loans	115,212	140,265
With maturity of 1 year or less than 1 year	83,173	90,911
With maturity of more than 1 year	32,039	49,354
Other non-cash loans	1,928,111	1,541,117
Total	2,043,323	1,681,382

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

c.2) Information on sectoral risk breakdown of non-cash loans and irrevocable loan commitments (excluding forward asset sales and purchase commitments):

	December 31, 2014				December 31, 2013			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	33,536	2.21	30,775	4.45	19,016	1.45	17,832	2.83
Farming and raising livestock	30,707	2.02	30,775	4.45	17,869	1.36	17,832	2.83
Forestry	2,763	0.19	-	-	1,128	0.09	-	-
Fishery	66	0.00	-	-	19	0.00	-	-
Manufacturing	399,231	26.32	370,950	53.62	253,590	19.27	318,258	50.47
Mining	71,271	4.70	30,115	4.35	40,260	3.06	15,260	2.42
Production	316,078	20.84	332,079	48.00	206,827	15.72	301,227	47.77
Electric, gas and water	11,882	0.78	8,756	1.27	6,503	0.49	1,771	0.28
Construction	478,759	31.56	148,928	21.52	408,802	31.07	128,007	20.30
Services	553,513	36.49	137,174	19.83	566,269	43.04	124,501	19.75
Wholesale and retail trade	160,494	10.57	51,745	7.48	236,749	17.99	43,668	6.93
Hotel, food and beverage services	8,836	0.58	7,105	1.03	9,622	0.73	7,380	1.17
Transportation and telecommunication	38,850	2.56	40,513	5.86	34,197	2.60	29,620	4.70
Financial institutions	163,788	10.80	13,906	2.01	143,249	10.89	16,502	2.62
Real estate and renting services	3,427	0.23	13	0.00	4,873	0.37	451	0.07
Self-employment services	144,582	9.53	23,892	3.45	108,505	8.25	26,880	4.26
Education services	231	0.02	-	-	205	0.02	-	-
Health and social services	33,305	2.20	-	-	28,869	2.19	-	-
Other	51,918	3.42	4,009	0.58	68,093	5.17	41,964	6.65
Total	1,516,957	100.00	691,836	100.00	1,315,770	100.00	630,562	100.00

c.3) Information on I st and II nd Group non-cash loans:

Non-cash loans	I st Group (*)		II nd Group	
	TRY	FC	TRY	FC
Letters of guarantee	1,346,740	397,603	13,373	-
Bank acceptances	-	2,532	-	-
Letters of credit	78	164,633	-	-
Endorsements	-	-	-	-
Securities issue purchase and guarantees	-	-	-	-
Other commitments and contingencies	850	117,514	-	-
Total	1,347,668	682,282	13,373	-

(*) Includes III rd, IV th and V th Groups as well. The Bank provided a reserve of TRY 25,768 for non-cash loans not yet indemnified amounting to TRY 8,226.

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

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Types of trading transactions				
Foreign currency related derivative transactions (I):				
Forward transactions	10,046	2,706	-	-
Swap transactions	48,075	56,996	-	-
Futures transactions	-	-	-	-
Option transactions	1,084	3,622	-	-
Interest related derivative transactions (II) :				
Forward rate transactions	-	-	-	-
Interest rate swap transactions	-	-	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Other derivative transactions for trade (III)	166,212	51,102	-	-
A. Total trading derivative transactions (I+II+III)	225,417	114,426	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	225,417	114,426	-	-

Forward foreign exchange and swap transactions are for protection from currency fluctuations. According to TAS, they do not qualify as hedging instruments but trading and are remeasured at fair value.

As of December 31, 2014 breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Future Buy	Future Sell
December 31, 2014								
TRY	2,513	2,511	-	-	269	269	-	-
USD	-	-	-	24,064	273	273	-	-
EUR	2,511	2,511	24,011	-	-	-	-	-
Other	-	-	83,516	82,696	-	-	-	-
Total	5,024	5,022	107,527	106,760	542	542	-	-
December 31, 2013								
TRY	658	666	25,206	-	886	886	-	-
USD	548	538	28,552	-	925	925	-	-
EUR	148	148	-	28,444	-	-	-	-
Other	-	-	-	25,896	-	-	-	-
Total	1,354	1,352	53,758	54,340	1,811	1,811	-	-

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

None.

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

4. Explanations on contingent liabilities and assets:

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of jointly controlled entity (joint venture) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in jointly controlled entities (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
- b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of December 31, 2014 and 2013 there are no contingent assets that need to be explained.
- b.2) A provision is made for contingent liabilities, if realization is probable and the amount can reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: Contingent liabilities as of December 31, 2014 and 2013 are explained in section 3 part XIV "Explanations on Provisions and Contingent Liabilities".

5. Custodian and intermediary services:

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

IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	217,910	15,459	146,135	19,392
Medium and long term loans	118,745	14,814	64,382	3,081
Interest on non-performing loans	1,171	-	3,406	-
Total	337,826	30,273	213,923	22,473

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

b) Information on interest received from banks:

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	145	344	205	318
Foreign banks	-	5	5	4
Branches and head office abroad	-	-	-	-
Total	145	349	210	322

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c) Interest received from marketable securities portfolio:

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Trading securities	5	-	4	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	62,831	-	36,614	-
Held-to-maturity securities	8,260	-	5,119	-
Total	71,096	-	41,737	-

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

None.

2. a) Information on interest on funds borrowed:

	December 31, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	1,273	3,358	1,650	5,140
The Central Bank of Turkey	-	-	-	-
Domestic banks	1,095	666	954	927
Foreign banks	178	2,692	696	4,213
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	1,273	3,358	1,650	5,140

(*) Includes fees and commission expenses for borrowings.

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

- b. **Information on interest expense to associates and subsidiaries:** None.
- c. **Information on interest expense to marketable securities issued:** None.
- d. **Distribution of interest expense on deposits based on maturity of deposits:**

December 31 , 2014								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TRY								
Bank deposits	-	37	-	-	-	-	-	37
Saving deposits	-	3,228	80,521	9,137	13,945	528	-	107,359
Public sector deposits	-	-	669	-	-	-	-	669
Commercial deposits	-	8,796	37,596	7,574	4,097	2,656	-	60,719
Other deposits	-	48	6,674	6,350	-	-	-	13,072
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	12,109	125,460	23,061	18,042	3,184	-	181,856
Foreign Currency								
Foreign currency deposits	-	751	30,834	1,934	1,061	1,667	-	36,247
Bank deposits	-	515	-	-	-	-	-	515
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	1,266	30,834	1,934	1,061	1,667	-	36,762
Grand Total	-	13,375	156,294	24,995	19,103	4,851	-	218,618
December 31 , 2013								
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	-	4	-	-	-	-	-	4
Saving deposits	-	1,151	50,033	7,276	5,144	169	-	63,773
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	4,649	23,519	4,785	5,830	644	-	39,427
Other deposits	4	290	2,630	1,168	45	-	-	4,137
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	4	6,094	76,182	13,229	11,019	813	-	107,341
Foreign Currency								
Foreign currency deposits	-	988	23,639	3,306	652	112	-	28,697
Bank deposits	-	555	-	-	-	-	-	555
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	1,543	23,639	3,306	652	112	-	29,252
Grand Total	4	7,637	99,821	16,535	11,671	925	-	136,593

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

3. Information on Dividend Income:

	December 31, 2014	December 31, 2013
Trading Securities	-	-
Financial Assets at fair value through profit and loss	-	-
Available for sale securities	17	-
Other	-	-
Total	17	-

4. Information on net trading income:

	December 31, 2014	December 31, 2013
Income	512,074	595,232
Gains on capital market operations	12	8,105
Gains on derivative financial instruments	22,443	12,819
Foreign exchange gains	489,619	574,308
Losses (-)	(510,948)	(588,370)
Losses on capital market operations	-	(694)
Losses on derivative financial instruments	(42,260)	(11,965)
Foreign exchange losses	(468,688)	(575,711)
Total	1,126	6,862

5. Information on other operating income:

	December 31, 2014	December 31, 2013
Reversal of free provisions	5,305	4,466
Reversal of specific provisions (cash)(*)	21,373	14,905
Reversal of unindemnified non-cash loan provision	824	555
Income from sales of assets	2,074	550
Income of previous year	82	1,851
Provisions for communication expense collected from customers	12	108
Provisions for expenditure collected from customers	42	67
Reversal of general loan loss provisions(**)	7,703	327
Income from financial leasing	-	-
Other	467	1,174
Total	37,882	24,003

(*) According to the Board of Directors Decision and dated December 8, 2014, non-performing loans with a principal amount of TRY 21,073 are sold to an asset management company as of December 31, 2014.

(**) In accordance with the change in the "Regulation and Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"(published in the Official Gazette numbered 28789 dated October 08, 2013), banks may apply 0% for standard qualified cash and non-cash export credits, 0.5% for SME cash loans and 0.1% for noncash loans. Hence, the Bank applied the amendment beginning from January 2014. As of December 31, 2014, TRY 7,703 comprises of reversal of general loan loss provisions due to the transition to new regulation.

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

6. Provision for impairment of loans and other receivables:

	December 31, 2014	December 31, 2013
Specific provisions for loans and other receivables	29,650	15,814
III. Group Loans and Receivables	5,091	3,202
IV. Group Loans and Receivables	5,540	4,854
V. Group Loans and Receivables	19,019	7,758
General loan loss provision expenses	9,705	8,701
Marketable securities impairment losses	-	62
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	62
Impairment provision expense on investments	351	26
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	351	26
Other	5,120	2,674
Total	44,826	27,277

7. Information on other operating expenses:

	December 31, 2014	December 31, 2013
Personnel expenses	71,802	61,364
Reserve for employee termination benefits	1,116	984
Taxes and duties	3,528	3,076
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	3,217	2,803
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	7,294	4,936
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	737	470
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	48,543	36,330
Rent expenses	13,376	10,125
Maintenance expenses	5,656	3,177
Advertisement expenses	599	643
Other expenses(*)	28,912	22,385
Loss on sales of assets (***)	21,163	11,733
Other(**)	5,944	4,500
Total	163,344	126,196

(*) Included in other operating expenses; vehicle expenses are TRY 4,453, communication expenses are TRY 2,882, cleaning expenses are TRY 1,007, non-deductible expenses TRY 463, heating- lightning expenses are TRY 1,224, stationery expenses are TRY 794, computer usage expenses TRY 1,585, insurance expenses TRY 525, TRY 8,327 other provisions, TRY 1,744 expertise expense, TRY 1,678, representation expenses, subcontractor company expense TRY 2,447, and other expenses are TRY 1,783. (December 31 2013; vehicle expenses are TRY 3,962, communication expenses are TRY 2,480, cleaning expenses are TRY 2,438, non-deductible expenses TRY 437, heating- lightning expenses are TRY 1,151, stationery expenses are TRY 638, computer usage expenses TRY 1,412, insurance expenses TRY 441, TRY 5,529 other provisions, TRY 1,319 expertise expense, TRY 1,360 representation expenses and other expenses are TRY 1,218).

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 1,846, assurance and financial services expenses are TRY 2,259, unused vacation expenses are TRY 948 and other expenses are TRY 891. (December 31, 2013: TRY 1,762 premiums paid to Saving Deposit Insurance Fund; TRY 1,700 assurance and financial consultancy expenses, unused vacation expenses are TRY 275 and TRY 763 other expenses).

(***) According to the Board of Directors decision dated December 8, 2014, non-performing loans with a principal amount of TRY 21,073 are sold to an asset management company as of December 31, 2014.

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

8. Information on profit/(loss) from continued and discontinued operations before taxes:

The Bank has TRY 20,127 profit before tax as of December 31, 2013 and TRY 40,242 profit before tax as of December 31, 2014. Compared to the prior year, net interest income increased by 50.5% and net fees and commission income increased by 26%.

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

- a) As of December 31, 2014; current tax expense is TRY 12,979. (December 31, 2013: None) and TRY 4,668 deferred tax income (December 31, 2013: TRY 5,276 deferred tax expense).
- b) Deferred tax income on temporary differences except carried forward tax loss is TRY 11,707. (December 31, 2013: TRY 8,023 deferred tax expense)
- c) Deferred tax expense for temporary differences on carried forward tax losses or tax exemptions/deductions which is included in the current year income statement is TRY 7,039. (December 31, 2013: TRY 2,297 deferred tax income).
- d) Tax reconciliation:

	December 31, 2014	December 31, 2013
Profit before tax	40,242	20,127
Tax at the domestic income tax rate of 20% (2012: 20%)	(8,048)	(4,025)
Disallowables and other, net	(263)	(1,701)
Tax Calculated	(8,311)	(5,726)

10. Information on net profit/(loss) from continued and discontinued operations:

The Bank has TRY 14,401 net profit as of December 31, 2013 and TRY 31,931 net profit as of December 31, 2014 respectively.

11. The explanations on net income / loss for the period:

- a) The nature amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period : None.

A portion of non-performing loans of the Bank amounting to TRY 21,073 are sold to Final Varlık Yönetimi A.Ş according to Board of Directors' decision dated at December 8, 2014 and recorded (870) TL net loss of sales as of December 31, 2014.

- b) Financial Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- c) Profit or loss attributable to minority shares: None.

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

12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	December 31, 2014	December 31, 2013
<u>Other fees and commissions received</u>		
Expertise fees collected from customers	1,940	1,335
Insurance commission	705	199
Transfer commissions	503	459
Cheque expenses	304	210
Information expenses	209	26
Safe-deposit commissions	68	52
Bill of credit commissions	43	18
Letter of credit commissions	39	16
Collection item commissions	5	2
Credit cards commissions and fees	9	4
Other banking operations income (*)	9,762	9,357
Total	13,587	11,678

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

	December 31, 2014	December 31, 2013
<u>Other fees and commissions given</u>		
Transfer commissions	147	139
Credit card commissions	57	49
Bond exchange transaction fee	83	37
Money transfer commission	433	355
Commissions given to banks	502	515
ATM commission	10	11
EFT commissions	246	182
Other	69	27
Total	1,547	1,315

V. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity

- a) Increase resulting from revaluation of financial assets available for sale is amounting to TRY 32,679 (December 31, 2013: TRY 41,768 decrease).
- b) Increase in cash flow risk hedging items: None.
 - b.1) Reconciliation of beginning and ending balances: None.
 - b.2) Amount recorded in the current period if a gain or loss from a cash flow hedging derivative or non-derivative financial asset is accounted for under shareholders' equity: None.
- c) The reconciliation related with foreign currency translation differences at the beginning and end of the period: None.
- d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- e) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not yet been conducted as of the date the accompanying financial statements are authorized for issue.
- f) Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: The Board of Directors has not decided for profit appropriation as of the date the financial statements are authorized for issue.

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

- g) Amounts transferred to legal reserves is amounting to TRY 720 (December 31,2013: TRY 635)
- h) Information on shares issued:

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

VI. Explanations and Disclosures Related To Statement Of Cash Flows

1. The effects of the other items stated in the statement of cash flows and the changes in foreign currency exchange rates on cash and cash equivalents:

“Other items” amounting to TRY 68,034 in “Operating profit before changes in operating assets and liabilities” in essence consist of fees and commissions paid, gain/losses from derivative financial instruments and other operating expenses (except for personnel expenses, reserve for employee termination benefits, depreciation expenses and taxes paid).

“Net increase/decrease in other liabilities” amounting to TRY 39,463 in “Changes in operating assets and liabilities” in essence consists of changes in sundry creditors, other liabilities and tax liability.

“Net increase/decrease in other assets” amounting to TRY 7,111 in “Changes in operating assets and liabilities” in essence consists of changes in sundry debtors and other assets.

The effect of the change in the foreign exchange rate on the cash and cash equivalents is calculated as approximately 18,499 TL and it represents the effect of the change in the foreign exchange rates over the foreign currency cash and cash equivalents

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the statement of cash flow:

Beginning of the period	December 31, 2013	December 31, 2012
Cash		
Cash in TRY/Foreign Currency	23,254	23,556
The Central Bank of Turkey	36,708	85,857
Other	-	-
Cash equivalents		
Banks and receivables from financial institutions	286,381	97,525
Money market placements	70,000	152,000
Total cash and cash equivalents	416,343	358,938
End of the period	December 31, 2014	December 31, 2013
Cash		
Cash in TRY/Foreign Currency	37,515	23,254
The Central Bank of Turkey	46,154	36,708
Other	-	-
Cash equivalents		
Banks and receivables from financial institutions	273,072	286,381
Money market placements	-	70,000
Total cash and cash equivalents	356,741	416,343

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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) **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 contain foreign bank accounts amounting to TRY 99.

b) **December 31, 2013:**

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	-	-	59	3,194	6,954	4,376
Balance at end of period	-	-	73	3,211	23	11,151
Interest and commission income	-	-	-	21	472	49

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 73.

c.1) Information on related party deposits balances:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Deposits						
Balance at beginning of period	-	-	969	1,223	33,545	289
Balance at end of period	-	-	730	969	89,693	33,545
Interest on deposits	-	-	-	-	6,007	1,502

In addition, the Bank has "Funds Borrowed" at an amount of TRY 302 used from risk group of the Bank (December 31, 2013: TRY 70,114) and TRY 1,631 (December 31, 2013: TRY 2,548) interest expense was incurred from funds borrowed in 2014.

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

d) As of December 31, 2014, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 9,424 (December 31, 2013: TRY 9,381)

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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	-	-
Banks and other receivables	99	0.04
Non-cash loans	15,998	0.72
Deposits	90,423	2.52
Borrowings	302	0.22

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

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

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.27%. Details of these loans are explained in 1a above.

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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	641			
			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

In accordance to the dated January 3,2015 and numbered 2015- 01 announcement of the Central Bank of the Republic of Turkey, “ Announcement of Reserve Deposits ”, the reserve requirements of foreign exchange(FX) delimitated liabilities of banks, reserve option tranches and coefficients are revised. The revisions will be effective as of the calculation period dated February 13, 2015 and the maintenance period will begin on February 27, 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 REPORT

I. Explanations on the Independent Auditor's Report:

The unconsolidated financial statements of the Bank as of December 31, 2014 were audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited).

The independent auditor's report dated February 12, 2015 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.