

**2014
ANNUAL REPORT**

 **TURKISH BANK LTD.**

ESTABLISHED 1901

TURKISH BANK LIMITED

INDEX

A-	(i)	BOARD OF DIRECTORS, SENIOR MANAGEMENT, AUDIT COMMITTEE AND EXTERNAL AUDITORS	3
	(ii)	SUBSIDIARY COMPANIES	4
	(iii)	NOTICE OF ANNUAL GENERAL MEETING	5
	(iv)	DIRECTORS' REPORT	6
	(v)	DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS	7
	(vi)	AN ASSESSMENT OF THE OPERATIONS OF INTERNAL AUDIT, COMPLIANCE & INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS BY THE BOARD MEMBER RESPONSIBLE FOR INTERNAL SYSTEMS	8
	(vii)	INDEPENDENT AUDITORS' REPORT	11
B-		ACCOUNTS	
		PROFIT AND LOSS ACCOUNT OF TURKISH BANK LTD.	12
		BALANCE SHEET OF TURKISH BANK LTD.	13
		CONSOLIDATED BALANCE SHEET OF TURKISH BANK GROUP	15
		CONSOLIDATED PROFIT AND LOSS ACCOUNT OF TURKISH BANK GROUP	16
		NOTES TO THE ACCOUNTS	
		I- ACCOUNTING POLICES AND FINANCIAL STRUCTURE OF THE BANK	17
		II- NOTES REGARDING BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES	
		i- NOTES REGARDING ASSETS	25
		ii- NOTES REGARDING LIABILITES	33
		iii- NOTES REGARDING OFF BALANCE SHEET ASSETS AND LIABILITIES	40
		III- NOTES REGARDING PROFIT AND LOSS	41
		ADDITIONAL FINANCIAL TABLES	
		IV- STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK	43
		V(A)- STATEMENT OF CASH FLOWS OF THE GROUP	44
		V(B)- STATEMENT OF CASH FLOWS OF THE BANK	45
		VI- PROFIT APPROPRIATION TABLE OF THE BANK.	46

TURKISH BANK LIMITED

BOARD OF DIRECTORS

İ. Hakan Börteçene	Chairman
C. Yenil Musannif, FCA	Vice-Chairman and Head of Internal Control Systems
Kıvanç M. Rıza	Director and Secretary
M.A. Yunus Rahmioğlu	Director and General Manager
Ender Par	Director
Nafi Türkoğlu	Director
Metin Münir	Director
Murat Arıç	Director
A. Melis Börteçene	Director

SENIOR MANAGEMENT

M. A. Yunus Rahmioğlu	General Manager and Director
Erhan Raif, FCCA	Asst. General Manager – IT
Çiğdem Eyyam	Asst. General Manager – Retail Banking
Mustafa Kayahan	Asst. General Manager – Financial Affairs
Mehmet Salih Havalı	Director of Corporate & Commercial Banking
Nevin Özkan	Head of Private Banking

INTERNAL CONTROL SYSTEMS

Mustafa Biçercioğlu	Head of Internal Audit
M. Mine Başkaya	Head of Risk Management
Pınar Nurtunç	Deputy Head of Internal Control and Compliance

AUDITORS

D.K.DENİZ & CO.	Audit
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TURKISH BANK (UK) LTD.

BOARD OF DIRECTORS

İ. Hakan Börteçene	Chairman
D.I.Stewart	Executive Director
D.Blackmore	Director and Head of Audit Committee
P. Ryan	Director and Head of Risk Committee
R.W.Long	Director
M. Arıĝ	Director
M.A. Yunus Rahmioĝlu	Director

COMPANY SECRETARY

J.Kent

AUDITORS

KPMG L. L. P. Chartered Accountants

TURKISH INSURANCE LIMITED

BOARD OF DIRECTORS

İ. Hakan Börteçene	Chairman
M.A.Yunus Rahmioĝlu	Vice - Chairman
C. Yenel Musannıf, FCA	Director
Kıvanç M. Rıza	Director
M. İhsan Ezgü	Director
Ender Par	Director and Head of Audit Committee
Engin Arı	Director and General Manager

COMPANY SECRETARY

Şensoy Şener

AUDITORS

ERDAL & CO. Chartered Accountants

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the Turkish Bank Ltd. will be held at the Registered Office, 92 Kyrenia Street, Nicosia on Friday 17 April 2015 at 4 p.m. for the following purposes:

- 1) To receive the Report of the Directors.
- 2) To receive and consider the Balance Sheet of the Bank and Consolidated Balance Sheet of the Group as at 31 December, 2014 together with Profit and Loss Account of the Bank and of the Group for the year 2014 and the Auditors' Report.
- 3) To elect nine new members of the Board of Directors in place of those nine retiring after completing their term of office.

Note: The nine members of the Board so retiring and eligible for re-election are:

Sn. İ. Hakan Börteçene,
Sn. C. Yenil Musannıf,
Sn. Kıvanç M. Rıza,
Sn. M.A. Yunus Rahmiođlu,
Sn. Ender Par,
Sn. Nafi Türkođlu,
Sn. Metin Múnir,
Sn. Murat Arıđ,
Sn. A. Melis Börteçene.

- 4) To decide the remuneration of Board of Directors.
- 5) To authorise the Board of Directors to appoint new independent auditors in place of D.K.Deniz & Co. who legally completed their term of office, and to decide their remuneration.

Every shareholder is entitled to attend and vote at the meeting or may appoint a proxy to attend and vote instead of him. A proxy so appointed need not be a shareholder. The instrument appointing a proxy should be deposited at the Registered Office of the Bank at least 48 hours before the time for holding of the meeting.

By Order of the Board
Kıvanç M. Rıza
Secretary

Nicosia, 20 March 2015.

DIRECTORS' REPORT

The Directors are pleased to submit their annual report with the annexed audited accounts of the bank and the consolidated accounts of the group for the year ended 31 December 2014.

In 2014, the Bank took another step forward in the specialization process of the branches and related units in retail and corporate banking, by completing the customer segmentation and establishing the customer profitability system automation just as stated in the strategic plan. Thus, the Private Banking Unit which began operations in 2012, has gained the ability to work with its own budget, marketing goals and strategies, and key performance indicators. Under Corporate Banking Unit, micro-enterprise, SME, commercial and corporate banking subsegments have been created, making way for subsegmental specialization in marketing abilities and strategies.

The human resources in the branches were classified as marketing and operational staff, with distinguished job descriptions, in order to direct the marketing personnel's efforts only in sales. The reorganization of the human resources, leading to a more active participation in the market, has provided the Bank with a more dynamic market perception. In 2014, another amendment to the marketing strategy was the adoption of the regional management policy. The aim of the new policy is to enhance the sales culture and to coordinate the activities of the marketing/sales staff by competent regional managers who know the market very well. The first appointment has been made in the Kyrenia region.

To reinforce the efforts of easing the operational workload of the branches so they can maximize their efforts in customer satisfaction and sales, the investments continue in Alternative Distribution Channels. To modernize and diversify our ADC offerings, significant projects are underway in e-branch, mobile banking, ATM and credit card services. The Bank also increased the total number of ATMs to twenty seven by adding another ATM in 2014 with the aim of providing a better service to the customers.

In order to raise capital and set a precedent for embargoed and capital-strapped Turkish Cypriot companies to access capital markets, our preparations for an Istanbul Stock Exchange quotation are still continuing.

With the issue of a 8.60% bonus share, the paid-up capital of the bank increased to TL 70,031,964 in 2014, following the decision of the Extraordinary General Meeting held on 18 April 2014.

The bank managed to sustain the upward trend in profitability in 2014 as well, with a net profit of TL 4.38 million.

All administrative and other expenses have been deducted and the necessary provision for bad and doubtful debts in accordance with the requirements of the Central Bank directive issued under 39/2001 Banking Law was made in the accounts. After making provision for corporation and income tax of TL 907,159, the Board of Directors recommends that the total profits of TL 5,405,565, including the net 2014 profit of TL 4,382,703 and retained earnings of previous years, to be appropriated as follows:

Transfer to Statutory Reserve	TL. 439,000.-
Transfer to Retained Earnings	TL.4,966,565.-

Approved by the Board of Directors and signed on 20 March 2015.

Kıvanç M. Rıza
Secretary

Nicosia, 20 March 2015.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

As per 39/2001 Banking Law the directors are required to keep the accounts of the bank and prepare its uniform annual balance sheet, uniform profit and loss account and uniform notes in conformity with the accounting and valuation standards and the methods of implementations of these rules as stated in the 'Uniform Chart of Accounts for Banks' Decree prepared by the TRNC Central Bank.

Companies Law requires the directors to prepare a balance sheet that shall give a true and fair view of the state of affairs of the bank at the end its financial year, and a profit and loss account that shall give a true and fair view of the profit or loss of the bank for the financial year. The directors are responsible for keeping proper books of account to give a true and fair view of the state of the bank's affairs and to explain its transactions and give the information required by Chapter 113, the Companies Law. The directors are also responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors,

İ. Hakan BÖRTEÇENE
Chairman

Kıvanç M. RİZA
Director and Secretary

M.A.Yunus RAHMİOĞLU
General Manager and Director

Nicosia, 20 March 2015.

AN ASSESSMENT OF THE OPERATIONS OF INTERNAL AUDIT, COMPLIANCE & INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS BY THE BOARD MEMBER RESPONSIBLE FOR INTERNAL SYSTEMS:

Regulations regarding Internal Audit, Risk Management and Compliance and Internal Control Systems have been revised by The Central Bank of Turkish Republic of Northern Cyprus on 18 December 2014. The Bank in line with the new requirements, revised its framework of operations regarding the three Units of Internal Systems. The Units continue to operate in coordination but each has well-defined duties and responsibilities as well as independent organizational structures. The aim of the Internal Systems is to minimize the risks that could have a negative impact on our bank's daily activities, financial stability and creditability, in preparation of reliable financial and administrative reports and also on factors that hinder growth and profitability targets. The Internal Systems Units operations are overseen by the Board Member Responsible for Internal Systems, and Units submit their reports to the Board of Directors through the Board Member Responsible for Internal Systems. In accordance with regulations, Article 9 (1) ç, the Board Member Responsible for Internal Systems for the last five years, namely Ender Par has completed his term of office and C.Yenal Musannif was appointed to the post on 16th of October 2014 by the Board.

The Internal Audit Unit (Audit Department):

The Audit Department within our Bank carries out the internal audit function under the supervision of the Board Member Responsible for Internal Systems and through him submit its reports to the Board of Directors. The Audit Department controls and assesses in a risk-focused manner, the activities of all branches, local subsidiaries and operation centers and other units, including the Compliance and Internal Control Unit and the Risk Management Unit, ensuring that the Banking Law provisions are adhered to and controls and policies set by the Board are carried out and remain effective. Inquiries and research activities are also carried out with the aim of focusing attention and raising awareness to certain issues by Senior Management and the Board of Directors and contribute to the decision-making process. As of 31.12.2014, the Internal Audit Unit comprises a total of 10, consisting of a Manager, 1 Authorized Auditor, 3 Authorized Assistant Auditors and 5 Assistants.

During the year, 9 out of 10 periodic branch audits were carried out as planned. In addition, orientation audits were completed at two branches where new managers took over; the audit of Risk Management Unit, Information Technologies Department and Treasury Department have also been performed as planned. Moreover, due to change of the managers, two more orientation audits have been performed in the Compliance and Internal Controls Unit and Central Operations Unit. The audit of The Turkish Investment A.Ş. Cyprus Agent was also carried out in March 2014 as requested by the Risk Committee.

The audit of the wholly-owned subsidiary namely Turkish Insurance Ltd. was completed during August and September 2014. The audit of our Gemikonagı Branch which could not be carried out as planned in 2014, has been completed in March 2015.

Audit reports prepared, taking into consideration matters of priority and materiality are initially submitted to branch managers or the related units and their responses are obtained. Following this initial procedure, the report is finalized and distributed to the General Management, Audit Committee comprised of non-executive and executive Directors and then to the Board through the Board Member Responsible for Internal Systems.

Based on the policies and targets set by the Board of Directors and applying a modern approach to audit, the Internal Audit Unit will continue in its activities with a perception of high responsibility.

Compliance and Internal Control Unit:

The Internal Control System encompasses the whole of control activities which have the attribute to promote quality and development and is an essential part of the work-flow, aiming to prevent unwanted events, correct those that have inadvertently occurred in matters of administration, finance, accounting and operations.

The Compliance and Internal Control Unit have been operating under the supervision of the Board Member Responsible for Internal Systems. The main purpose of the Unit is to:

- Protect the assets of the Bank by tracking the financial, operational and systematic flow of the Banking Activities,
- Ensure that the activities are realized in an effective and efficient way, while complying with Banking regulations, the Bank's internal policies, other rules and Banking conventions,
- Develop ideas and provide suggestions in line with internal and external regulations on issues of development as demanded by executive departments,
- Ensure the trustworthiness and unity of the accounting and reporting systems, ensuring timely access to relevant information,
- Assess the adequacy of the compliance systems being implemented, regarding money laundering and finance of terrorism.

The checks and controls undertaken within the Compliance and Internal Control Unit activities are gathered under four main headings:

1. Controls of processes of the banking transactions,
2. Controls of communication channels and IT systems,
3. Controls of financial reporting systems,
4. Compliance controls.

While the above mentioned controls are being executed, special attention is paid to the following issues:

- That the Bank's politics and procedures are being observed and that Banking Law and other related regulations are being complied with,
- That the effectiveness of the Internal Controls procedures is adequate and where necessary amendments to enhance the effectiveness of controls will readily be undertaken.

In addition to controls that were performed by the Compliance and Internal Control Unit, support have also been provided regarding to the following issues:

- On the compliance and registration requirements of the Foreign Accounts Compliance Act (FATCA) of USA, which came into force on 1st of July 2014.
- On the implementation of a software package on Anti Money Laundering (AML) control and reporting of suspect transactions on money laundering and finance of terrorism.
- On the implementation of regular tests to maintain information systems security, integrity and protection of unauthorized access.

As a result of the controls that were undertaken by the Compliance and Internal Controls Unit, the operational losses inherent in the nature of Banking activities were minimized, and through the reports that were prepared, a contribution was made to the Senior Management in taking certain actions to improve the effectiveness of the internal systems.

Risk Management Unit:

The Bank through the Risk Management Unit and the Board's Risk Committee and other subcommittees, oversees risk management, sets the risk appetite, control policies, administrative procedures, tolerance limits and reporting procedures, based on a prudent risk reward relationship with the aim to identify, measure, and monitor emerging risks being faced. The Unit periodically and timely reports the results of risk measurements and monitoring activities to the Board of Directors through the Board Member Responsible for Internal Systems. The mission of the unit is to adopt the risk focused management in all decision making and to foster risk awareness as a corporate culture within the organization. In this respect, the Unit expresses its opinion on risks associated in cases of launching new products, implementation of new procedures and other activities. The Risk Management Unit measures and monitors the credit risk, market risk, liquidity risk and operational risk in accordance with the criteria and methodology set by the Central Bank and follow closely, international standards for possible improvements and implementations.

Specific risks categories associated with the Bank's activities are:

- **Regulatory Risk:** Primary priority for our Bank has always been to comply with the internal and external regulations, to prepare financial reports consistent with the regulations and to submit reports in a timely manner to the Central Bank of Turkish Republic of Northern Cyprus. Also to implement measures relating to “know your customer” and in the Prevention of Money Laundering and the Funding on Terrorist activities under local and international regulations.
- **Credit Risk:** Credit Risk and associated concentration risk is defined as the risk of a counterparty failing to meet its contractual obligations when they fall due. Bank loans and other counterparty obligations form largest part of any Bank’s risk exposure. Our Bank administers a well-established credit policy, rules, guides and procedures are in order to monitor the counterparty risk such as lending limits, credit risk rating and sector based limits. It is part of the Unit’s duties to oversee that risks taken are within the limits established and rules and procedures are followed in granting loans and when taking on other counterparty obligations.
- **Market Risk:** The Bank faces market risk because of possible adverse movements in the interest rates and foreign exchange rates, which are the most significant components of market risk and also faces risks due to fluctuations in the market prices of its securities portfolio. The Bank uses the standard method as defined by the Central Bank to measure the exchange rate risks and market risks. The Bank’s stress testing on exchange rate parity movements, based on scenario cases designed to measure and evaluate, unexpected events of low probability but with possible high impact on profits and capital adequacy are also in place.
- **Liquidity Risk:** Asset and Liability Committee determines the overall strategy of the asset and liability management function within the policy framework and risk appetite set by the Board of Directors. Treasury Unit is responsible in the administration of the daily functions of liquidity and asset and liability management, bearing in mind profitability issues and daily fluctuations in interest and exchange rates. Risk Management Unit oversees that daily ‘disponibilite’ liquidity rate is met as required by the Central Bank, as well as liquidity level set by the Board is adhered to. In addition, liquidity gap analysis of assets and liabilities is calculated and analyzed on a monthly basis based on the number of days due to their respective maturity dates. Stress testing scenario analysis are also in place to measure the impact of a run on the liquid assets of the Bank by the deposit holders especially the core depositors.
- **Operational Risk:** All potential risks including the follow-up and control procedures of the Bank’s operational risks regarding products and services are in place. On the other hand, new product and service implementations are scrutinized and tests are carried out to minimize possible potential risks that may arise. Operational losses that may arise due to unforeseen corruption of the database are closely watched and required risk reduction procedures are brought to the attention of the General Management for implementation.

The analyses reports produced by the Risk Management Unit are beneficial and are taken into consideration by the Risk Committee and the Board of Directors in policy decisions regarding risk and internal control issues.

In conclusion, it is fair to state that the activities of the Internal Systems Units are of high quality and contribute to the compliance of the internal and external regulations, in the preparation of reliable and accurate reports consistent with regulations on a timely manner, in the protection of the Bank’s assets, contribute positively in measures taken to improve the performance and efficiency of operations and quality of services provided and in preserving and improving the reputation and trustworthiness of the Bank.

C. Yenal Musannif
 Vice Chairman and Board Member
 Responsible for Internal Systems.

INDEPENDENT AUDITORS' REPORT FOR THE ACCOUNTING PERIOD

1 JANUARY 2014 - 31 DECEMBER 2014

We have audited the accounts on pages 12 to 46 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 17-18. As described on page 7, the directors of the bank are responsible for the preparation of accounts. Our responsibility is to express an opinion based on our audit.

Responsibility of the Board of Directors of the Bank

Bank's Board of Directors are responsible for the preparation of the financial statements which include the balance sheet and profit and loss account, in accordance with the directive on keeping of accounts issued by the TRNC Central Bank, detailing the keeping of accounts and valuation principles and their application in the framework of uniform chart of accounts, uniform balance sheet and profit and loss account and their respective notes. The Board of Directors are also responsible for Internal Audit, Risk Management, Internal Control and Management Systems Directive issued by the TRNC Central Bank which requires the banks to establish an internal control system and to choose appropriate accounting policies and to apply them. The Board of Directors are also responsible for the preparation of the accounting and financial reports in such a way that they are free from fraud or error.

The Companies Law requires the Board of Directors to prepare the balance sheet and the profit and loss account of the Turkish Bank Limited and the Group, showing the financial position and profit or loss in true and fair manner. The Board of Directors are responsible for keeping the books of account which show the financial position of the Bank in the true and fair manner, and explain transactions and provide information in accordance with TRNC Companies Law Cap 113 and they are also responsible for safe custody of Bank's assets and prevention of fraud or error.

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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' 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.

The Audit Report by the Audit Firm in accordance with sections of Banking Law

In our opinion, the financial statements referred to above were examined on a test basis in accordance with relevant points of sections 34(3) of the Banking Law 39/2001 and are in conformity with uniform accounting plan, uniform balance sheet, uniform statement of income and accompanying notes and the related rules and regulations, accounting and valuation principles as stated in section 29(3) and section 30 of the Banking Law and as explained in the note I-(14) in conformity with accounting records.

The internal audit, risk management, internal control and management systems established in accordance with the directive issued under section 15(3) of the Banking Law 39/2001 detailing the internal audit, risk management, internal control and management system of the bank were reviewed as to their conformity with the directive as stated in the note I-(14) of the financial statements.

Opinion in accordance with Companies Law Chapter 113

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, the bank has kept proper books account, so far, as appears from our examination of those books. The balance sheet of the bank and profit and loss account dealt with by the report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements of the Bank and the Group have been properly prepared in accordance with the provisions of Cap 113, the Companies Law in the manner authorized for banking companies, so as to give a true and fair view of the state of affairs as at 31 December 2014 and the profit for the year 2014 of the bank and so far as concerns members of the bank.

In our opinion, the Group accounts have been properly prepared in accordance with the provisions, the Companies Law Cap 113, so as to give a true and fair view of the state of affairs and the profit attributable to the bank shareholders.

Derviş K. Deniz, BA(Hons) FCA

Nihat Çakan

Responsible Partner

Partner

Nicosia, 20 March 2015
Bank

D.K.Deniz & Co.

Independent Auditors Authorised by the Central

TURKISH BANK LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR 2014

	NOTE	CURRENT PERIOD PREVIOUS PERIOD	
		TL (31/12/14)	TL (31/12/13)
I - INTEREST INCOME	(1)	39.607.514	34.015.425
A. Interest income from loans		25.689.469	18.788.051
1) Interest income from TL loans		16.310.607	11.671.915
a - Short term		10.393.058	7.219.527
b - Medium and long term		5.917.549	4.452.388
2) Interest income from foreign currency loans		9.285.897	6.937.847
a - Short term		1.311.789	813.937
b - Medium and long term		7.974.108	6.123.910
3) Interest income from loans in arrears		92.965	178.289
B. Interest income from reserve deposits at the Central Bank		644.397	676.570
C. Interest income received from banks		2.825.467	3.942.220
1) TRNC Central Bank		877.310	618.721
2) Domestic banks		574.782	543.783
3) Foreign banks		1.373.375	2.779.716
4) Interest income from reverse repos		0	0
D. Interest income from securities portfolio		10.448.181	10.608.569
1) TRNC Development Bank securities		56.461	44.708
2) Other securities		10.391.720	10.563.861
E. Other interest income	(3)	0	15
II - INTEREST EXPENSES	(1)	18.627.807	16.680.825
A. Interest expense payable to deposits		10.300.848	9.670.760
1) Saving deposits		9.551.933	9.120.810
2) Official deposits		5.769	5.387
3) Commercial deposits		680.232	475.026
4) Other institution deposits		62.914	69.537
5) Bank deposits		0	0
B. Interest expense payable to foreign currency deposits		7.691.349	6.262.737
1) Saving deposits		6.478.179	5.389.337
2) Official deposits		111.112	172.892
3) Commercial deposits		1.083.535	688.079
4) Other institution deposits		13.865	12.410
5) Bank deposits		4.658	19
6) Gold reserve accounts		0	0
C. Repo Interest Expense		368.789	708.355
D. Interest expense payable on borrowings		229.039	0
1) TRNC Central Bank		0	0
2) Domestic banks		30.871	0
3) Foreign banks		0	0
4) Other institutions		198.168	0
E. Interest on debentures and securities issued		0	0
F. Other interest expense	(3)	37.782	38.973
III - NET INTEREST INCOME [I - II]		20.979.707	17.334.600
IV - OTHER INCOME	(1)	254.590.737	221.695.103
A. Fees and commissions received		5.403.366	5.782.435
1) From cash loans		251.949	225.363
2) From non-cash loans		657.251	1.529.207
3) Other		4.494.166	4.027.865
B. Profit from capital market operations		1.342.879	1.113.970
C. Foreign exchange profits		244.048.636	209.827.236
D. Dividends received from subsidiaries and participations		523.456	1.237.734
E. Extraordinary income		0	0
F. Other non-interest income	(3)	3.272.400	3.733.728
V - OTHER OPERATING EXPENSES	(1)	270.280.582	234.020.865
A. Fees and commissions paid		1.823.811	1.234.969
1) On cash loans		0	0
2) On non-cash loans		0	0
3) Other		1.823.811	1.234.969
B. Loss on capital market operations		0	11.559
C. Foreign exchange losses		242.620.039	208.453.959
D. Personnel expenses		12.482.849	11.760.502
E. Retirement pay compensation		0	0
F. Rental expenses		927.252	768.538
G. Depreciation		1.548.939	1.238.887
H. Taxes and duties		116.143	339.780
I. Extraordinary expenses		0	0
J. Provision for doubtful debts	(2)	732.756	811.582
K. Other provisions	(2)	1.835.545	1.102.073
L. Other non-interest expenses	(3)	8.193.248	8.299.016
VI - NET OTHER INCOME [IV - V]		(15.689.845)	(12.325.762)
VII - PROFIT BEFORE TAXATION [III + VI]		5.289.862	5.008.838
VIII TAXATION		907.159	1.133.566
IX - NET PROFIT AFTER TAXATION [VII - VIII]		4.382.703	3.875.272

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 20 March 2015.

I. Hakan Börteçene
Chairman

Kıvanç M. Rıza
Director and Secretary

M. A. Yunus Rahmioğlu
General Manager and Director

TURKISH BANK LIMITED
BALANCE SHEET AT 31 DECEMBER 2014

ASSETS	NOTE	CURRENT PERIOD (31/12/2014)			PREVIOUS PERIOD (31/12/2013)		
		TL	FX	TOTAL	TL	FX	TOTAL
I - CASH BALANCES		4.500.581	2.870.141	7.370.722	4.268.326	3.048.901	7.317.227
A. Cash-TL balances		4.500.581	0	4.500.581	4.268.326	0	4.268.326
B. Cash-foreign exchange		0	2.870.141	2.870.141	0	3.048.901	3.048.901
C. Other liquid assets		0	0	0	0	0	0
II - BANK BALANCES	(1)	45.242.863	177.634.150	222.877.013	32.518.253	146.550.078	179.068.331
A. TRNC Central Bank		15.631.572	51.032.853	66.664.425	9.589.816	60.682.646	70.272.462
B. Other Banks		29.611.291	126.601.297	156.212.588	22.928.437	85.867.432	108.795.869
1) Domestic Banks		5.000.001	15.475.835	20.475.836	10.000.001	10.540.847	20.540.848
2) Foreign Banks		24.611.290	111.125.462	135.736.752	12.928.436	75.326.585	88.255.021
3) Reverse Repo Receivables		0	0	0	0	0	0
III - SECURITIES PORTFOLIO (NET)	(2)	38.343.688	32.697.188	71.040.876	17.664.848	16.800.088	34.464.936
A. Treasury Bills		0	0	0	0	0	0
B. Other bills		38.343.688	0	38.343.688	17.664.848	4.265.915	21.930.763
C. Equity shares		0	0	0	0	0	0
D. Other securities		0	32.697.188	32.697.188	0	12.534.173	12.534.173
IV - LOANS AND ADVANCES	(3)	143.275.684	132.682.352	275.958.036	129.604.202	135.573.474	265.177.676
A. Short term		100.190.533	15.589.130	115.779.663	97.497.759	16.761.696	114.259.455
B. Medium and long term		43.085.151	117.093.222	160.178.373	32.106.443	118.811.778	150.918.221
V - LOANS IN ARREARS (NET)	(4)	0	0	0	0	0	0
A. Loans and other receivables with limited repayment capacity (Net)		0	0	0	0	0	0
1) Gross receivable balances		239.763	137.055	376.818	186.686	13.652	200.338
2) Specific provision		(239.763)	(137.055)	(376.818)	(186.686)	(13.652)	(200.338)
Doubtful debts and other receivables							
B. (Net)		0	0	0	0	0	0
1) Gross receivable balances		112.518	20.401	132.919	47.969	508	48.477
2) Specific provision		(112.518)	(20.401)	(132.919)	(47.969)	(508)	(48.477)
C. Bad debts and receivables (Net)		0	0	0	0	0	0
1) Gross receivable balances		885.294	804.208	1.689.502	723.969	787.864	1.511.833
2) Specific provision		(885.294)	(804.208)	(1.689.502)	(723.969)	(787.864)	(1.511.833)
VI - PREPAYMENTS AND ACCRUED INCOME		1.902.098	1.163.758	3.065.856	3.684.828	1.410.262	5.095.090
A. Loans and advances		388.532	615.403	1.003.935	433.264	621.051	1.054.315
B. Securities portfolio		1.491.207	493.629	1.984.836	1.890.028	753.838	2.643.866
C. Other		22.359	54.726	77.085	1.361.536	35.373	1.396.909
VII - FINANCIAL LEASING RECEIVABLES (NET)		0	0	0	0	0	0
A. Financial leasing receivables		0	0	0	0	0	0
B. Unearned income		0	0	0	0	0	0
VIII- RESERVE DEPOSITS AT THE CENTRAL BANK		15.573.419	30.269.623	45.843.042	16.551.304	29.845.945	46.397.249
IX- SUNDRY RECEIVABLES	(5)	92.195	1.590.223	1.682.418	92.443	1.461.940	1.554.383
X- PARTICIPATIONS (NET)	(6)	0	0	0	0	0	0
A. Financial participations		0	0	0	0	0	0
B. Other participations		0	0	0	0	0	0
XI- SUBSIDIARIES (NET)	(6)	3.114.976	27.246.796	30.361.772	2.665.693	27.246.796	29.912.489
A. Financial subsidiaries		3.114.976	27.246.796	30.361.772	2.665.693	27.246.796	29.912.489
B. Other subsidiaries		0	0	0	0	0	0
XII- LONG TERM INVESTMENTS	(7)	55.532.964	31.147.390	86.680.354	81.565.100	51.308.179	132.873.279
A. Equity shares		42.836	0	42.836	42.836	0	42.836
B. Other pledged securities		55.490.128	31.147.390	86.637.518	81.522.264	51.308.179	132.830.443
XIII - FIXED ASSETS	(8)	7.334.073	0	7.334.073	7.477.147	0	7.477.147
A. Book value		20.722.832	0	20.722.832	19.453.748	0	19.453.748
B. Accumulated depreciation		(13.388.759)	0	(13.388.759)	(11.976.601)	0	(11.976.601)
XIV- OTHER ASSETS	(9)	571.017	385.260	956.277	348.698	997.475	1.346.173
TOTAL ASSETS	(19)	315.483.558	437.686.881	753.170.439	296.440.842	414.243.138	710.683.980

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 20 March 2015.

I. Hakan Börteçene
Chairman

Kıvanç M. Rıza
Secretary and Director

M. A. Yunus Rahmioğlu
General Manager and Director

TURKISH BANK LIMITED
BALANCE SHEET AT 31 DECEMBER 2014

LIABILITIES	NOTE	CURRENT PERIOD (31/12/2014)			PREVIOUS PERIOD (31/12/2013)		
		TL	FX	TOTAL	TL	FX	TOTAL
I - DEPOSITS	(10)	207.375.543	390.374.267	597.749.810	193.223.796	380.405.889	573.629.685
A. Saving deposits		178.526.778	336.530.985	515.057.763	174.499.917	312.423.315	486.923.232
B. Official deposits		1.260.763	1.463.788	2.724.551	1.611.856	28.853.445	30.465.301
C. Commerical deposits		26.089.157	50.914.736	77.003.893	15.203.413	36.228.822	51.432.235
D. Other institution deposits		1.491.747	1.356.706	2.848.453	1.896.911	2.815.337	4.712.248
E. Bank deposits		7.098	108.052	115.150	11.699	84.970	96.669
F. Gold reserve accounts		0	0	0	0	0	0
II - FUNDS OBTAINED FROM REPOS	(11)	40.500.000	0	40.500.000	46.000.000	0	46.000.000
III - FUNDS BORROWED	(12)	8.000.000	11.575.000	19.575.000	0	0	0
A. TRNC Central Bank		0	0	0	0	0	0
B. Other funds borrowed		8.000.000	11.575.000	19.575.000	0	0	0
1) Domestic bank and institutions		8.000.000	0	8.000.000	0	0	0
2) Foreign bank and institutions		0	0	0	0	0	0
3) Capital loans		0	11.575.000	11.575.000	0	0	0
IV - FUNDS	(13)	0	0	0	0	0	0
V - SECURITIES ISSUED (NET)	(14)	0	0	0	0	0	0
A. Bonds		0	0	0	0	0	0
B. Asset backed securities		0	0	0	0	0	0
C. Debentures		0	0	0	0	0	0
VI - EXPENSE ACCRUALS AND DEFERRED INCOME		3.556.540	2.065.761	5.622.301	2.352.358	1.784.187	4.136.545
A. Deposits		345.924	932.366	1.278.290	225.038	757.574	982.612
B. Borrowed funds		17.260	0	17.260	0	0	0
C. Other		3.193.356	1.133.395	4.326.751	2.127.320	1.026.613	3.153.933
VII - FINANCIAL LEASING PAYABLES (NET)		0	0	0	0	0	0
A. Financial leasing payables		0	0	0	0	0	0
B. Deferred financial leasing expenses		0	0	0	0	0	0
VIII - TAXES, DUTIES AND SOCIAL SECURITY PREMIUMS PAYABLE		1.189.492	83.456	1.272.948	929.765	58.782	988.547
IX - IMPORT TRANSFER ACCOUNTS		0	0	0	0	0	0
X - SUNDRY LIABILITIES	(15)	274.080	175.515	449.595	284.773	157.607	442.380
XI - PROVISIONS		2.591.897	2.808.131	5.400.028	2.107.782	2.681.678	4.789.460
A. Retirement pay compensation		0	0	0	0	0	0
B. General provision for loans		1.931.309	2.808.131	4.739.440	1.610.794	2.681.678	4.292.472
C. Corporation and Income Tax provisions		420.601	0	420.601	496.988	0	496.988
D. Other provisions		239.987	0	239.987	0	0	0
XII - OTHER LIABILITIES	(16)	2.028.131	2.018.097	4.046.228	3.522.621	3.003.456	6.526.077
XIII - SHAREHOLDERS' FUNDS	(17)	73.148.964	0	73.148.964	67.214.657	0	67.214.657
A. Share capital paid-up		70.031.964	0	70.031.964	64.485.657	0	64.485.657
1) Nominal share capital		70.031.964	0	70.031.964	64.485.657	0	64.485.657
2) Unpaid share capital		0	0	0	0	0	0
B. Statutory reserves		3.117.000	0	3.117.000	2.729.000	0	2.729.000
1) Statutory reserves		3.117.000	0	3.117.000	2.729.000	0	2.729.000
2) Share premium		0	0	0	0	0	0
3) Other legal reserves		0	0	0	0	0	0
C. General reserves		0	0	0	0	0	0
D. Statutory revaluation fund		0	0	0	0	0	0
E. Revaluation balances		0	0	0	0	0	0
F. Loss	(18)	0	0	0	0	0	0
1) Current period loss		0	0	0	0	0	0
2) Previous period losses		0	0	0	0	0	0
XIV - PROFIT		5.405.565	0	5.405.565	6.956.629	0	6.956.629
A. Current period profit		4.382.703	0	4.382.703	3.875.272	0	3.875.272
B. Previous period profits		1.022.862	0	1.022.862	3.081.357	0	3.081.357
TOTAL LIABILITIES	(19)	344.070.212	409.100.227	753.170.439	322.592.381	388.091.599	710.683.980
COMMITMENTS AND CONTINGENT LIABILITIES	(1)						
I - GUARANTEES AND ACCEPTANCES	(2)	3.898.445	20.187.777	24.086.222	2.544.102	52.235.202	54.779.304
II - COMMITMENTS	(3)	109.826.670	68.920.826	178.747.496	88.301.541	44.177.016	132.478.557
III - FOREIGN EXCHANGE&INTEREST RATES OPERATIONS	(4)	0	235.874.138	235.874.138	0	174.785.274	174.785.274
IV - ASSETS HELD UNDER TRUST AND PLEDGED ASSETS		101.733.180	180.737.884	282.471.064	87.705.898	178.350.023	266.055.921
TOTAL		215.458.295	505.720.625	721.178.920	178.551.541	449.547.515	628.099.056

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 20 March 2015.

I. Hakan Börtçeçene
Chairman

Kıvanç M. Rıza
Director and Secretary

M. A. Yunus Rahmioğlu
General Manager and Director

TURKISH BANK GROUP
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014

		CURRENT PERIOD TL (31/12/2014)	PREVIOUS PERIOD TL (31/12/2013)
ASSETS			
I-	CASH BALANCES	135.604.614	124.806.628
II-	BANK BALANCES	268.503.720	236.847.387
III-	SECURITIES PORTFOLIO	82.436.120	46.755.108
IV-	LOANS AND ADVANCES	560.755.537	512.126.123
	A. Short term	181.710.824	176.819.418
	B. Medium and long term	379.044.713	335.306.705
V-	LOANS IN ARREARS (NET)	1.302.476	2.259.971
	A. Gross receivable balances	4.350.843	4.963.729
	B. Specific provision	(3.048.367)	(2.703.758)
VI-	DERIVATIVE FINANCIAL INSTRUMENT - ASSET VALUES	0	0
VII-	PREPAYMENTS AND ACCRUED INCOME	4.568.645	6.527.511
VIII-	RESERVE DEPOSITS AT THE CENTRAL BANK	45.843.042	46.397.249
IX-	SUNDRY RECEIVABLES	1.682.418	1.554.383
X-	LONG TERM INVESTMENTS	86.680.354	132.873.279
	A. Equity shares	42.836	42.836
	B. Other pledged securities	86.637.518	132.830.443
XI-	FIXED ASSETS	36.784.553	32.009.374
	A. Book value	66.483.711	58.472.707
	B. Accumulated depreciation	(29.699.158)	(26.463.333)
XII-	INTANGIBLE FIXED ASSETS	2.522.198	415.667
XIII-	GOODWILL ON CONSOLIDATION	0	0
XIV-	OTHER ASSETS	2.149.530	3.527.275
	TOTAL ASSETS	1.228.833.207	1.146.099.955
LIABILITIES			
I-	DEPOSITS	1.004.899.911	950.977.825
	A. Savings deposits and other customer accounts	994.948.996	925.974.665
	B. Banks deposits	9.950.915	25.003.160
II-	FUNDS DERIVED FROM REPO TRANSACTIONS	40.500.000	46.000.000
III-	BORROWINGS	19.575.000	0
IV-	DERIVATIVE FINANCIAL INSTRUMENT - LIABILITIES VALUES	0	0
V-	EXPENSE ACCRUALS AND DEFERRED INCOME	6.608.117	4.800.147
VI-	TAXES, DUTIES AND SOCIAL SECURITY PREMIUMS PAYABLE	1.496.011	1.174.313
VII-	SUNDRY PAYABLES	786.148	773.007
VIII-	PROVISIONS	6.266.222	5.872.902
	A. General provision for loans	4.739.440	4.292.472
	B. Corporation and Income Tax provisions	734.947	1.101.434
	C. Other provisions	791.835	478.996
IX-	OTHER LIABILITIES	5.808.939	7.772.892
X-	MINORITY INTEREST	18.226.810	16.308.763
XI-	SHAREHOLDERS' FUNDS	124.666.049	112.420.106
	A. Share capital-paid	70.031.964	64.485.657
	B. Statutory reserves	3.117.000	2.729.000
	C. Securities and Real Estate Revaluation Reserves	16.247.969	11.721.926
	D. Consolidation Reserve	8.684.789	7.634.789
	E. Profit and Loss Account	26.584.327	25.848.734
	TOTAL LIABILITIES	1.228.833.207	1.146.099.955
COMMITMENTS AND CONTINGENT LIABILITIES			
I-	GUARANTEES AND ACCEPTANCES	26.799.022	54.917.524
II-	COMMITMENTS	674.908.821	595.835.039
III-	FOREIGN EXCHANGE AND INTEREST RATES OPERATIONS	231.005.391	169.916.527
IV-	ASSETS HELD UNDER TRUST AND PLEDGED ASSETS	282.471.064	266.055.921
	TOTAL	1.215.184.298	1.086.725.011

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 20 March 2015.

I. Hakan Börteçene
Chairman

Kıvanç M. Rıza
Director and Secretary

M. A. Yunus Rahmioğlu
General Manager and Director

**TURKISH BANK GROUP
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2014**

	NOTE	CURRENT PERIOD	PREVIOUS PERIOD
		TL (31/12/2014)	TL (31/12/2013)
I - INTEREST INCOME	I-(1)(ii)c	57.251.773	50.658.074
II - INTEREST EXPENSE		24.419.473	23.356.104
III - NET INTEREST INCOME		32.832.300	27.301.970
IV - OTHER INCOME		262.179.054	229.288.532
Commission and fee income	I-(1)(ii)c	10.613.775	10.933.453
Profits from capital market operations		1.817.815	1.113.970
Foreign exchange profits		245.043.333	210.669.744
Other non-interest income		3.416.287	5.312.492
Insurance business income		1.287.844	1.258.873
V - OTHER OPERATING EXPENSES		286.413.316	249.294.033
Fees and commissions paid		2.341.288	1.655.199
Loss on capital market operations		0	11.559
Foreign exchange losses		242.746.748	208.528.863
Personnel expenses		21.065.033	19.688.787
Depreciation	I-(1)(ii)h	3.217.472	3.041.313
Provision for doubtful debts	I-(1)(ii)e	732.756	1.049.106
Other provisions		1.835.545	1.102.073
Other non-interest expenses		14.474.474	14.217.133
VI - NET OTHER INCOME		(24.234.262)	(20.005.501)
VII - NET PROFIT BEFORE TAXATION	III-(4)	8.598.038	7.296.469
VIII- TAXATION	II-ii-(19)e(iii)	1.906.076	2.147.013
IX - NET PROFIT AFTER TAXATION		6.691.962	5.149.456
X- MINORITY INTERESTS	II-ii-(19)e(iv)	690.159	645.257
XI- PROFIT ATTRIBUTABLE TO THE BANK SHAREHOLDERS	II-ii-(19)e(v)	6.001.803	4.504.199

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 20 March 2015.

İ. Hakan Börteçene
Chairman

Kıvanç M. Rıza
Director and Secretary

M. A. Yunus Rahmioğlu
General Manager and Director

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK:

(Amounts unless expressed otherwise are expressed in Turkish Lira)

Notes and disclosures in respect of current period:

(1) (i) Date of approval of the balance sheet is 20 March 2015.

(ii) Principal accounting policies:

a. Accounting convention:

Accounts have been prepared in Turkish Lira and under the historical cost convention, in accordance with Banking Law, Chapter 113, Companies Act, and Tax Law and Regulations, and generally accepted accounting standards. The financial statements have been prepared in conformity with the Uniform Chart of Accounts, uniform accounting and valuation standards and the methods of implementation of these rules that have been determined as per 39/2001 Banking Law.

The financial statements of the Bank and the Group as at 31 December 2014 are presented comparatively with the audited balances as at 31 December 2013.

b. Group consolidated accounts:

The consolidated accounts of the group comprise the accounts of the bank and its subsidiaries (Turkish Bank (UK) Limited and Turkish Insurance Limited) for the year ended 31 December 2014. All of the bank's and subsidiaries' assets and liabilities, income and expenditure as well as the contingent liabilities and commitments are fully consolidated. The book value of the investment of the bank in the subsidiaries has been netted off with part of the equity of the subsidiaries that belongs to the Bank. Unearned income and expenditure and intergroup balances have been eliminated.

c. Interest and Fee Income:

Interest income is recognized in the profit and loss account as it accrues and fee income is recognized when received.

d. Foreign currencies:

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Group assets and liabilities in foreign currencies and the results of the oversea subsidiary companies have been translated at the rates of exchange ruling at 31 December 2014. Loans in arrears as required by law, have been translated at the exchange rate on the date they were classified as past due.

e. Loans, advances and doubtful debts:

Loans and advances and other receivables are stated after deduction of specific provisions for bad and doubtful debts in accordance with the Decree concerning the principles and methods for provisions against loans and other assets issued under 39/2001 Banking Law. In accordance with this Decree and based on the principles of prudence, the Bank has made 100 % specific provision against doubtful debts.

The loans and receivables of Turkish Bank (UK) Ltd. are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. All fees associated with assets taken as security for advances and non-recoverable assets are not included in the cost of the transaction and are recorded as expenses. Appropriate allowances for estimated irrecoverable amounts are recorded as specific provisions in the profit and loss account.

f. Taxation:

Turkish Bank Ltd. and Turkish Insurance Ltd. pay 10 % corporation tax on their taxable income and 15 % income tax on the remaining profit after deduction of 10 % corporation tax. Total tax liability is 23.5 %. (2013-%23.5).

Turkish Bank (U.K) pays 21.50 % (2013-23.25 %) corporation tax on their taxable income.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

Deferred Tax Provision

Deferred taxation is accounted for on all material timing differences between accounting and taxation treatment of income and expense.

g. Leasing:

The bank has no assets held under finance leases. The bank has no assets leased to third parties under finance lease. Rents paid under operating leases are charged to income on straight line basis over the lease term.

At Turkish Bank (UK) Ltd. assets held under finance leases, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

h. Fixed assets:

- (i) Fixed assets of Turkish Bank Limited and Turkish Insurance Limited have been amortized over their useful lives at 3-33.3% per annum using the straight line method.

Tangible fixed assets acquired before 1 January 2007, are stated at inflation-adjusted values determined by statutory law 66/1999 on 31 December 2006, the ones which were acquired from that date on are recognized at cost.

- (ii) Fixed assets of oversea subsidiary Turkish Bank (UK) Limited:

Freehold buildings of oversea subsidiary have been revalued by independent valuers in December 2014. Valuations were made on the basis of open market value for existing use. Remaining fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets, except freehold land, on a straight line basis over their estimated useful lives. Freehold buildings are depreciated at the annual rate of 2% and the other fixed assets are depreciated at annual rates ranging from 5% to 20%.

- iii) Maintenance costs for fixed assets are recorded as expenses. There are no mortgages or liens registered on the fixed assets.

i. Intangible Fixed assets:

Intangible fixed assets include computer software which is being used by Turkish Bank (UK) Ltd. They have been amortized at an annual rate of 20% per annum using the straight line method.

j. Futures, Swaps and Derivatives:

Bank's derivative operations consist of swap agreements. Swaps are recorded at cost and include operational costs. Obligations and receivables arising from swap contracts are recorded in the memorandum accounts.

Swaps are valued at market value and any surplus or deficit is recorded in "prepayments and accrued income" or "expense accruals and deferred income" accounts and written off to profit and loss account over the term of the swap deal.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(2) General Information about the Bank:

a) Legal Structure of the Bank:

Turkish Bank Limited is a public company quoted on the TRNC Stock Exchange, registered under Companies Law Chapter 113 and regulated by Banking Law 39/2001.

b) The members of the board of directors, senior management, the internal auditors and independent external auditors are listed on page 3 of this report.

c) The members of the board of directors, the board member responsible for internal systems, senior management and the internal systems staff have the appropriate qualifications as required in part 4 clause 15 and clause 16 of the Banking Law 39/2001 and "the Internal Audit, Risk Management, Internal Control and Management Systems Directive".

d) From inspections and controls conducted, The Internal Control System of the Bank has been found reliable by the bank's administration.

e) Summary Information Regarding the Bank's Services and Activities

The Bank's principal services include loans and advances, deposits, money transfers, trade finance, issuing domestic and international letters of guarantees, capital markets transactions, foreign exchange, securities, safety deposit boxes, insurance and any other banking business permissible by the TRNC Central Bank and law.

f) Financial Instruments

Financial instruments include financial assets, financial liabilities and derivatives. Financial instruments form the basis of the Bank's commercial activities. A significant part of the Bank's total risks comes from the risks inherent in these instruments. Financial instruments have an impact on the Banks liquidity, credit and market risks. The bank trades these instruments on account and on behalf of its customers.

Financial instruments are the basis of the bank's business and operations. These instruments create impact and decrease the liquidity, credit and interest rate risk.

g) Strategy for the Use of Financial Instruments.

The Bank aims to be active in all areas of banking. The composition of the banks sources of funds determines its strategy related to financial instruments. The main source of funds is customer deposits; borrowing is rare. Investments are generally selected from liquid assets. Liquidity is made available to match our obligations. At the balance sheet date, the composition of the Bank's assets and shareholders' funds is sufficient to match our obligations.

The Bank does not carry a foreign exchange position because of the risk inherent in the floating currency regime.

Investment decisions are made taking into consideration the maturity of balance sheet items and interest rates. Limits related to the balance sheet have been established. The composition of assets has been established and an analysis of returns is conducted based on this composition.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

- (3) There have been no changes in the accounting policies.
- (4) **Validity of the basic accounting assumptions; going concern, accrual basis and consistency:**
These basic accounting assumptions are being fully implemented by the bank.
- (5) There have been no changes in the valuation methods applied in the year-end results of the bank.
- (6) **Securities portfolio (Including participations, subsidiaries, long term investments) valuation methods**

Securities held by Turkish Bank Ltd and Turkish Insurance Ltd:

Securities have been shown at cost. Premiums or discounts are calculated on accruals basis and are taken into consideration when calculating the cost.

Participations, subsidiaries and long-term investments:

The participations, subsidiaries and long-term investments of the bank purchased before 1 January 2007 are shown at values determined by statutory valuation done in 2006.

Securities held by Turkish Bank (UK) Ltd

i) Investments are classified as available-for-sale and held-to-maturity. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All investments are recorded in the consolidated balance sheet as "Securities".

Available-for-sale investments are measured at subsequent reporting dates at fair value. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed off or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Foreign exchange gains and losses, interest recognised under the effective interest rate method and impairment losses are taken to the profit and loss account. Impairment losses are recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

ii) Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

(7) The strategy of the bank regarding management of foreign exchange risk in foreign currency transactions:

Foreign currency denominated assets and liabilities together with purchase and sale commitments give rise to foreign exchange exposure. The group's foreign currency asset and liability management of price, liquidity and credit risk is performed in line with targeted maturity and currency matching limits.

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

- (8) **USD and GBP Foreign exchange rates used in the preparation of the Balance Sheet and the bid rates declared by the bank on the last five working days of the current accounting period.**

	Current Period	Previous Period
US Dollar:	2.31500 TL.	2.11700 TL.
<u>Preceding the Balance Sheet date:</u>		
1. Day bid rate	2.31500 TL.	2.11700 TL.
2. Day bid rate	2.31000 TL.	2.15000 TL.
3. Day bid rate	2.30100 TL.	2.08500 TL.
4. Day bid rate	2.30000 TL.	2.07600 TL.
5. Day bid rate	2.31100 TL.	2.07300 TL.
	Current Period	Previous Period
GBP:	3.59800 TL.	3.49300 TL.
<u>Preceding the Balance Sheet date:</u>		
1. Day bid rate	3.58800 TL.	3.47800 TL.
2. Day bid rate	3.58400 TL.	3.54100 TL.
3. Day bid rate	3.57100TL.	3.41300TL.
4. Day bid rate	3.56400 TL.	3.37800 TL.
5. Day bid rate	3.58400 TL.	3.38300 TL.

- (9) **Value of assets and the total insurance cover**

	<u>Current Period: 31/12/2014</u>		<u>Insurance Cover</u>
	<u>Book Value</u>	<u>Accumulated Depreciation</u>	
Assets	20,722,832	13,388,759	20,827,213
Movable property (Equipment, furniture fixtures and fittings)	13,451,710	9,356,207	13,616,798
Immovable property	7,271,122	4,032,552	7,210,235
Assets held that have to be disposed	-	-	-
	<u>Previous Period: 31/12/2013</u>		
	<u>Book Value</u>	<u>Accumulated Depreciation</u>	<u>Insurance Cover</u>
Assets	19,453,748	11,994,915	18,175,954
Movable property (Equipment, furniture fixtures and fittings)	11,991,587	8,021,866	10,945,621
Immovable property	7,462,161	3,973,049	7,230,333
Assets held that have to be disposed	-	-	-

- (10) **Material, contingent, and conditional losses and gains the value of which could not be estimated.**

Assets and liabilities that may materialise as a result of conditional events are only accounted for when such conditional events are likely to happen.

As a result of a judgement made against the Bank in the High Court of South Cyprus, in previous years EUR 421,589 and in 2014 EUR 13,387 were recorded in expenses, totaling EUR 434,976. The Bank reserves the right to claim this amount, if necessary, through legal action from the TRNC.

- (11) **The material events that happened after balance sheet date affecting 2014 that needs explaining:**

- a) **Uncompleted transaction existing at the year end, the result of which would affect this financial report: None.**

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Thousand Turkish Lira)

b) There have been no material changes in the foreign exchange rates since the balance sheet date that would affect decision making and evaluating this financial report.

(12) There are no material items affecting the balance sheet in a significant way that need to be explained in order to make the balance sheet more clear and understandable.

(13) Capital Adequacy Standard Ratio:

a) List of Risk-Weighted Assets

	Risk-Weighted Assets			
	0%	20%	50%	100%
Risk-weighted Assets, Commitments and Contingent Liabilities	307,615	166,632	33,528	309,546
Assets (Net)				
Cash Balances	7,371	0	0	0
Balances at Central Bank	66,664	0	0	0
Interbank Funds	0	0	0	0
Bank Balances	0	137,895	0	18,317
Securities Portfolio	32,704	9,021	0	29,316
Reserve Deposits at Central Bank	45,843	0	0	0
Reverse Repo Receivables	0	0	0	0
Loans and Advances	35,638	108	32,653	207,560
Loans in Arrears	0	0	0	0
Prepayments and Accrued Income	1,059	226	0	1,781
Participations and Subsidiaries	0	0	0	0
Long Term Investments	48,307	16,983	0	21,387
Assets Held for Resale	0	0	0	0
Fixed Assets	0	0	0	7,334
Other Assets	0	0	0	2,292
Off-Balance-Sheet Items				
Guarantees	8,662	48	581	1,575
Documentary Credits	0	0	0	33
Other Liabilities and commitments	0	0	0	0
Undertakings	61,367	5	294	19,945
Foreign Currency and Interest Rates Operations	0	2,346	0	0
Non Risk-Weighted Accounts	0	0	0	6
Total Risk-Weighted Assets	0	33,326	16,764	309,546
Market Risk & Operational Risk	0	0	0	93,200
TOTAL	0	33,326	16,764	402,746

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Thousand Turkish Lira)

b) Details of Capital and Reserves

	Current Period	Previous Period
1-Tier I Capital	78,215	73,855
a. Paid-up Capital	70,032	64,486
b. Statutory Reserves	3,117	2,729
c. General Reserves	0	0
d. Profit after Tax and Retained Earnings	5,406	6,956
e. Current and Previous Years Losses (-)	0	0
2-Tier II Capital	16,473	4,292
a. General Provision	4,739	4,292
b. Fixed Asset Revaluation Fund	0	0
c. Inflation Adjustment Reserve	0	0
d. Participations and Subsidiaries Reserves	0	0
e. Capital Loans	11,494	0
f. Contingency Reserves	240	0
g. Securities Valuation Fund	0	0
3-Total Capital (1+2)	94,688	78,147
4-Capital as Determined by Capital Adequacy Ratio Regulations	94,688	78,147
5-Items to be Deducted from Capital	30,705	30,232
a. Investment in Participations and Subsidiaries	30,365	29,916
b. Intangible Assets	0	0
c. Formation Expenses	0	0
d. Prepaid Expenses	340	316
e. The Difference Between Market Value and Net Book Value of Fixed Assets Where The Market Value is Lower Than Net Book Value	0	0
f. Loan Capital Given to Other Banks Operating in TRNC	0	0
g. Goodwill	0	0
h. Loans Exceeding Statutory Limits	0	0
6-Net Capital (4-5)	64,323	48,231

c) Summary Details of Capital Adequacy Ratio;

	TL. %	TL. %
	Current Period	Previous Period
Total Risk-Weighted Assets	452,836	401,374
Net Capital	64,323	48,231
Capital Adequacy Ratio (%)	%14.20	%12.02

TURKISH BANK LIMITED

I- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(14) The opinion of the independent auditors auditing this financial report on matters that they are required to report as per Banking Law Regulations

Information given as per Article 12 of the 'Principles Relating to the Establishments Authorised to Carry Out Independent Audits of the Banks' Decree that has been prepared by the TRNC Central Bank as per Article 34(3) of the Banking Law 39/2001:

- a. The legal structure of the bank:
The bank is a public company registered under Companies Law Chapter 113 and is subject to 39/2001 Banking Law. All its shares are quoted on the TRNC Stock Exchange.
- b. The share capital structure of the bank and disclosure of shareholders owning 10% or more are reported in notes to the accounts II (17) e).
- c. The members of the board of directors, senior management and the Head of Internal Control Systems are listed on page 3.
- d. The members of the board of directors, senior management and the Internal Control Systems Administrators of the bank have appropriate qualifications as required by the 39/2001 Banking Law.
- e. The Bank has prepared its accounts in conformity with the Uniform Chart of Accounts, uniform balance sheet and profit and loss statement, notes to the financial statements, accounting and valuation standards as prescribed by the TRNC Central Bank.
- f. There have been no changes in the accounting policies.
- g. The auditors are satisfied about the confirmation of the bank management that the internal control system is reliable.

h. i) Establishment of Internal Systems

A non-executive director has been appointed as Board Member responsible for Internal Systems. The qualifications, responsibilities and authority of this member conform with the Internal Audit, Risk Management and Internal Control directive issued under the TRNC Banking Act paragraph 15 (3).

The Bank carries out its internal systems function through its Internal Audit, Risk Management and Internal Control units. The qualifications of the staff conform to the Directive.

ii) Internal Audit

The planning, functions and reporting of Internal Audit activities conform to the Directive.

- The evaluation and classification by risk category of the Bank's loans have been reported to the Central Bank.
- The Bank has monitored and evaluated the Bank's risks conforming to Risk Matrix in the directive.
- The Internal Audit Unit has reported to the Internal Systems Committee as required by the Directive.

iii) Compliance

The activities and reporting have been carried out in line with the Directive. The Bank has established the necessary structure and appropriate procedures to ensure compliance with the law.

The Unit's activities include monitoring the timely and continuous compliance of the Bank with the regulations, detecting any discrepancies and ensuring the implementation of appropriate corrective measures, ensuring the compliance of the financial system of the Bank with regulations on the prevention of money laundering and finance of terrorism. The legislative modifications are being monitored and the Bank's activities are being controlled to make sure they are kept in compliance with the new regulations.

iv) Internal Control

The activities have been carried out as prescribed by the Directive.

- An Internal Systems Unit has been established appropriate to the Bank organization, written strategies, and policy related to its activities as well as its procedures have been prepared, the effective control of its activities and operations have been established.
- The information systems match the scale, operations and transaction complexity and attributes of the Bank.
- The communication infrastructure and channels are being used efficiently and are being monitored.
- An Emergency and Contingency Plan is ready for implementation.

v) Risk Management

The activities, obligations and reporting as required by the Directive have been met. The Unit maintains the identification, evaluation, monitoring, controlling and planning of the Bank's risks in conformity with the Directive. The bank has performed stress tests and simulations.

The Bank has established an effective internal control system and has sufficiently used its Internal Systems. The infrastructure of the systems of control employed is appropriate for the Bank.

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS:

(Amounts unless expressed otherwise are expressed in Turkish Lira)

i) NOTES AND DISCLOSURES REGARDING ASSETS:

(1) Bank Accounts:

a) Balances with TRNC Central Bank;

	Current Period		Previous Period	
	TP	FX	TP	FX
Unpledged Current Balances	15,631,572	51,032,853	9,589,816	60,682,646
Unpledged Deposit Balances	0	0	0	0
Pledged Balances	0	0	0	0
TOTAL	15,631,572	51,032,853	9,589,816	60,682,646

b) Bank Balances with Overseas Banks;

	Unpledged Balances		Pledged Balances	
	Current Period	Previous Period	Current Period	Previous Period
Turkey	113,428,725	54,424,311	0	0
EU Countries	22,308,027	26,329,359	0	5,780,915
USA and Canada	0	1,720,436	0	0
OECD Countries'	0	0	0	0
Offshore Zone	0	0	0	0
Other	0	0	0	0
TOTAL	135,736,752	82,474,106	0	5,780,915

* OECD Countries other than Turkey, EU Countries, USA and Canada.

c) Reverse Repo Receivables: None

	Current Period		Previous Period	
	TP	FX	TP	FX
Domestic Transactions	0	0	0	0
TRNC Central Bank	0	0	0	0
Banks	0	0	0	0
Other Financial Institutions and Corporations	0	0	0	0
Other Institutions and Corporations	0	0	0	0
Overseas Transactions	0	0	0	0
Central Banks	0	0	0	0
Banks	0	0	0	0
Other Financial Institutions and Corporations	0	0	0	0
Other Institutions and Corporations	0	0	0	0
Real Persons	0	0	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(2) Securities Portfolio;

- a) i- Fair value increases in the securities portfolio are not recorded in the accounts.
 ii- Shares have been shown at cost.
 iii- 11,109,188 TL of the securities portfolio balance is held for legal requirements.

b) Analysis of securities portfolio

Types of Securities	Current Period		Previous Period	
	TL	FX	TL	FX
TRNC Development Bank Securities	0	11,109,188	0	12,534,173
Turkish Treasury Bonds	0	0	0	0
Turkish Government Securities	6,926	0	892,724	0
Other OECD Countries Bonds and Securities	38,336,762	0	16,772,124	4,265,915
Other Countries Bonds and Securities	0	0	0	0
Other	0	21,588,000	0	0
TOTAL	38,343,688	32,697,188	17,664,848	16,800,088

Note: The "Other" line comprises from TRNC Central Bank Bonds. The book value of the securities portfolio on the balance sheet is TL 71,040,876. As at 31.12.2014, the market value has been calculated as TL 71,039,822.

(3) Loans Details:

a) Loans given to bank personnel and shareholders:

	Current Period		Previous Period	
	Cash	Non-Cash	Cash	Non-Cash
Loans directly given to shareholders	59,924	0	26,032	0
Loans given to corporate body shareholders	900	0	1,899	0
Loans given to real shareholders	59,024	0	24,133	0
Indirect loans given to shareholders	66,275	2,813	174,580	2,915
Loans given to personnel	3,906,088	0	4,042,418	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

d) Group I and Group II loans, other receivables and restructured and/or rescheduled loans and other receivables:

Loans	Standard, Performing Loans and Other Receivables		Loans and Other Receivables Under Follow-up	
	Loans and Other Receivables	Rescheduled Loans and Other Receivables	Loans and Other Receivables	Rescheduled Loans and Other Receivables
Bills Discounted	128,464	0	0	0
Export Loans	0	0	0	0
Import Loans	0	0	0	0
Export Guarantee Investment Loans	0	0	0	0
Other Investment Loans	0	0	0	0
Business Loans	117,042,544	1,157,859	744,474	0
Special Loans	0	0	0	0
Funded Loans	0	0	0	0
Consumer Loans	41,776,507	1,796,037	821,133	3,948
Credit Cards	3,762,235	0	126,778	0
Security Purchase Loans For Customers	0	0	0	0
TRNC Central Bank Funded Loans	0	0	0	0
Loans Given Through TRNC Central Bank	0	0	0	0
Other Loans	107,636,040	50,578	911,439	0
TOTAL	270,345,790	3,004,474	2,603,824	3,948

b) Loan Classification by Users:

	Current Period	Previous Period
Public	26,085,705	19,070,726
Private	249,872,331	246,106,950
TOTAL	275,958,036	265,177,676

d) Loan Classification-Domestic and Overseas:

	Current Period	Previous Period
Domestic Loans	121,138,035	124,162,841
Overseas Loans	154,820,001	141,014,835
TOTAL	275,958,036	265,177,676

e) Loans Given to Participations and Subsidiaries: None

	Current Period	Previous Period
Direct Loans to Participations and Subsidiaries	0	0
Indirect Loans to Participations and Subsidiaries	0	0
TOTAL	0	0

TRKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

- f) The first hundred largest cash loan customers make up 84% of the total cash loan portfolio and nine cash loan customers make up 50% of the cash loan portfolio.
- g) The first hundred largest non-cash loan customers make up 98% of the total non-cash loan portfolio and one customer holds 50% thereof.
- h) The first hundred largest cash and non-cash loan customers make up 17% of the total assets (including off-balance-sheet items) and nine customers make up 50% of the total cash and non-cash loan portfolio of the bank.

(4) Loans in Arrears:

a) Total Non-performing Loans - Movements in the Year:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Repayment Capacity	Doubtful Debts and Other Receivables	Bad Debts and Other ve Receivables
Balances Brought Forward	200,338	48,477	1,511,833
Additions in the Year (+)	781,043	9,907	22,782
Transfer from Other Non-Performing Loans	0	471,267	353,232
Transfer to Other Non-Performing Loans	488,539	335,960	0
Collections in the Period (-)	114,834	60,772	197,709
Write Offs (-)	1,190	0	636
Balances at the end of Period	376,818	132,919	1,689,502
Specific provision (-)	376,818	132,919	1,689,502
Net Book Value	0	0	0

Note: Three non-performing credit cards totaling TL 1,190 and a non-performing current account with a TL 636 debit balance were written-off.

b) Foreign Currency Non-Performing Loans - Movements in the Year:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Repayment Capacity	Doubtful Debts and Other Receivables	Bad Debts and Other Receivables
Current Period:			
Balances Brought Forward	137,055	20,401	804,208
Specific Provision (-)	137,055	20,401	804,208
Net Book Value	0	0	0
Previous Period:			
Balance Brought Forward	13,652	508	787,864
Specific Provision (-)	13,652	508	787,864
Net Book Value	0	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

c) Bad Debts and Other Receivables Analysed By Types of Securities and Provisions Made:

Security Group	Loans Given	Provision
Unsecured	436,173	436,173
Group I - Cash Security	97	97
Group II - Immovable Security	499,095	499,095
Group III - Movable Security	753,968	753,968
Group IV - Other Security	169	169

d) Bad Debts and Receivables Policy of the Bank:

After giving written notice, non-performing loans are transferred to bank lawyers for legal action. Collections are followed up in accordance with judgment obtained.

(5) Details of Installment Sales balances included in Other Receivables:

	Current Period	Previous Period
Sale of participations, subsidiaries and joint ventures	0	0
Sale of immovable property	0	0
Other asset sales	0	0

(6) Details Regarding Participations, Subsidiaries:

a) Participations and subsidiaries have all been shown at values determined in 2006 as per statutory valuation. Participations and subsidiaries are not quoted on any stock exchange.

b) Analysis and Book Values of participations and subsidiaries by sector:

	Participations		Subsidiaries	
	Current Period	Previous Period	Current Period	Previous Period
Banks	0	0	27,246,796	27,246,796
Insurance Companies	0	0	3,114,976	2,665,693
Finance Companies	0	0	0	0
Other financial participations	0	0	0	0
Other non-financial participations and subsidiaries	0	0	0	0

c) Bank Share of Investment in Participations and Subsidiaries:

Title	Address	Banks Share of Investment and Voting Right If Different (%)	Group Holding (%)	Current Year Profit	Market Value
Turkish Bank (UK) Ltd	84-86 Borough High Street London SE1 1LN UK	83	100	2,155,202	87,107,580
Turkish Insurance Ltd	182 Girne Caddesi Lefkoşa TRNC	51	98	677,513	7,592,523

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

d) Participations Quoted on Stock Exchange; None

	Current Period	Previous Period
Quoted on local Stock Exchange	0	0
Quoted on overseas Stock Exchange	0	0

e) Subsidiaries quoted on Stock Exchange; None

	Current Period	Previous Period
Quoted on local Stock Exchange	0	0
Quoted on overseas Stock Exchange	0	0

f) Number of bonus shares received from participations and subsidiaries as a result of capitalising of reserves;

Number of bonus shares received	Current Period	Previous Period
Participations	0	0
Subsidiaries	0	0

g) Details of receivables from and debts due to Participations and Subsidiaries;

	Financial Participations and Subsidiaries Balance	Non-Financial Participations and Subsidiaries Balance
RECEIVABLES		
-Banks and Other Financial Institutions	3,789,861	0
-Debentures and Similar Securities	0	0
-Loans (Including Doubtful Debts)	0	0
-Interest and Income Accruals	0	0
-Financial Leasing Receivables (NET) (*)	0	0
-Other Receivables	0	0
BORROWINGS		
-Deposits	624,464	0
-Borrowed Funds	0	0
Securities Issued	0	0
-Interest and expense prepayments	36	0
-Financial leasing liabilities	0	0
-Other liabilities	0	0
OFF-BALANCE-SHEET COMMITMENTS AND LIABILITIES	111,630	0

(*)To be used by banks, authorized by law.

(7) Details about Long-Term Investments;

Held-to-maturity Investments:	Current Period	Previous Period
1- Debt securities	45,337,993	84,150,809
2- Repo related items	41,299,525	48,679,634
3- Other: Investment in share capital	42,836	42,836
4- Provision for loss in value (-)	0	0
TOTAL	86,680,354	132,873,279

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(8) (a) (i) Details Regarding Fixed Assets Of The Bank;

	Immovable Property	Vehicles	Other Fixed Assets	Total
Balance from previous year:				
Cost	7,462,161	665,917	11,325,670	19,453,748
Accumulated depreciation (-)	(3,973,049)	(385,489)	(7,636,377)	(11,994,915)
Net Book Value	3,489,112	280,428	3,689,293	7,458,833
Current Period:				
Net book value at the beginning of the year	3,489,112	280,428	3,689,293	7,458,833
Purchases	0	0	1,461,892	1,461,892
Sales and disposals - Net (-)	(36,298)	0	(1,415)	(37,713)
Diminution in value	0	0	0	0
Depreciation charge (-)	(214,244)	(67,091)	(1,267,604)	(1,548,939)
Net Exchange differences (-)	0	0	0	0
Closing Net Book Value	3,238,570	213,337	3,882,166	7,334,073

(a) (ii) Details Regarding Fixed Assets of the Group;

	Immovable Property	Other Fixed Assets	Total
Balance from previous year:			
Cost	34,227,683	25,413,883	59,641,566
Accumulated depreciation (-)	(9,218,933)	(17,694,895)	(26,913,828)
Net Book Value	25,008,750	7,718,988	32,727,738
Current Period:			
Net book value at the beginning of the year	25,008,750	7,718,988	32,727,738
Purchases	5,267,472	1,868,224	7,135,696
Sales and disposals - Net (-)	(36,298)	(1,414)	(37,712)
Diminution in value	0	0	0
Depreciation charge (-)	(714,365)	(2,326,804)	(3,041,169)
Closing Net Book Value	29,525,559	7,258,994	36,784,553

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(a) (iii) Details of Intangible Fixed Assets of the Group;

Previous Period:	TOTAL
Cost	4,824,920
Accumulated Depreciation (-)	(4,396,756)
Net Book Value	428,164
Current Period:	
Beginning Net Book Value	428,164
Purchases	2,270,338
Disposals-Net Value(-)	0
Statutory Valuation	0
Depreciation	(176,304)
Closing Net Book Value	2,522,198

(b) No assets have been acquired in lieu of any receivables that according to Banking Law have to be disposed of.

(9) Details of Other Assets;

a) Other assets do not exceed 10% of total assets of the Bank.

b) Prepaid Expenses, tax and other similar transactions details:

Expenses Paid in Advance	Total
Software Maintenance and Licensing Cost	208,624
VISA Membership Cost	80,195
Insurance Expenses	51,030
Other Expenses	428
Total	340,277

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(ii) NOTES AND DISCLOSURES REGARDING LIABILITIES:

(10) Breakdown of Deposits

a) Details of Deposits Analysed By Residual Maturity

Current Period:

	On Demand	7 Days Notice	Within 1 Month	Within 3 Months	Within 6 Months	Within 1 Year	Over 1 Year
Resident Accounts							
1) Savings Accounts	32,714,964	0	136,881,734	2,944,657	937,113	1,261,544	0
2) Official, Commercial and Other Institutions Deposits	15,040,821	0	5,116,117	8,617,210	625	33,846	0
3) Foreign Currency Savings	35,830,858	0	220,471,062	17,501,772	6,971,229	30,582,557	0
4) Foreign Currency Official, Commercial and Other institutions Deposits	10,656,079	0	6,967,428	10,943,334	24,814,691	337,133	0
Non-Resident Accounts							
1) Savings Accounts	472,387	0	3,231,871	14,778	25,509	42,221	0
2) Official, Commercial and Other Institutions Deposits	33,048	0	0	0	0	0	0
3) Foreign Currency Savings	2,205,764	0	10,036,383	4,969,498	1,634,495	6,327,367	0
4) Foreign Currency Official, Commercial and Other institutions Deposits	16,565	0	0	0	0	0	0
Banks Deposit							
Local Banks	104,399	0	0	0	0	0	0
Overseas Banks	0	0	0	0	0	0	0
Off-Shore Banks	10,751	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	97,085,636	0	382,704,595	44,991,249	34,383,662	38,584,668	0

Previous Period:

	On Demand	7 Days Notice	Within 1 Month	Within 3 Months	Within 6 Months	Within 1 Year	Over 1 Year
Resident Accounts							
1) Savings Accounts	31,391,847	0	133,661,793	3,442,188	1,041,818	1,333,617	0
2) Official, Commercial and Other Institutions Deposits	16,096,155	0	2,554,763	16,366	594	31,942	0
3) Foreign Currency Savings	37,630,510	0	196,629,825	19,196,812	5,056,736	31,386,556	0
4) Foreign Currency Official, Commercial and Other institutions Deposits	11,086,299	0	37,148,748	12,159,950	7,274,053	207,071	0
Non-Resident Accounts							
1) Savings Accounts	490,973	0	3,041,890	31,497	24,238	40,056	0
2) Official, Commercial and Other Institutions Deposits	12,360	0	0	0	0	0	0
3) Foreign Currency Savings	2,136,634	0	7,858,581	3,649,410	2,186,390	6,691,861	0
4) Foreign Currency Official, Commercial and Other institutions Deposits	21,483	0	0	0	0	0	0
Banks Deposit							
Local Banks	81,278	0	0	0	0	0	0
Overseas Banks	0	0	0	0	0	0	0
Off-Shore Banks	15,391	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	98,962,930	0	380,895,600	38,496,223	15,583,829	39,691,103	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

b) Deposits covered by the Savings Insurance Fund Scheme;

SAVINGS ACCOUNTS	Current Period		Previous Period	
	TL	FX	TL	FX
Savings Accounts	178,526,778	336,530,985	174,499,917	312,423,315
Other Eligible Accounts	439,196	91,074	381,708	62,334
TOTAL	178,965,974	336,622,059	174,881,625	312,485,649

(11) Funds Derived From Repo Transactions:

	Current Period		Previous Period	
	TL	FX	TL	FX
Local Transactions	0	0	0	0
Financial Institutions and Corporations	0	0	0	0
Other Institutions and Corporations	0	0	0	0
Real Persons	0	0	0	0
Overseas Transactions	0	0	0	0
Financial Institutions and Corporations	40,500,000	0	46,000,000	0
Other Institutions and Corporations	0	0	0	0
Real Persons	0	0	0	0

(12) a) Funds Borrowed:

	Current Period		Previous Period	
	TL	FX	TL	FX
Short-Term	8,000,000	0	0	0
Medium and Long-Term	0	11,575,000	0	0

b) The Bank borrowed TL 8,000,000 from the interbank money market and USD 5,000,000 capital loan from an overseas financial institution.

(13) The Bank has no borrowing liabilities from funds.

a) Current Period

Term of Borrowing		Interest Details		Currency			
Short	Medium and Long	Fixed-Rate	Variable	EURO	USD	TL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(a) Previous Period

Term of Borrowing		Interest Details		Currency			
Short	Medium and Long	Fixed-Rate	Variable	EURO	USD	TL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

(14) The Bank has not issued any securities.

a) Current Period

Term of Borrowing		Interest Details		Currency			
Short	Medium and Long	Fixed-Rate	Variable	EURO	USD	TL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

b) Previous Period

Term of Borrowing		Interest Details		Currency			
Short	Medium and Long	Fixed-Rate	Variable	EURO	USD	TL	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

(15) a) Details of Sundry Liabilities

	Current Period	Previous Period
Cash Value of the Securities Obtained	192,122	179,725

b) Cash securities obtained are associated with company formations and commitments for cheque books.

(16) Details of Other Liabilities

Other liabilities do not exceed 10% of the total assets of the bank.

(17) Details of Shareholders' Funds

(a) Paid-up capital;

	Current Period	Previous Period
Ordinary Share Capital	70,031,964	64,485,657
Preferential, Privileged Share Capital	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

- (b) Whether the registered capital system is applied in the bank and if so, the ceiling of the authorised capital:

Capital System	Paid-up Capital	Ceiling of Authorised Capital
Registered Capital System	70,031,964	71,000,000

- (c) Details of increase made to the authorised and paid-up capital in the current period: None

Date of Increase	Value of Increase	Cash Issue	Capitalised Reserves	Capitalised Revaluation Funds
23.05.2014	50	50	0	0
01.07.2014	5,546,257	490	5,545,767	0

- (d) Details of capitalised revaluation fund in the current period: None

Fixed Assets Revaluation	Revaluation of Participations	Profit on Sale of Immovable Property	Profit on Sale of Participations	Revaluation of Intangible Assets
0	0	0	0	0

- (e) Disclosure of Institutions and persons who have 10% or more voting rights and/or share in the capital:

Name/Title	Value of Holding	Ratio of Holding	Paid-up Holding	Unpaid Holding
Tolunay Limited	25,847,137	%36.91	25,847,137	0
T.Özyol Yatırımları Ltd.	25,446,385	%36.34	25,446,385	0
Özyol Holding A.Ş.	8,585,750	%12.26	8,585,750	0

- (f) No call has been made on the unissued shares of the bank since the year-end to date.

- (g) Privileges of the 'A' and 'B' Shares of the Bank:

Authorised share capital is made up of 20,380 'A' Shares of 10 Kr each and 70,997,962 'B' Shares of 1 TL each. Both 'A' and 'B' shares carry one vote each and on other matters have equal rights.

- (18) Statutory Revaluation Fund:

	Current Period		Previous Period	
	TL	FX	TL	FX
Participations and Subsidiaries	0	0	0	0
Revaluation Fund	0	0	0	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

- (19) (a) **Determining the sources of liquidity risk and steps taken, if any, to manage the risk; whether or not constraints have been placed on the the board of directors' limiting the usage of funds in order to meet urgent liquidity needs, and pay maturing liabilities:**

The group manages liquidity risk by maintaining sufficient cash and cash equivalents to fund existing and prospective debt requirements, and to close out market positions.

- (b) **Bank's Policy on interest rate risk and whether there is harmony between assets and liabilities interest rates and whether cost of mismatching is measured.**

The group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The group manages these exposures by using natural hedges that arise from offsetting interest rate sensitive assets by matching them with interest rate sensitive liabilities.

- (c) **The Bank's Policy regarding funding of short and long term liquidity needs and untapped liquid sources:**

The Bank monitors its liquidity requirements on a daily basis to ensure that it has sufficient cash or near cash liquid reserves available to continue operations. The Bank maintains a highly liquid securities portfolio to ensure that liquidity requirements can be met under any condition.

- (d) **Maturity breakdown of certain balance sheet items:**

	On Demand	Within 1-3 Months	Within 3-6 Months	Within 6-12 Months	Over 1 Year	Unallocated (*)	Total
Current Period							
Assets							
Liquid Funds (Foreign Exchange, Cash in Transit and TRNC CB Bank Balance)	74,035,147	0	0	0	0	0	74,035,147
Bank Balances	139,883,964	4,753,624	0	0	11,575,000	0	156,212,588
Securities Portfolio	30,608,817	3,234,947	23,470,164	4,240,022	9,486,926	0	71,040,876
Loans	102,165,306	13,843,975	741,124	7,143,177	152,064,454	0	275,958,036
Long Term Investments	0	4,183,084	0	1,619,010	80,835,424	42,836	86,680,354
Other Assets	48,279,487	584,053	487,927	924	0	39,891,047	89,243,438
Total Assets	394,972,721	26,599,683	24,699,215	13,003,133	253,961,804	39,933,883	753,170,439
Liabilities							
Bank Deposits	115,150	0	0	0	0	0	115,150
Other Deposits	502,171,938	52,378,785	20,234,671	22,849,266	0	0	597,634,660
Funds obtained from other financial institutions	46,500,000	2,000,000	0	0	11,575,000	0	60,075,000
Securities issued	0	0	0	0	0	0	0
Sundry Liabilities	449,595	0	0	0	0	0	449,595
Other Liabilities	9,959,159	357,773	676,220	163,680	0	83,739,202	94,896,034
Total Liabilities	559,195,842	54,736,558	20,910,891	23,012,946	11,575,000	83,739,202	753,170,439
Net Asset Liquidity gap	(164,223,121)	(28,136,875)	3,788,324)	(10,009,813)	242,386,804	(43,805,319)	0
Previous Period							
Total Assets	337,293,241	34,697,638	9,601,094	19,943,756	269,757,668	39,390,583	710,683,980
Total Liabilities	552,374,130	41,906,889	13,928,634	23,541,910	0	78,932,417	710,683,980
Net Asset Liquidity gap	(215,080,889)	(7,209,251)	(4,327,540)	(3,598,154)	269,757,668	(39,541,834)	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

e) Disclosures and footnotes regarding other matters:

i) Tax:

Bank	Current Period	Previous Period
2014 corporation and income tax provision	907,159	1,133,566
Taxes and withholding tax paid	0	0
Total Tax provision for the year	907,159	1,133,566
Tax brought forward from previous years	496,988	686,274
Less: Withholding tax paid in 2014 and previous years withholding tax written off	(983,546)	(1,322,852)
Taxes Payable	420,601	496,988

ii) Maturity breakdown of certain balance sheet items of Turkish Bank Group:

Current Period	Up to 3 Months	Within 3-6 Months	Within 6-12 Months	Over 1 Year	Unallocated	Total
Assets						
Liquid Funds (Foreign Exchange, Cash in Transit and TRNC CB Bank Balance)	135,604,614	0	0	0	0	135,604,614
Bank Balances	245,224,426	0	0	23,279,294	0	268,503,720
Securities Portfolio	33,843,764	23,470,164	5,640,022	19,482,170	0	82,436,120
Loans	171,999,168	741,124	17,102,441	372,215,280	0	562,058,013
Long Term Investments	4,183,084	0	1,619,010	80,835,424	42,836	86,680,354
Other Assets	49,921,742	487,927	924	0	43,139,793	93,550,386
Total Assets	640,776,798	24,699,215	24,362,397	495,812,168	43,182,629	1,228,833,207
Liabilities						
Bank Deposits	9,950,915	0	0	0	0	9,950,915
Other Deposits	879,019,951	50,411,097	53,842,438	11,675,510	0	994,948,996
Funds obtained from other financial institutions	48,500,000	0	0	11,575,000	0	60,075,000
Securities issued	0	0	0	0	0	0
Sundry Liabilities	786,148	0	0	0	0	786,148
Other Liabilities	13,072,387	881,360	251,722	28,924	148,837,755	163,072,148
Total Liabilities	951,329,401	51,292,457	54,094,160	23,279,434	148,837,755	1,228,833,207
Net Asset Liquidity gap	(310,552,603)	(26,593,242)	(29,731,763)	472,532,734	(105,655,126)	0
Previous Period						
Total Assets	585,862,173	9,601,094	34,745,395	478,848,648	37,042,645	1,146,099,955
Total Liabilities	885,037,050	58,776,554	50,080,588	16,843,246	135,362,517	1,146,099,955
Net Asset Liquidity gap	(299,174,877)	(49,175,460)	(15,335,193)	462,005,402	(98,319,872)	0

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

iii) Tax – Group;

	Current Period	Previous Period
2014 corporation and income tax provision	2,024,810	2,202,901
Deferred tax adjustments	(118,734)	(55,888)
Total provision	1,906,076	2,147,013
Taxes brought forward from previous years	932,098	922,299
Foreign Exchange revaluation difference	10,290	61,642
Withholding tax paid in 2014	(2,059,547)	(2,242,593)
Deferred tax provision - 2014 net movement	(129,528)	213,073
Tax receivables brought forward	75,558	0
Taxes Payable	734,947	1,101,434

iv) Minority Interest;

Minority interest consists of shares with nominal value of TL 2,928,569 in Turkish Insurance Ltd. and GBP 2 million in Turkish Bank (UK) Limited.

v) Shareholders' equity group table:

	Current Period	Previous Period
Balance Brought Forward	47,934,450	34,827,978
Exchange Differences and Minority Interest adjustments	1,019,919	5,196,697
Movements in 2014		
Retained Earnings for the Year	6,001,803	4,504,199
Dividends Paid	0	0
Consolidated reserves	1,050,000	6,290,000
Revaluation Increases - Net	4,173,680	186,292
Capitalized Reserves	(5,545,767)	(3,070,717)
Year End Balance of Reserves	54,634,085	47,934,449
Paid Up capital	70,031,964	64,485,657
Shareholders' Funds at Year End	124,666,049	112,420,106

TURKISH BANK LIMITED

II- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (Continued):

(Amounts unless expressed otherwise are expressed in Turkish Lira)

(iii) OFF-BALANCE-SHEET LIABILITIES

(1) Details of Major Off-Balance-Sheet Liabilities

The Bank makes short-term swap transactions with banks in European Union countries, with the aim of increasing foreign exchange income without taking any foreign currency risk. Other such liabilities comprise of documentary credits and guarantees given to bank customers for transactions within TRNC, Turkey and Europe.

(2) a) Summary of off-balance-sheet liabilities;

	Current Period	Previous Period
Details of Non-cash Loans Opened as Security for Cash Loans		
Accounts with maturity of less than 1 year	0	0
Accounts with maturity of more than 1 year	0	0
Other off-balance-sheet liabilities	24,086,222	54,779,304
TOTAL	24,086,222	54,779,304

b) Details of off-balance-sheet liabilities;

Off-Balance-Sheet Liabilities	Current Period		Previous Period	
	TL	FX	TL	FX
Letter of guarantees	3,898,445	19,979,959	2,544,102	52,235,202
Acceptances	0	0	0	0
Documentary credits	0	207,818	0	0
Endorsements, transfers	0	0	0	0
Undertaking of Repurchasing	0	0	0	0
Other guarantees and acceptances	0	0	0	0
TOTAL	3,898,445	20,187,777	2,544,102	52,235,202

(3) Commitments;

	Current Period	Previous Period
Irrevocable commitments	57,227,054	53,868,379
Revocable commitments	121,520,442	78,610,178
TOTAL	178,747,496	132,478,557

(4) Foreign Exchange and Interest Rate Operations;

	Current Period	Previous Period
Forward FX Transactions	235,874,138	174,785,274
Currency and interest swap transactions	0	0
Currency and interest options	0	0
FX Future Contracts	0	0
Interest future contracts	0	0
Other	0	0
TOTAL	235,874,138	174,785,274

TURKISH BANK LIMITED

III- NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING PROFIT AND LOSS ACCOUNT:

(Amounts unless expressed otherwise are expressed in New Turkish Lira)

(1) a) Interest and commissions received from Participations and Subsidiaries:

	Current Period	Previous Period
Interest received from Subsidiaries and Participations	10,798	1,914
Commissions and fees received from Subsidiaries and Participations	0	0

b) Interest and commissions paid to Participations and Subsidiaries;

	Current Period	Previous Period
Interest paid to Subsidiaries and Participations	22,698	26,482
Commissions and fees paid to Subsidiaries and Participations	18,625	16,395

c) Interest received from reverse repo transactions;

	Current Period		Previous Period	
	TL	FX	TL	FX
Interest received from reverse repos	0	0	0	0

d) Interest paid to repo transactions;

	Current Period		Previous Period	
	TL	FX	TL	FX
Interest paid to repo transactions	368,789	0	708,355	0

(2) Breakdown of provisions charge for Loans and Other Receivables;

	Current Period	Previous Period
Specific provision for non-performing loans and other receivables	732,756	811,582
For unsecured accounts	98,800	117,970
For other accounts	633,956	693,612
General provision for loans	1,595,558	1,102,073
Provision for the diminution of value of participations, subsidiaries and investments to be held up to maturity	0	0
Provision for exchange difference on Statutory Reserve	0	0
Others	239,987	0

TURKISH BANK LIMITED

III-NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING PROFIT AND LOSS ACCOUNT (continued):

(Amounts unless expressed otherwise are expressed Turkish Lira)

- (3) There are no items of income and expense in groups numbered I, II, IV and V that are in excess of 10% of the relevant group total.

(4) **Other issues, the disclosure of which is found to be useful:**

Net profit before taxation is stated after deducting provision for doubtful accounts, other provisions, depreciation and after charging the following expenses:

Bank:	Current Period	Previous Period
Directors' emoluments	1,337,854	1,195,173
Auditors Fees	87,000	243,600

Group:	Current Period	Previous Period
Directors' emoluments	2,391,198	2,111,343
Auditors Fees	326,076	433,500

TURKISH BANK LIMITED

**IV) STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts are expressed in Turkish Lira)**

MOVEMENTS IN SHAREHOLDERS' EQUITY

PREVIOUS PERIOD

Balance at 1 January 2013

Profit Appropriation:

- Dividends
- Transfers to reserves

Share premiums (common stocks issue)

Share Capital Increase:

- Cash injection
- Transfers from statutory revaluation fund
- Transfers from other accounts

Profit resulting from sale of equity participations, subsidiaries and fixed assets

Bonus shares obtained from equity participations due to increase in the shareholders' funds through sales of fixed assets and investments

Increase in statutory revaluation fund in 2013

Increase in value of the securities portfolio

Other

Net Profit at 31/12/2013

Balances 31 December 2013

CURRENT PERIOD

Balance at 1 January 2014

Profit Appropriation:

- Dividends
- Transfers to reserves

Share premiums (common stocks issue)

Share Capital Increase:

- Cash injection
- Transfers from statutory revaluation fund
- Transfers from other accounts

Profit resulting from sale of equity participations, subsidiaries and fixed assets

Bonus shares obtained from equity participations due to increase in the shareholders' funds through sales of fixed assets and investments

Increase in statutory revaluation fund in 2014

Increase in value of the securities portfolio

Other

Net Profit at 31/12/2014

Balances 31 December 2014

	Paid-up Share Capital	First and Second Legal Reserves	Share Premium Account	Other Legal Reserves	General Reserve	Statutory Revaluation Fund	Revaluation Fund of Assets of Participations and Subsidiaries	Statutory Revaluation of Securities	Prior Years Profits (Losses)	Current Period Net Profit/ (Loss)	Total Shareholders' Equity
Balance at 1 January 2013	61.414.346,-	2.434.000,-	0,-	0,-	0,-	0,-	0,-	807.572,-	2.696.262,-	2.943.240,-	70.295.420,-
Profit Appropriation:											
- Dividends	-	-	-	-	-	-	-	-	-	-	0,-
- Transfers to reserves	-	295.000,-	-	-	-	-	-	-	2.648.240,-	-2.943.240,-	0,-
Share premiums (common stocks issue)	-	-	-	-	-	-	-	-	-	-	0,-
Share Capital Increase:											
- Cash injection	594,-	-	-	-	-	-	-	-	-	-	594,-
- Transfers from statutory revaluation fund	-	-	-	-	-	-	-	-	-	-	0,-
- Transfers from other accounts	3.070.717,-	-	-	-	-	-	-	-807.572,-	-2.263.145,-	-	0,-
Profit resulting from sale of equity participations, subsidiaries and fixed assets	-	-	-	-	-	-	-	-	-	-	0,-
Bonus shares obtained from equity participations due to increase in the shareholders' funds through sales of fixed assets and investments	-	-	-	-	-	-	-	-	-	-	0,-
Increase in statutory revaluation fund in 2013	-	-	-	-	-	-	-	-	-	-	0,-
Increase in value of the securities portfolio	-	-	-	-	-	-	-	-	-	-	0,-
Other	-	-	-	-	-	-	-	-	-	-	0,-
Net Profit at 31/12/2013	-	-	-	-	-	-	-	-	-	3.875.272,-	3.875.272,-
Balances 31 December 2013	64.485.657,-	2.729.000,-	0,-	0,-	0,-	0,-	0,-	0,-	3.081.357,-	3.875.272,-	74.171.286,-
CURRENT PERIOD											
Balance at 1 January 2014	64.485.657,-	2.729.000,-	0,-	0,-	0,-	0,-	0,-	0,-	3.081.357,-	3.875.272,-	74.171.286,-
Profit Appropriation:											
- Dividends	-	-	-	-	-	-	-	-	-	-	0,-
- Transfers to reserves	-	388.000,-	-	-	-	-	-	-	3.487.272,-	-3.875.272,-	0,-
Share premiums (common stocks issue)	-	-	-	-	-	-	-	-	-	-	0,-
Share Capital Increase:											
- Cash injection	540,-	-	-	-	-	-	-	-	-	-	540,-
- Transfers from statutory revaluation fund	-	-	-	-	-	-	-	-	-	-	0,-
- Transfers from other accounts	5.545.767,-	-	-	-	-	-	-	-	-5.545.767,-	-	0,-
Profit resulting from sale of equity participations, subsidiaries and fixed assets	-	-	-	-	-	-	-	-	-	-	0,-
Bonus shares obtained from equity participations due to increase in the shareholders' funds through sales of fixed assets and investments	-	-	-	-	-	-	-	-	-	-	0,-
Increase in statutory revaluation fund in 2014	-	-	-	-	-	-	-	-	-	-	0,-
Increase in value of the securities portfolio	-	-	-	-	-	-	-	-	-	-	0,-
Other	-	-	-	-	-	-	-	-	-	-	0,-
Net Profit at 31/12/2014	-	-	-	-	-	-	-	-	-	4.382.703,-	4.382.703,-
Balances 31 December 2014	70.031.964,-	3.117.000,-	0,-	0,-	0,-	0,-	0,-	0,-	1.022.862,-	4.382.703,-	78.554.529,-

TURKISH BANK GROUP

V- A) STATEMENT OF CASH FLOWS

	CURRENT PERIOD TL (31/12/2014)	PREVIOUS PERIOD TL (31/12/2013)
I- Cash Flows From Banking Operations (Main Activities)		
Interest income and similar items	59.270.374	49.572.763
Interest expenses and similar items	(23.884.514)	(24.421.134)
Dividends received	0	0
Fees and commissions received	11.456.400	11.728.696
Income from insurance business	848.772	749.382
Other income	3.361.878	4.151.126
Collections from previously written-off loans and other receivables	0	0
Personnel and administration expenses	(39.103.493)	(32.485.613)
Taxes paid	(2.059.547)	(2.242.593)
Other	(2.346.980)	(2.120.835)
Operating Profit Before Changes in Operating Assets and Liabilities	7.542.890	4.931.792
Changes in Operating Assets and Liabilities:		
<u>(Increase) Decrease in Operating Assets:</u>		
Net (increase) / decrease in securities portfolio	(39.448.656)	68.036.486
Net (increase) / decrease in banks and loans	(75.984.558)	(114.981.814)
Net (increase) / decrease in other assets	(180.347)	(143.584)
<u>Increase (decrease) in operating liabilities:</u>		
Net increase (decrease) in deposits	46.774.300	120.990.602
Net increase (decrease) in funds borrowed	14.075.000	32.500.000
Net increase (decrease) in other liabilities	(60.931)	405.012
Net Cash Provided from Banking and Commercial Operations	(47.282.302)	111.738.494
II- Cash Flows from Investing Activities		
Cash paid for purchase of equity participations	0	0
Purchase of property and equipment	(1.868.224)	(1.159.650)
Sale of property and equipment	37.712	70.418
Purchase of Intangible Assets	(2.270.338)	(3.493)
Cash paid for purchase of investment securities	0	(39.935.940)
Sale of investment securities	50.792.925	0
Net Cash (Used in) Provided from Investing Activities	46.692.075	(41.028.665)
III- Cash Flows from Financing Activities		
Capital increase	422.358	1.004.511
Dividends paid	0	0
Dividends paid to minority shareholders of a subsidiary	(426.147)	(1.021.926)
Net Cash Provided from Financing Activities	(3.789)	(17.415)
Effect of change in foreign currency evaluation rate of cash and cash equivalents	7.287.055	11.828.617
Net Increase / (Decrease) in Cash and Cash Equivalents	6.693.039	82.521.031
Cash and Cash Equivalents at the Beginning of the Year	187.418.653	104.897.622
Cash and Cash Equivalents at the End of the Year	194.111.692	187.418.653

V- B) STATEMENT OF CASH FLOWS

	CURRENT PERIOD TL (31/12/2014)	PREVIOUS PERIOD TL (31/12/2013)
I- Cash Flows From Banking Operations (Main Activities)		
Interest income and similar items	41.636.909	32.902.170
Interest expenses and similar items	(18.395.080)	(16.900.549)
Dividend income	523.456	1.237.734
Fees and commissions received	5.403.205	5.782.693
Other income	726.972	1.491.447
Collections from previously written-off loans and other receivables	0	0
Personnel and administration expenses	(24.826.311)	(19.131.629)
Taxes paid	(983.546)	(1.322.851)
Other Collection items income	0	0
Other Paid items	0	0
Operating Profit Before Changes in Operating Assets and Liabilities	4.085.605	4.059.015
Changes in Operating Assets and Liabilities:		
<u>(Increase) Decrease in Operating Assets:</u>		
Net (increase) decrease in securities portfolio	(41.175.940)	53.776.659
Net (increase) decrease in banks	(46.862.512)	42.855.445
Net (increase) decrease in loans	(8.775.225)	(133.093.547)
Net (increase) decrease in other assets	261.861	(515.081)
<u>Increase (decrease) in operating liabilities:</u>		
Net increase in deposits	24.120.125	70.109.472
Net (decrease) in funds borrowed	14.075.000	32.500.000
Net increase (decrease) in securities issued	0	0
Net increase in other liabilities	(2.188.233)	1.557.097
Net Cash Provided from Banking and Commercial Operations	(56.459.319)	71.249.060
II- Cash Flows from Investing Activities		
Cash paid for purchase of equity participations	(449.283)	(1.070.111)
Cash obtained from sale of equity participations	0	0
Purchase of property and equipment	(1.461.892)	(897.675)
Sale of property and equipment	37.712	70.418
Cash paid for purchase of investment securities	0	(39.935.940)
Cash obtained from sale of investment securities	50.792.925	0
Other cash inflows	0	0
Other cash outflows	0	0
Net Cash (Used in) Provided from Investing Activities	48.919.462	(41.833.308)
III- Cash Flows from Financing Activities		
Cash obtained from funds borrowed and securities issued	0	0
Cash used for repayment of funds borrowed and securities issued	0	0
Capital increase	540	593
Dividends paid	0	0
Other cash inflows	0	0
Other cash outflows	0	0
Net Cash Provided from Financing Activities	540	593
Effect of change in foreign currency evaluation rate of cash and cash equivalents	3.984.775	(620.620)
Net Increase / (Decrease) in Cash and Cash Equivalents	(3.554.542)	28.795.725
Cash and Cash Equivalents at the Beginning of the Year	77.589.689	48.793.964
Cash and Cash Equivalents at the End of Year	74.035.147	77.589.689

TURKISH BANK LIMITED

VI- PROFIT APPROPRIATION TABLE

	CURRENT PERIOD TL (31/12/2014)	PREVIOUS PERIOD TL (31/12/2013)
A. APPROPRIATION OF CURRENT YEAR INCOME		
1. CURRENT YEAR INCOME	5.289.862	5.008.838
2. TAXES AND DUTIES PAYABLE (-)	(907.159)	(1.133.566)
- Corporation tax	(352.613)	(403.364)
- Income tax	(554.546)	(730.202)
- Other taxes and duties	-	-
NET INCOME FOR THE YEAR	4.382.703	3.875.272
3. PRIOR YEARS' LOSSES (-)	-	-
4. LEGAL RESERVES (-)	(439.000)	(388.000)
5. OTHER STATUTORY RESERVES (-)	-	-
NET INCOME AVAILABLE FOR DISTRIBUTION	3.943.703	3.487.272
6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
- To owners of ordinary shares	-	-
- To owners of privileged shares	-	-
7. DIVIDENDS TO PERSONNEL(-)	-	-
8. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
- To owners of ordinary shares	-	-
- To owners of privileged shares	-	-
10. STATUTORY RESERVES (Allocated according to "Memorandum and Articles of Association" of the Bank)	-	-
11. GENERAL RESERVE (Retained Profits)	1.022.862	3.081.357
12. OTHER RESERVES (Allocated by the decision of General Assembly)	-	-
13. SPECIAL FUNDS (Allocated as per certain regulations)	-	-
B. DISTRIBUTION OF RESERVES		
1. DISTRIBUTION OF RESERVES	-	-
Reserves allocated in prior years and distributed in the current year	-	-
2. DIVIDEND TO SHAREHOLDERS (-)	-	-
- To owners of ordinary shares('A' and 'B')	-	-
- To owners of privileged shares	-	-
3. DIVIDENDS TO PERSONNEL (-)	-	-
4. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
C. NET PROFIT TRANSFERRED TO 2014	4.966.565	6.568.629
D. EARNINGS PER SHARE		
1. TO OWNERS OF 'A' SHARES (TL, %)	0,006TL(%6)	0,006TL(%6)
2. TO OWNERS OF 'B' SHARES (TL, %)	0,06TL(%6)	0,06TL(%6)
E. DIVIDEND PER SHARE		
1. TO OWNERS OF 'A' SHARES (TL, %)	0	0
2. TO OWNERS OF 'B' SHARES (TL, %)	0	0

TÜRK BANKASI LTD.

BRANCH	ADDRESS	TEL NO	FAX NO
General Management	92, Girne Cad. Lefkoşa e-mail: info@turkishbank.net www.turkishbank.net	(392) 600 33 33	(392) 227 94 47
Lefkoşa/Main Personal Branch	92, Girne Cad. Lefkoşa	(392) 600 33 33	(392) 229 15 53
Lefkoşa/Main Commercial Branch	92, Girne Cad. Lefkoşa	(392) 600 33 33	(392) 228 13 17
Lefkoşa/Köşklüçiftlik	Mehmet Akif Cad.Çığır Apt.No2 Köşklüçiftlik, Lefkoşa	(392) 227 21 15 (392) 227 85 17	(392) 228 65 54
Lefkoşa/Kaymaklı	Kemal Aşık Caddesi No:66, K.Kaymaklı, Lefkoşa	(392) 227 73 80	(392) 228 56 95
Lefkoşa/Taşkinköy	Şehit Kemal Ünal Sok. No:104A Taşkinköy, Lefkoşa	(392) 225 69 03 (392) 225 69 04	(392) 225 33 95
Lefkoşa/Çarşı	Uray Sok. Belediye Pazarı yanı, Lefkoşa.	(392) 227 48 25 (392) 229 11 67	(392) 228 38 17
Lefkoşa/Önder	Bedrettin Demirel Cad. No:87 Önder Alışveriş Merkezi, Lefkoşa	(392) 229 14 20 (392) 228 08 30	(392) 227 05 10
Lefkoşa/Gönyeli	Atatürk Cad., No:104 Gönyeli, Lefkoşa	(392) 223 17 68 (392) 223 14 15	(392) 223 43 32
Lefkoşa/Ortaköy	Şht. Gzt. Hasan Tahsin Caddesi, 16/A Blok No:43, Ortaköy-Lefkoşa.	(392) 227 04 39 (392) 227 11 76	(392) 227 47 98
Gazi Mağusa/Main Branch	24 Limanyolu Gazi Mağusa	(392) 366 90 85 (392) 366 53 27	(392) 366 45 10
Gazi Mağusa/Salamis Yolu	Ayluka Mahallesi, İsmet İnönü Bulvarı, Salamis Yolu, Gazi Mağusa	(392) 365 53 67 (392) 365 53 68	(392) 365 53 69
Gazi Mağusa/Terminal	Gazi Mustafa Kemal Bulvarı, 28D Dumlupınar-Gazi Mağusa.	(392) 366 72 69 (392) 366 72 70	(392) 366 72 68
Girne/Main Branch	Ziya Rızıkı Cad., Poltan Palas Apt.8-9-10 Girne	(392) 815 13 60 (392) 815 13 62 (392) 815 77 22	(392) 815 13 63
Girne/Çarşı	Ramadan Cemil Meydanı No:1, Girne	(392) 815 21 01 (392) 815 38 12	(392) 815 28 50
Girne/Karaoğlanoğlu	Karaoğlanoğlu Cad., Karaoğlanoğlu-Girne.	(392) 822 40 30 (392) 822 40 32	(392) 822 40 31
Girne/Karakum	Hız. Ömer Cad. Ozanköy Kavşağı Ozanköy-Girne.	(392) 815 44 85 (392) 815 47 13	(392) 815 59 43
Girne/Alsancak	206 Karaoğlanoğlu Caddesi Engindereli Dükkanları No.6-7, Alsancak, Girne	(392) 821 33 98 (392) 821 33 99	(392) 821 89 02
Güzelyurt	Ecevit Cad., No:9, Güzelyurt	(392) 714 21 98 (392) 714 42 14	(392) 714 54 54
Gemikonağı	Ecevit Cad., No:42, Gemikonağı	(392) 727 73 52 (392) 727 78 58	(392) 727 83 25
Lefke	No.3 Fadıl Nekibzade Cad., Lefke	(392) 728 75 45	(392) 728 82 51

TURKISH BANK (UK) LTD.

BRANCH	ADDRESS	TEL NO	FAX NO
Main	84-86 Borough High Str. London SE1 1LN SWIFT CODE: TUBA GB 2L.	(44-20)7403 5656	(44-20)7407 7406
Harringay	577 Green Lanes, Harringay London N8ORG	(44-20)8348 9600	(44-20)8348 6375
Palmers Green	391 Green Lanes, London N13 4JG	(44-20)8447 6870	(44-20)8920 6830
Edmonton	Unit 2A, 92-94 Fore St., Edmonton, N18 2XA	(44-20)8887 8080	(44-20)8807 0701
Dalston	121 Kingsland High Str. Dalston London E8 2PB	(44-20)7923 3339	(44-20)7923 3454
Lewisham	83 Lewisham High Street London SE13 5JX	(44-20)8852 3089	(44-20)8297 3171

TÜRK SİGORTA LTD.

BRANCH	ADDRESS	TEL NO	FAX NO
Main	182, Girne Cad. Lefkoşa	(392) 600 34 01	(392) 227 90 01

TÜRK BANKASI LTD.

Our Off Site ATM's

Bakanlıklar Off Site ATM LEFKOŞA

Bedrettin Demirel Caddesi
Lefkoşa

Fuar Off Site ATM LEFKOŞA

Atatürk Spor Kompleksi
K.K.Tenis Federasyonu
Lefkoşa

Çatalköy Off Site ATM GİRNE

Beşparmaklar Caddesi
Düzkiye Nihat Bağcıer Stadı Arkası
Çatalköy

Esentepe Off Site ATM GİRNE

Batıbeniz Petrol İstasyonu
İstiklal Caddesi
Esentepe

Lapta Off Site ATM GİRNE

Mareşal Fevzi Çakmak Caddesi
No:217
Lapta

Alsancak Off Site ATM GİRNE

Atakara Market
Ankara Caddesi
Alsancak

Iskele Boğaz Off Site ATM ISKELE

Atatürk Caddesi
Boğaz-İskele