

**2016
ANNUAL REPORT**

tb TURKISHBANK

ESTABLISHED 1901

TURKISH BANK LIMITED

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TURKISH BANK LIMITED

BOARD OF DIRECTORS

İ. Hakan Börteçene	Chairman
C. Yenil Musannıf, FCA	Vice-Chairman and Head of Internal Control Systems
Kıvanç M. Rıza	Director and Secretary
M.A. Yunus Rahmiođlu	Director and General Manager
Nafi Türkođlu	Director
Metin Münir	Director
Murat Arıđ	Director
A. Melis Börteçene	Director
Cengiz Dođru	Director

SENIOR MANAGEMENT

M. A. Yunus Rahmiođlu	General Manager and Director
Erhan Raif, FCCA	Asst. General Manager – Operations and IT
Çiđdem Eyyam	Asst. General Manager – Retail Banking
Mustafa Kayahan	Asst. General Manager – Loans, Human Resources, Project Management , Budget, Strategic Planning, Product Development
Mustafa Biçerciođlu	Asst. General Manager – Financial and Administrative Affairs

INTERNAL CONTROL SYSTEMS

Ufuk Türkan	Head of Internal Audit and Internal Control
Pınar Nurtunç	Deputy Head of Risk Management
Fikriye Özdalili	Deputy Head of Regulations and Compliance

AUDITORS

ERDAL & CO.	Chartered Accountants
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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
S. Betteridge	Director and Head of Risk Committee
R.W.Long	Director
M. Arıĝ	Director
M.A. Yunus Rahmioĝlu	Director

AUDITORS

KPMG L. L. P.	Chartered Accountants
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TURKISH INSURANCE LIMITED

BOARD OF DIRECTORS

İ. Hakan Börteçene	Chairman
M.A.Yunus Rahmioĝlu	Vice - Chairman
C. Yenal Musannıf, FCA	Director and Head of Risk Committee
Kıvanç M. Rıza	Director
Murat Arıĝ	Director
Cengiz Doĝru	Director and Head of Audit Committee
Engin Arı	Director and General Manager

COMPANY SECRETARY

Mustafa Kayahan

AUDITORS

ERDAL & CO.	Chartered Accountants
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TURKISH BANK LIMITED

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 Thursday 27 April 2017 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, 2016 together with Profit and Loss Account of the Bank and of the Group for the year 2016 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:

I. Hakan Börteçene,
C. Yenal Musannıf,
Kıvanç M. Rıza,
M.A. Yunus Rahmiođlu,
Nafi Türkođlu,
Metin Münir,
Murat Arıđ,
A. Melis Börteçene,
Cengiz Dođru.

- 4) To decide the remuneration of Board of Directors.
- 5) To authorize the Board of Directors to fix the remuneration of Erdal & Co., our external auditors.

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, 6 April 2017

TURKISH BANK LIMITED

DIRECTORS' REPORT

The Directors are pleased to submit their report together with Auditors' Report, balance sheet at 31 December 2016 and profit and loss account for the year 2016.

On July 1, 1901, 116 years ago the leading merchants and shopkeepers of the day established the bank to serve the financial needs of the community. Today the bank with the same spirit is implementing a 'Customer Focused Transformation' strategy to provide the best possible service to our customers. The Bank's priority is to implement a 'Relationship Marketing' strategy rather than a mass marketing approach with the aim to retain and to enhance existing customers relationships. In this context the organizational structure has been reshaped where staff is either assigned to operational duties or to customer service with the sole aim of providing a first class service. Similarly with the best possible service strategy our commercial and corporate customers located in Nicosia, Famagusta, Kyrenia and Guzelyurt areas were assigned to regional corporate branch centers to benefit from improved dedicated corporate customer service. Restructuring process of the loans department was completed in 2016, with a faster and more efficient credit allocation process and a user friendly credit portal system. To improve the competitive edge of the Bank it was decided to provide state-funded (KOBİGEM) credit facilities to the commercial customer segment of the market.

In line with the bank's strategy to maintain an updated version of the computer software system being used, the T24 Temenos Globus Banking Package which the bank has been using since 2009 was further updated with the current R15 version.

To maximize the customers experience and satisfaction the bank continued to focus on improving and innovating new products and services. For this purpose investment in technologies in the Alternative Distribution Channels continued and our new Personal Internet Banking System T- Connect module was introduced so that mobile banking service can be accessed using any platform.

During the last quarter of the year changes were made at the top management level involving the assignment of new tasks and new appointments. These changes are expected to create, at all levels of service a new perspective and to foster vitality and dynamism. Changes made to our logo were also completed in 2016 to enhance the corporate identity and perception, and at the same time to improve consumer confidence, and reflect a modern perspective and a strong posture at Group and Bank level rooted in our proud history.

With the issue of a 5% bonus share, the paid-up capital of the bank increased to TL77,211,336 in 2016, following the decision taken at the Extraordinary General Meeting held on 27 April 2016. With the change in the subsidiary valuation policy to the equity method, and based on the fair value assessment, shareholders' funds increased to TL153,456,169.

As a result of the positive trend realized in operational profit, year-end net profit of TL 4.6 million was recorded.

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 1,377,627, the Board of Directors recommend that the net profit of the year 2016 TL 4,608,187, plus retained earnings carried forward from previous years TL 1,430,304 totaling TL 6,038,491 be appropriated as follows:

Transfer to Statutory Reserve	TL 461,000
Transfer to Retained Earnings	TL5,577,491

Approved by the Board of Directors and signed on 6 April 2017.

Kıvanç M. Rıza
Secretary Nicosia,
6 April 2017

TURKISH BANK LIMITED

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

As per the Banking Law and the 'Uniform Chart of Accounts for Banks' Decree issued by the TRNC Central Bank 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 implementation methods as stated in the Decree.

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 of 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, 6 April 2017

TURKISH BANK LIMITED

ASSESSMENT OF THE INTERNAL AUDIT, RISK MANAGEMENT, INTERNAL CONTROL AND MANAGEMENT SYSTEMS BY THE BOARD MEMBER RESPONSIBLE FOR INTERNAL SYSTEMS

Restructured Departments of Internal Audit & Internal Control, Risk Management, and Regulations & Compliance, constitute the Bank's Internal Systems as stipulated by the regulations issued by the Central Bank of Turkish Republic of Northern Cyprus. The Internal System's Units each have independent organizational structures, well defined duties and responsibilities covering all the branches, operational departments and subsidiary unit in Northern Cyprus. Operations of the Internal Systems Units are overseen by the Board Member Responsible for Internal Systems, and Units submit their reports to the Board through him.

The aim of the Internal Systems is to ensure that the internal and external regulations are adhered to and strategies, policies and operational procedures put in place by the Board are implemented. Units evaluate and report on the inherent and residual risks, on the Bank's daily operations, growth and profitability, financial stability and creditability. Overseeing the preparation of reliable and timely external and internal financial and administrative reports also form part of their responsibilities.

On 3 October 2016 as part of senior managerial restructuring process and appointments, duties and responsibilities of the Internal System's Units were revised as follows;

- Internal control function was assigned to internal audit unit, and was renamed as Internal Audit & Internal Control Department under a new management.
- Following the above assignment, Compliance and Internal Control Unit was renamed as Regulations & Compliance Unit.
- Previous manager of the Compliance & Internal Control Unit was appointed as manager of the Risk Management Unit.

The Internal Audit & Internal Control Department:

The Internal Audit function aim to ensure that the business strategy and policies put in place by the Board are adhered to and operations and procedures are implemented in accordance with the internal and external regulations. It also evaluates and reports on the inherent and residual risks that could have a negative impact, on our Bank's daily operations, growth and profitability targets, financial stability and creditability.

The internal audit function is carried out in a risk focused manner, covering all the branches, operation centers, the local subsidiary company, the Regulations & Compliance Unit, and the Risk Management Unit. Audits of thematic subjects are also carried out to analyze and raise awareness to topics of interest to the senior management and the Board members. During the year planned branch and subsidiary audits, assessment of the operations and the loans departments as well as two thematic audits were carried out. Surprise cash audits were also performed.

The audit work, investigations and other control functions carried out during the year have highlighted that policies and procedures to mitigate risks is effective and the negative impact of the remaining residual risks on the Bank's daily operations, growth and profitability targets, financial stability and reputation are within reasonable limits.

Our United Kingdom subsidiary, Turkish Bank (UK) Ltd., is under the supervision of Financial Conduct Authority and Prudential Regulation Authority and is audited by KPMG LLP, an internationally reputable Chartered Accountants firm. The Bank and our local subsidiary are audited by our statutory local auditors Erdal & Co. However further audit work is carried out by KPMG LLP and consolidated financial statements are prepared in accordance with IFRS standards.

As part of the restructuring process, internal control function was assigned to Internal Audit and Internal Control Department. It is the Department's aim to enhance and improve control procedures to ensure that the internal and external regulations are abided by and business strategy, policies and procedures are implemented; Improvements in the production of reliable and timely external and internal financial and administrative reports are also part of the Unit's responsibilities.

Risk Management Unit:

The Risk Management Unit is primarily responsible to analyze, quantify and develop measures to control and mitigate risks that are inherent in the Bank's daily business. It evaluates and reports on the risks faced and residual risks that could have a negative impact on the Bank's operations, growth and profitability targets, financial stability and creditability. The Unit also examines and reports on risks associated with new products, services and procedures. The Unit's reports are submitted regularly, to the Board through the Board Member Responsible for Internal Systems. The Unit's other important mission is to enhance risk awareness as a corporate culture within the organization.

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

- **Credit Risk:** Credit risk is defined as the risk of a counterparty failing to meet its contractual obligations when they fell due. The Bank's credit process is run by well established credit policy rules and guidelines, which include credit committees with lending limits, customer credit risk rating and sector based risk concentration limits. The exposure to credit risk at the year end is TL312.22 million making up 31% of the total assets. It is the Bank's policy to provide 100% specific provision for non performing loans. Specific provision for non performing loans totaled TL3.33 million representing 1.06% of the loan exposure. Commitments and contingent liabilities on the other hand increased to TL16.76 million. Figure for the securities portfolio was reduced in line with the budgeted figures. It is fair to say that Bank monitors its credit portfolio adequately, and procedures are in place to anticipate and detect potential problem loans.
- **Market Risk:** It is the risk of loss due to possible adverse movements in interest rates, foreign exchange rates, and fluctuations in the market prices of securities. The Bank uses the standard method as defined by the Central Bank to measure the market risk faced. Based on these measurements, gap analysis of interest bearing assets & liabilities, and scenario based stress tests on exchange rate parity movements; it is fair to say that adequate capital reserve is available to absorb the impact of possible negative market developments on profits and capital adequacy ratio.
- **Liquidity Risk:** Liquidity risk is the risk that the Bank will be unable to meet its cash flow obligations as they become due because of inadequate liquid assets and being unable to obtain required funding. The Asset and Liability Committee takes decisions regarding management of the assets and liabilities, within the framework of credit and risk appetite policies set by the Board. Treasury Unit on the other hand is responsible for the daily management of funds bearing in mind liquidity and profitability concerns and market expectations.

Gap analysis of assets and liabilities is prepared on monthly basis. The yearend analysis show that cover of assets over liabilities is above 100% up to the three week period. Cover over one month period is close to 90% and cover over 1-3 months and 3-6 months periods are both above 80%. Stress testing scenarios are also in place to measure the impact of a run on deposits. Analysis and tests in place show that the liquidity levels are adequate to meet Bank's obligations on a timely manner.

- **Operational Risk:** The Basel Committee defines the operational risk as the risk of financial loss and damage to image resulting from inadequate systems and failed internal control processes by management and employees, or due to external events.

Internal control and follow up procedures of operations regarding products and services are seen to be effective. New product, service and procedure implementations are scrutinized and tested to minimize potential risks. Possible losses due to corrupt database are watched and risk reducing procedures are in place. All in all the level of capital allocated for operational risk is considered as adequate.

- **Regulatory Risk:** Compliance with the internal and external regulations has always been a major priority of our Bank. Financial and other reports are prepared on a timely manner in accordance with the regulations and submitted to the relevant authority as required. Implementation of measures regarding the Prevention of Money Laundering and the Financing on Terrorist Activities in accordance with local and international regulations is in place and fully implemented.

Regulations and Compliance Unit:

The aim of the Regulations and Compliance Unit is to ensure that the business strategy and policies put in place by the Board are abided by and operations and procedures are implemented in accordance with the internal and external regulations.

The Unit also examines and reports on risks associated with new products, services and procedures and oversees that internal control issues are addressed adequately and internal and external regulations are not bridged.

In addition to the daily and other periodical controls, the following special tasks are also part of Unit's duties;

- a) To ensure that the compliance, registration and reporting requirements of the Foreign Accounts Compliance Act (FATCA) of USA are adhered to;
- b) To control proper implementation of the Paygate software package on Anti Money Laundering (AML) at all levels of operations. On the spot control and reporting of suspect new customers, against international and local sanctions lists, is in place. Daily transactions specially outgoing and incoming payment orders are scrutinized for possible link to names involved with money laundering and financing of terrorism;
- c) To pursue that outsourced tests by a reputable firm is carried out annually, to maintain information systems integrity and security against unauthorized access.

Through the operations and controls carried out by the Regulations and Compliance Unit the operational losses inherent in the nature of banking activities are minimized. Unit's reports also contribute positively to the Senior Management decision making process in implementing improvements to the internal control systems.

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

**INDEPENDENT AUDITORS' REPORT FOR THE ACCOUNTING PERIOD 1 JANUARY 2016-31
DECEMBER 2016**

We have audited the accounts on pages 12 to 47 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.

We have conducted our audit in accordance with applicable auditing principles. Those principles require the assessment of the operation, appropriateness and presence of effective internal systems established and being adequately used by the bank and the use and effectiveness of internal control systems. We plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessment of the accounting principles used, significant accounting estimates made by the board of directors and the overall presentation of the financial statements. We believe that our audit provides reasonable basis for our opinion.

Report in accordance with Principles Relating to the Establishments Authorised to carry out Independent Audits of the Banks Communiqué

In our opinion, the said financial statements, with all material respects, have been examined on a test basis under Article 34 (3) of the Banking Law No:39/2001 and is 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 in accordance with Article 29 (3), the records of the bank in accordance with Article 30 of the above mentioned Law and as explained in note I-(14).

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, proper books of account, have been kept by the bank, so far as appears from our examination of those books. The bank's balance sheet 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 accounts give the information required by Chapter 113, the Companies Law in the manner so required and, with all material respects, give a true and fair view in the case of the Balance Sheet, of the state of the Bank's affairs as at 31 December 2016 and in the case of the Profit and Loss account, of the profit for the year 2016.

In our opinion, the group accounts have been properly prepared in accordance with the provisions of Chapter 113, the Companies Law and, with all material respects, so as to give a true and fair view of the state of affairs and profit of the Bank and its subsidiaries dealt with thereby, so far as concerns members of the Bank.

Responsible Partner

Erdal & Co.

Hüseyin Erdal FCA

Firuz Fehmi BA (Hons) FCA

Eral Erdal Bsc (Hons) FCA

Nicosia, 6 April 2017

Independent Auditors Authorised by the Central Bank

TURKISH BANK LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR 2016

	NOTE	CURRENT PERIOD PREVIOUS PERIOD	
		TL (31/12/16)	TL (31/12/15)
I - INTEREST INCOME	(1)	44,908,172	44,372,506
A. Interest income from loans		30,886,028	32,160,454
1) Interest income from TL loans		21,084,738	21,051,730
a - Short term		14,537,650	15,113,055
b - Medium and long term		6,547,088	5,938,675
2) Interest income from foreign currency loans		9,825,579	10,867,669
a - Short term		1,269,425	2,050,687
b - Medium and long term		8,336,154	8,916,982
3) Interest income from loans in arrears		174,711	141,055
B. Interest income from reserve deposits at the Central Bank		618,534	634,226
C. Interest income received from banks		5,310,478	2,862,283
1) TRNC Central Bank		1,305,829	605,281
2) Domestic banks		465,851	572,824
3) Foreign banks		3,538,798	1,704,176
4) Interest income from reverse repos		0	0
D. Interest income from securities portfolio		8,096,132	8,695,543
1) TRNC Development Bank securities		66,687	65,823
2) Other securities		8,029,445	8,629,720
E. Other interest income	(3)	0	0
II - INTEREST EXPENSES	(1)	22,858,741	22,438,824
A. Interest expense payable to deposits		12,442,190	11,394,688
1) Saving deposits		11,464,889	10,578,411
2) Official deposits		2,369	2,427
3) Commercial deposits		744,679	754,283
4) Other institution deposits		230,253	49,567
5) Bank deposits		0	0
B. Interest expense payable to foreign currency deposits		8,876,068	8,539,349
1) Saving deposits		7,327,428	7,175,965
2) Official deposits		55	9,562
3) Commercial deposits		1,512,680	1,329,927
4) Other institution deposits		11,257	11,471
5) Bank deposits		24,648	12,424
6) Gold reserve accounts		0	0
C. Repo Interest Expense		528,467	1,262,824
D. Interest expense payable on borrowings		1,018,043	1,185,855
1) TRNC Central Bank		0	0
2) Domestic banks		70,582	399,823
3) Foreign banks		0	0
4) Other institutions		945,461	786,032
E. Interest on debentures and securities issued		0	0
F. Other interest expense	(3)	5,973	54,178
III - NET INTEREST INCOME [I - II]		22,039,431	21,935,582
IV - OTHER INCOME	(1)	344,038,143	1,912,588,141
A. Fees and commissions received		6,519,222	6,414,010
1) From cash loans		654,791	470,057
2) From non-cash loans		396,145	377,619
3) Other		5,468,286	5,566,334
B. Profit from capital market operations		88,478	644,712
C. Foreign exchange profits		334,002,989	1,902,828,369
D. Dividends received from subsidiaries and participations		645,958	813,312
E. Extraordinary income		0	0
F. Other non-interest income	(3)	2,801,496	2,065,738
V - OTHER OPERATING EXPENSES	(1)	360,091,760	1,929,360,700
A. Fees and commissions paid		2,617,060	2,191,004
1) On cash loans		0	0
2) On non-cash loans		0	0
3) Other		2,617,060	2,191,004
B. Loss on capital market operations		0	71,998
C. Foreign exchange losses		331,437,804	1,900,144,482
D. Personnel expenses		12,345,379	12,848,259
E. Retirement pay compensation		0	0
F. Rental expenses		1,165,920	1,087,993
G. Depreciation		1,625,882	1,725,737
H. Taxes and duties		281,814	348,583
I. Extraordinary expenses		0	0
J. Provision for doubtful debts	(2)	1,517,434	1,333,377
K. Other provisions	(2)	1,125,796	925,878
L. Other non-interest expenses	(3)	7,994,971	8,703,389
VI - NET OTHER INCOME [IV - V]		(16,053,617)	(16,814,559)
VII - PROFIT BEFORE TAXATION [III + VI]		5,985,814	5,121,023
VIII - TAXATION		1,377,627	1,073,982
IX - NET PROFIT AFTER TAXATION [VII - VIII]		4,608,187	4,047,041

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 8 April 2017.

I. Hakan Börtçene
Chairman

Kıvanç M. Rıza
Director and Secretary

M. A. Yunus Rahmioğlu
General Manager and Director

TURKISH BANK LIMITED
BALANCE SHEET AT 31 DECEMBER 2016

ASSETS	NOTE	CURRENT PERIOD (31/12/2016)			PREVIOUS PERIOD (31/12/2015)		
		TL	FX	TOTAL	TL	FX	TOTAL
I - CASH BALANCES		4,085,815	3,801,247	7,887,062	4,850,924	2,998,823	7,849,747
A. Cash-TL balances		4,085,815	0	4,085,815	4,850,924	0	4,850,924
B. Cash-foreign exchange		0	3,801,247	3,801,247	0	2,998,823	2,998,823
C. Other liquid assets		0	0	0	0	0	0
II - BANK BALANCES	(1)	74,635,968	312,415,208	387,051,176	68,031,652	217,142,339	285,173,991
A. TRNC Central Bank		25,192,900	109,913,949	135,106,849	14,629,424	74,600,424	89,229,848
B. Other Banks		49,443,068	202,501,259	251,944,327	53,402,228	142,541,915	195,944,143
1) Domestic Banks		0	43,805,320	43,805,320	11,000,000	12,847,285	23,847,285
2) Foreign Banks		49,443,068	158,695,939	208,139,007	42,402,228	129,694,630	172,096,858
3) Reverse Repo Receivables		0	0	0	0	0	0
III - SECURITIES PORTFOLIO (NI)	(2)	13,569,555	40,296,391	53,865,946	21,264,792	39,315,000	60,579,792
A. Treasury Bills		0	0	0	0	0	0
B. Other bills		13,569,555	0	13,569,555	21,264,792	0	21,264,792
C. Equity shares		0	0	0	0	0	0
D. Other securities		0	40,296,391	40,296,391	0	39,315,000	39,315,000
IV - LOANS AND ADVANCES	(3)	156,557,249	155,665,760	312,223,009	143,254,430	174,260,446	317,514,876
A. Short term		112,718,995	14,796,514	127,515,509	109,921,780	31,881,748	141,803,528
B. Medium and long term		43,838,254	140,869,246	184,707,500	33,332,650	142,378,698	175,711,348
V - LOANS IN ARREARS (NET)	(4)	0	0	0	0	0	0
A. Loans and other receivables with limited		0	0	0	0	0	0
1) Gross receivable balances		57,582	97,974	155,556	64,608	8,458	73,066
2) Specific provision		(57,582)	(97,974)	(155,556)	(64,608)	(8,458)	(73,066)
Doubtful debts and other		0	0	0	0	0	0
B. receivables (Net)		0	0	0	0	0	0
1) Gross receivable balances		72,612	652,268	724,880	134,354	3,005	137,359
2) Specific provision		(72,612)	(652,268)	(724,880)	(134,354)	(3,005)	(137,359)
C. Bad debts and receivables (Net)		0	0	0	0	0	0
1) Gross receivable balances		1,000,382	1,450,153	2,450,535	1,060,372	1,439,497	2,499,869
2) Specific provision		(1,000,382)	(1,450,153)	(2,450,535)	(1,060,372)	(1,439,497)	(2,499,869)
VI - PREPAYMENTS AND ACCRUED INCOME		2,738,111	3,001,906	5,740,017	1,992,143	1,876,379	3,868,522
A. Loans and advances		478,749	2,265,109	2,743,858	553,271	1,220,726	1,773,997
B. Securities portfolio		1,019,307	674,165	1,693,472	1,384,144	587,490	1,971,634
C. Other		1,240,055	62,632	1,302,687	54,728	68,163	122,891
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		18,369,991	41,201,229	59,571,220	16,509,266	36,997,161	53,506,427
IX - SUNDRY RECEIVABLES	(5)	113,083	2,355,660	2,468,743	101,368	1,974,726	2,076,094
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)	5,103,491	92,575,123	97,678,614	4,463,256	92,322,592	96,785,848
A. Financial subsidiaries		5,103,491	92,575,123	97,678,614	4,463,256	92,322,592	96,785,848
B. Other subsidiaries		0	0	0	0	0	0
XII - LONG TERM INVESTMENTS	(7)	37,380,436	39,204,172	76,584,608	37,362,958	37,062,786	74,425,744
A. Equity shares		45,355	0	45,355	42,836	0	42,836
B. Other pledged securities		37,335,081	39,204,172	76,539,253	37,320,122	37,062,786	74,382,908
XIII - FIXED ASSETS	(8)	6,046,482	0	6,046,482	6,898,180	0	6,898,180
A. Book value		22,751,696	0	22,751,696	21,995,776	0	21,995,776
B. Accumulated depreciation		(16,705,214)	0	(16,705,214)	(15,097,596)	0	(15,097,596)
XIV - OTHER ASSETS	(9)	704,333	429,720	1,134,053	498,943	564,678	1,063,621
TOTAL ASSETS	(19)	319,304,514	690,946,416	1,010,250,930	305,227,912	604,514,930	909,742,842

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 6 April 2017.

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 2016

LIABILITIES	NOTE	CURRENT PERIOD (31/12/2016)			PREVIOUS PERIOD (31/12/2015)		
		TL	FX	TOTAL	TL	FX	TOTAL
I - DEPOSITS	(10)	230,274,709	572,664,128	802,938,837	204,426,500	481,660,134	686,086,634
A. Saving deposits		200,496,415	453,540,837	654,037,252	183,273,208	409,799,381	593,072,587
B. Official deposits		2,453,572	96,761	2,550,333	298,074	70,586	368,660
C. Commercial deposits		22,042,180	117,085,659	139,127,839	18,199,258	70,073,788	88,273,046
D. Other institution deposits		5,243,227	1,827,092	7,070,319	2,621,056	1,509,876	4,130,932
E. Bank deposits		39,315	113,779	153,094	34,906	206,503	241,409
F. Gold reserve accounts		0	0	0	0	0	0
II - FUNDS OBTAINED FROM REPOS	(11)	19,231,101	0	19,231,101	31,700,270	0	31,700,270
III - FUNDS BORROWED	(12)	0	17,545,000	17,545,000	12,000,000	14,565,000	26,565,000
A. TRNC Central Bank		0	0	0	0	0	0
B. Other funds borrowed		0	17,545,000	17,545,000	12,000,000	14,565,000	26,565,000
1) Domestic bank and institutions		0	0	0	12,000,000	0	12,000,000
2) Foreign bank and institutions		0	0	0	0	0	0
3) Capital loans		0	17,545,000	17,545,000	0	14,565,000	14,565,000
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		1,002,584	2,411,690	3,414,274	3,486,127	2,308,808	5,794,935
A. Deposits		298,878	1,010,901	1,309,779	279,206	970,997	1,250,203
B. Borrowed funds		0	0	0	21,500	0	21,500
C. Other		703,706	1,400,789	2,104,495	3,185,421	1,337,811	4,523,232
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
TAXES, DUTIES AND SOCIAL SECURITY PREMIUMS		916,504	118,227	1,034,731	1,031,623	110,440	1,142,063
VIII - PAYABLE		0	0	0	0	0	0
IX - IMPORT TRANSFER ACCOUNTS		0	0	0	0	0	0
X - SUNDRY LIABILITIES	(15)	331,803	273,422	605,225	202,711	369,016	571,727
XI - PROVISIONS		2,831,102	3,348,259	6,179,361	2,695,041	3,147,891	5,842,932
A. Retirement pay compensation		0	0	0	0	0	0
B. General provision for loans		1,783,161	3,348,259	5,131,420	1,777,823	3,147,891	4,925,714
C. Corporation and Income Tax provisions		760,397	0	760,397	629,741	0	629,741
D. Other provisions		287,544	0	287,544	287,477	0	287,477
XII - OTHER LIABILITIES	(16)	2,709,707	3,136,525	5,846,232	1,860,732	1,674,487	3,535,219
XIII - SHAREHOLDERS' FUNDS	(17)	82,089,350	65,328,328	147,417,678	77,916,258	65,075,796	142,992,054
A. Share capital paid-up		77,211,336	0	77,211,336	73,534,074	0	73,534,074
1) Nominal share capital		77,211,336	0	77,211,336	73,534,074	0	73,534,074
2) Unpaid share capital		0	0	0	0	0	0
B. Statutory reserves		3,961,000	0	3,961,000	3,556,000	0	3,556,000
1) Statutory reserves		3,961,000	0	3,961,000	3,556,000	0	3,556,000
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)	917,014	65,328,328	66,245,342	826,184	65,075,796	65,901,980
1) Current period loss		0	0	0	0	0	0
2) Previous period losses		0	0	0	0	0	0
XIV - PROFIT		6,038,491	0	6,038,491	5,512,008	0	5,512,008
A. Current period profit		4,608,187	0	4,608,187	4,047,041	0	4,047,041
B. Previous period profits		1,430,304	0	1,430,304	1,464,967	0	1,464,967
TOTAL LIABILITIES	(19)	345,425,351	664,825,579	1,010,250,930	340,831,270	568,911,572	909,742,842
COMMITMENTS AND CONTINGENT LIABILITIES							
I - GUARANTEES AND ACCEPTANCES	(1)						
II - COMMITMENTS	(2)	4,601,299	12,160,359	16,761,658	4,309,084	8,705,374	13,014,458
III - FOREX & INTEREST RATES OPERATIONS	(3)	114,346,665	74,201,354	188,548,019	108,720,985	88,973,922	197,694,907
ASSETS HELD UNDER TRUST AND PLEDGED	(4)	0	194,784,549	194,784,549	7,000,000	308,859,339	315,859,339
IV - ASSETS		130,323,680	223,946,210	354,269,890	113,980,807	235,308,150	349,288,957
TOTAL		249,271,644	505,092,472	754,364,116	234,010,876	641,846,785	875,857,661

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 6 April 2017.

I. Hakan Börtöçene
Chairman

Kıvanç M. Rıza
Director and Secretary

M. A. Yunus Rahmioğlu
General Manager and Director

TURKISH BANK GROUP
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2016

	NOTE	CURRENT PERIOD	PREVIOUS PERIOD
		TL (31/12/2016)	TL (31/12/2015)
ASSETS			
I- CASH BALANCES		269,286,200	170,152,676
II- BANK BALANCES		570,263,685	377,674,960
III- SECURITIES PORTFOLIO	I-(6)	58,172,635	70,505,498
IV- LOANS AND ADVANCES	I-(1)(ii)e	622,008,464	662,147,275
A. Short term		194,264,028	230,578,406
B. Medium and long term		427,744,436	431,568,869
V- LOANS IN ARREARS (NET)		5,345,640	4,215,939
A. Gross receivable balances		9,530,189	8,046,553
B. Specific provision		(4,184,549)	(3,830,614)
VI- DERIVATIVE FINANCIAL INSTRUMENT - ASSET VALUES		0	0
VII- PREPAYMENTS AND ACCRUED INCOME		5,782,608	3,908,987
VIII- RESERVE DEPOSITS AT THE CENTRAL BANK		59,571,220	53,506,427
IX- SUNDRY RECEIVABLES		2,468,743	2,076,094
X- LONG TERM INVESTMENTS	I-(6)	76,584,608	74,425,744
A. Equity shares		45,355	42,836
B. Other pledged securities		76,539,253	74,382,908
XI- FIXED ASSETS	I-(1)(ii)h, II-i-(8)a(ii)	40,376,486	42,204,833
A. Book value		78,257,130	77,144,612
B. Accumulated depreciation		(37,880,644)	(34,939,779)
XII- INTANGIBLE FIXED ASSETS	I-(1)(ii)i, II-i-(8)a(iii)	2,590,911	3,102,954
XIII- GOODWILL ON CONSOLIDATION		0	0
XIV- OTHER ASSETS		4,929,210	6,363,100
TOTAL ASSETS	II-ii-(19)e(ii)	1,717,380,410	1,470,284,487
LIABILITIES			
I- DEPOSITS		1,476,439,800	1,214,458,360
A. Savings deposits and other customer accounts		1,461,976,028	1,192,449,008
B. Banks deposits		14,463,772	22,009,352
II- FUNDS DERIVED FROM REPO TRANSACTIONS		19,231,101	31,700,270
III- BORROWINGS		17,545,000	26,565,000
IV- DERIVATIVE FINANCIAL INSTRUMENT - LIABILITIES VALUES		0	0
V- EXPENSE ACCRUALS AND DEFERRED INCOME		3,413,905	5,794,935
VI- TAXES, DUTIES AND SOCIAL SECURITY PREMIUMS PAYABLE		1,336,357	1,716,067
VII- SUNDRY PAYABLES		1,208,120	887,380
VIII- PROVISIONS		8,341,952	8,695,858
A. General provision for loans		5,131,420	4,925,714
B. Corporation and Income Tax provisions	II-ii-(19)e(iii)	2,062,712	2,704,122
C. Other provisions		1,147,820	1,066,022
IX- OTHER LIABILITIES		13,020,863	9,236,478
X- MINORITY INTEREST	II-ii-(19)e(iv)	23,387,143	22,726,077
XI- SHAREHOLDERS' FUNDS	II-ii-(19)e(v)	153,456,169	148,504,062
A. Share capital-paid	II-ii-(17)a	77,211,336	73,534,074
B. Statutory reserves		3,961,000	3,556,000
C. Securities and Real Estate Revaluation Reserves		20,412,583	22,075,418
D. Consolidation Reserve		15,814,785	15,804,789
E. Profit and Loss Account		36,056,465	33,533,781
TOTAL LIABILITIES	II-ii-(19)e(ii)	1,717,380,410	1,470,284,487
COMMITMENTS AND CONTINGENT LIABILITIES			
I- GUARANTEES AND ACCEPTANCES		16,768,268	18,650,438
II- COMMITMENTS		1,482,113,031	691,004,918
III- FOREIGN EXCHANGE AND INTEREST RATES OPERATIONS		194,784,549	341,766,749
IV- ASSETS HELD UNDER TRUST AND PLEDGED ASSETS		354,269,890	349,288,957
TOTAL		2,047,935,738	1,400,711,062

These financial statements were approved by the Board of Directors and signed on behalf of the Board Directors on 6 April 2017.

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 2016

		CURRENT PERIOD TL (31/12/2016)	PREVIOUS PERIOD TL (31/12/2015)
I - INTEREST INCOME	I-(1)(ii)c	68,617,881	68,229,037
II - INTEREST EXPENSE		29,814,036	28,446,021
III - NET INTEREST INCOME		38,803,845	39,783,016
IV - OTHER INCOME		356,534,175	1,921,274,762
Commission and fee income	I-(1)(ii)c	12,515,315	13,124,910
Profits from capital market operations		4,271,703	644,712
Foreign exchange profits		335,243,557	1,903,909,669
Other non-interest income		2,634,237	2,062,829
Insurance business income		1,869,363	1,532,642
V - OTHER OPERATING EXPENSES		385,150,357	1,950,671,806
Fees and commissions paid		3,295,510	2,792,940
Loss on capital market operations		0	71,998
Foreign exchange losses		331,665,474	1,900,296,960
Personnel expenses		24,354,305	24,200,365
Depreciation	I-(1)(ii)h	3,823,292	4,070,307
Provision for doubtful debts	I-(1)(ii)e	1,517,434	1,449,924
Other provisions		1,125,796	925,878
Other non-interest expenses		19,368,546	16,863,434
VI - NET OTHER INCOME		(28,616,182)	(29,397,044)
VII - NET PROFIT BEFORE TAXATION	III-(4)	10,187,663	10,385,972
VIII- TAXATION	II-ii-(19)e(iii)	2,698,496	2,510,102
IX - NET PROFIT AFTER TAXATION		7,489,167	7,875,870
X- MINORITY INTERESTS	II-ii-(19)e(iv)	990,228	1,104,429
PROFIT ATTRIBUTABLE TO THE BANK			
XI- SHAREHOLDERS	II-ii-(19)e(v)	6,498,939	6,771,441

These financial statements were approved by the Board of Directors and signed on behalf of the Board of Directors on 6 April 2017.

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 in Turkish Lira)

Notes and disclosures in respect of current period:

(1) (i) Date of approval of the balance sheet by the board is 6 April 2017.

(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 subsidiaries have been valued using the equity method. 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 2016 are presented comparatively with the audited balances as at 31 December 2015.

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 2016. 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 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, interest income from the loans in arrears and fee income are recognized when received.

Turkish Bank (UK) Ltd. calculates interest income on financial assets, classified as loans and receivables or available for sale using the effective interest rate method. The commitment fees received, together with the related direct costs, are deferred to the useful life of the asset and recognized as part of the effective interest rate. Fees earned for banking services provided are recognised as revenue as the services are provided.

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 2016. 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 providing provisions against loans and other assets issued under 39/2001 Banking Law. In accordance with this Decree and based on the principle 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.

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are in Turkish Lira)

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 % (2015-%23.5).

Turkish Bank (U.K) pays 20% (2015-20.25 %) corporation tax on their taxable income.

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 capitalized 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; Assets 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 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 under 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 clauses 15 and 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, safe deposit boxes, insurance and any other banking business permissible by the TRNC Central Bank and under the Banking 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 Bank's liquidity, credit and market risks. The bank trades these instruments on account and on behalf of its customers.

Financial instruments form the bulk of the bank's business and operations. These instruments cause 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 bank's 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 items 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 in Turkish Lira)

(3) Changes in the accounting policies:

As of 2015, subsidiaries, which were previously recorded at cost, have been valued using the equity method. The resulting revaluation difference of 66,245,342 TL has been recorded as an Increase in Value of Securities in the Shareholders' Funds.

(4) The basic accounting assumptions of going concern, accrual basis and consistency 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 long-term investments of the bank purchased before 1 January 2007 are shown at values determined by statutory valuation carried out in 2006. As of 2015, subsidiaries have been valued using the equity method.

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 recognized directly in shareholders equity until the security is disposed off or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Foreign exchange gains and losses, interest recognized under the effective interest rate method and impairment losses are taken to the profit and loss account. Impairment losses are recognized 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 amortized cost using the effective interest method less any impairment, with revenue recognized 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 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.

US Dollar:	Current Period	Previous Period
	3.50900	2.91300
<u>Preceding the Balance Sheet date:</u>		
1. Day bid rate3.51700.....TL.2.88500.....TL.
2. Day bid rate3.52700.....TL.2.89700.....TL.
3. Day bid rate	... 3.50800.....TL.2.90000.....TL.
4. Day bid rate3.49600.....TL.2.90200.....TL.
5. Day bid rate3.48600.....TL.2.90700.....TL.

GBP:	Current Period	Previous Period
	4.31100	4.3100
<u>Preceding the Balance Sheet date:</u>		
1. Day bid rate	4.30300 TL.	4.26800 TL.
2. Day bid rate	4.30100 TL.	4.27800 TL.
3. Day bid rate	4.28700 TL.	4.31700 TL.
4. Day bid rate	4.28700 TL.	4.32800 TL.
5. Day bid rate	4.25800 TL.	4.32900 TL.

(9) Value of assets and the total insurance cover:

Current Period: 31/12/2016

	<u>Book Value</u>	<u>Accumulated Depreciation</u>	<u>Insurance Cover</u>
Assets	22,751,696	16,705,214	17,428,295
Movable property (Equipment, furniture fixtures and fittings)	14,633,029	12,262,897	9,173,871
Immovable property	8,118,667	4,442,317	8,254,424
Assets held that have to be disposed	-	-	-

Previous Period: 31/12/2015

	<u>Book Value</u>	<u>Accumulated Depreciation</u>	<u>Insurance Cover</u>
Assets	21,995,776	15,097,596	16,755,143
Movable property (Equipment, furniture fixtures and fittings)	14,451,617	10,856,471	9,564,598
Immovable property	7,544,159	4,241,125	7,190,545
Assets held that have to be disposed	-	-	-

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

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

(11) The material events that happened after balance sheet date affecting 2016 that needs explaining:

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

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are in Thousand Turkish Lira)

(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 clearer and more understandable. Figures unless expressed otherwise are in Turkish Lira(TL)

(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	431,615	263,219	66,397	243,400
Assets (Net)				
Cash Balances	7,877	0	0	0
Balances at Central Bank	99,707	0	0	0
Interbank Funds	35,400	0	0	0
Bank Balances	0	246,552	0	5,392
Securities Portfolio	49,269	0	0	4,570
Reserve Deposits at Central Bank	59,571	0	0	0
Reverse Repo Receivables	0	0	0	0
Loans and Advances	73,154	78	64,569	174,422
Loans in Arrears	0	0	0	0
Prepayments and Accrued Income	2,147	1,458	464	1,401
Participations and Subsidiaries	0	0	0	0
Long Term Investments	37,335	13,557	0	25,693
Assets Held for Resale	0	0	0	0
Fixed Assets	0	0	0	6,046
Other Assets	0	0	0	3,083
Off-Balance-Sheet Items				
Guarantees	0	53	1,001	2,477
Documentary Credits	0	0	0	0
Other Liabilities and commitments	0	0	0	0
Undertakings	66,848	4	363	20,285
Foreign Currency and Interest Rates Operations	0	1,517	0	0
Non Risk-Weighted Accounts	0	0	0	31
Total Risk-Weighted Assets	0	52,644	33,199	243,400
Market Risk & Operational Risk	0	0	0	85,301
TOTAL	0	52,644	33,199	328,701

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

(Amounts unless expressed otherwise are in Thousand Turkish Lira)

b) Details of Capital and Reserves

	Current Period	Previous Period
1-Tier I Capital	86,721	82,126
a. Paid-up Capital	77,211	73,534
b. Statutory Reserves	3,961	3,556
c. General Reserves	0	0
d. Profit after Tax and Retained Earnings	6,038	5,512
e. Current and Previous Years Losses (-)	0	0
2-Tier II Capital	82,145	82,681
a. General Provision	5,131	4,926
b. Fixed Asset Revaluation Fund	0	0
c. Inflation Adjustment Reserve	0	0
d. Participations and Subsidiaries Reserves	0	0
e. Capital Loans	10,481	11,566
f. Contingency Reserves	288	287
g. Securities Valuation Fund	66,245	65,902
3-Total Capital (1+2)	168,866	164,807
4-Capital as Determined by Capital Adequacy Ratio Regulations	167,563	164,204
5-Items to be Deducted from Capital	98,167	97,262
a. Investment in Participations and Subsidiaries	97,678	96,786
b. Intangible Assets	0	0
c. Formation Expenses	0	0
d. Prepaid Expenses	489	476
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)	69,885	67,418

c) Summary Details of Capital Adequacy Ratio;

	TL. %	TL. %
	Current Period	Previous Period
Total Risk-Weighted Assets	414,544	453,814
Net Capital	69,885	67,418
Capital Adequacy Ratio (%)	% 16.86	% 14.86

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

(Amounts unless expressed otherwise are 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 Authorized to Carry Out Independent Audits of the Banks' Directive 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 listed 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.

- Ender Par Board Member retired on 27 April 2016.
- Mustafa Eren Risk Management Deputy Director resigned on 12 September 2016.
- Cengiz Dođru was appointed as a member of the Board of Directors on 27 April 2016.
- Mustafa Kayahan is appointed as Assistant General Manager responsible for Loans, Budget, Human Resources, Project Management, Strategic Planning and Product Development on 26 September 2016
- Internal Audit Executive Mustafa Biçerciođlu is appointed as Assistant General Manager responsible for financial and administrative affairs.
- Ufuk Túrkan was appointed as the head of internal audit and internal control on 27 October 2016
- Compliance and Internal Control Manager Pinar Nurtunç was appointed as Director of Risk Management
- Fikriye Özdalili was appointed as Regulations and Compliance Manager on 3 October 2016

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 accounting policies compared with the previous year.

g) The auditors are satisfied about the confirmation of the bank management that the internal control system is reliable.

h) In foreign currencies AUD & JPY, which are not the major currencies for the Bank's operations, the Bank held a total long position of TL 112,130.

i) i. Establishment of Internal Systems

- The Internal Systems of the Banks has been established as per the Internal Audit, Risk Management and Internal Control directive issued under Article 15(3) of the Banking Law No: 39/2001. A non-executive director has been appointed as Board Member responsible for Internal Systems. The duties and authorities of the Internal Systems are in conformity with the Directive.

- The Bank carries out its internal systems function through its Internal Audit and Internal Control, Risk Management, and Regulations and Compliance Units. The qualifications of the staff conform to the Directive. The Units submitted their reports to the Board of Directors through the Board Member Responsible for Internal Systems.

ii. Internal Audit & Internal Control

The planning, implementation and reporting functions of internal audit and internal control 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, in accordance to Risk Matrix in the Directive.

- The Internal Audit and Internal Control Unit reports to the Board of Directors through the Board Member Responsible for Internal Systems.

- The Bank has an effective and appropriate internal control system and internal systems are adequately utilised.

- The internal audit and internal control department consists of a manager an auditor and four assistant auditors. During the year eight periodic branch audits and twelve surprise cash control audits were carried out, two departments, two subsidiaries control and four thematic audits were performed as well.

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are in Turkish Lira)

iii. Regulations & Compliance

- The Bank informed its personnel of the amendments in law, regulations and new products and services in the shortest time possible.
- Anti Money Laundering (AML) software package is being used.
- The Unit performs regular controls on daily, weekly, monthly and yearly basis.
- A manager runs activities of the unit . One additional personal will be recruited within the required statutory period .
- 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 being implemented.

iv. Risk Management

- The activities, obligations and reporting as required by the Directive have been met. The Unit ensures that the Bank's risks are identified, evaluated, monitored, controlled and planned in conformity with the Directive.
- A manager runs activities of the unit. An additional personnel requirement shall be implemented within the required regulatory period.
- The Bank uses the standard risk model.
- The Bank has identified and measured credit risk, market risk, interest rate risk, currency risk, liquidity risk, operational risk and regulatory risk. The level of effectiveness of the risk profile controls has been measured as "strong".
- The Risk Assessment Matrix, 4/5 Loans Report and, Annual Risk Assessment reports were submitted to the Board of Directors and the TRNC Central Bank.
- The risk allocation limits by sectors have been set.
- The questions of matrix survey were reviewed.
- The Unit updated six of the internal risk criterion.
- The activities of the Bank were considered in an integrated manner with the sub-components.

The bank has performed stress tests and simulations. The assumptions used are assessed and updated.

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are 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	9,192,900	90,514,449	8,629,424	61,670,424
Unpledged Deposit Balances	16,000,000	19,399,500	6,000,000	12,930,000
Pledged Balances	0	0	0	0
TOTAL	25,192,900	109,913,949	14,629,424	74,600,424

* Unpledged deposits accounts consists of Interbank Money Market transactions.

b) Bank Balances with Overseas Banks;

	Unpledged Balances		Pledged Balances	
	Current Period	Previous Period	Current Period	Previous Period
Turkey	188,525,914	152,469,511	0	0
EU Countries	19,613,093	19,627,347	0	0
USA and Canada	0	0	0	0
OECD Countries' *	0	0	0	0
Offshore Zone	0	0	0	0
Other	0	0	0	0
TOTAL	208,139,007	172,096,858	0	0

* 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 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- 14,312,391 TL of the securities portfolio balance is held for legal requirements.

b) Analysis of securities portfolio:

Types of Securities	Current Period		Previous Period	
	TP	FX	TP	FX
TRNC Development Bank Securities	0	14,312,391	0	13,899,000
Turkish Treasury Bills	0	0	0	0
Turkish Government Bonds	8,999,555	0	9,014,792	0
Other OECD Countries Bonds and Bills	4,570,000	0	12,250,000	0
Other Countries Bonds and Bills	0	0	0	0
Other	0	25,984,000	0	25,416,000
TOPLAM	13,569,555	40,296,391	21,264,792	39,315,000

Note: The "Other" line is comprised of TRNC Central Bank Bonds. The book value of the securities portfolio on the balance sheet is TL 53,865,946. As at 31.12.2016, the market value has been calculated as TL 53,788,478.

(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	22,160	0	48,847	0
Loans given to corporate body shareholders	3,411	0	1,960	0
Loans given to individual shareholders	18,749	0	46,887	0
Indirect loans given to shareholders	40,937	0	63,038	0
Loans given to personnel	2,896,053	4,640	4,065,038	0

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are in Turkish Lira)

b) 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	13,961	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	75,135,557	30,995,289	1,204,696	0
Special Loans	0	0	0	0
Funded Loans	0	0	0	0
Consumer Loans	79,010,134	957,598	289,569	0
Credit Cards	3,564,414	0	195,166	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	119,697,738	0	1,158,887	0
TOTAL	277,421,804	31,952,887	2,848,318	0

c) Loan Classification by Users:

	Current Period	Previous Period
Public	32,269,874	40,341,463
Private	279,953,135	277,173,413
TOTAL	312,223,009	317,514,876

d) Loan Classification-Domestic and Overseas:

	Current Period	Previous Period
Domestic Loans	111,598,227	121,217,547
Overseas Loans	200,624,782	196,297,329
TOTAL	312,223,009	317,514,876

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

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

(Amounts unless expressed otherwise are in Turkish Lira)

- f) The first hundred largest cash loan customers make up 87% of the total cash loan portfolio and ten cash loan customers make up 50% of the cash loan portfolio.
- g) The first hundred largest non-cash loan customers make up 96% of the total non-cash loan portfolio and three customers holds 50% thereof.
- h) The first hundred largest cash and non-cash loan customers make up 16% of the total assets (including off-balance-sheet items) and eleven 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	73,066	137,359	2,499,869
Additions in the Year (+)	205,579	655,207	685,240
Transfer from Other Non-Performing Loans	0	75,705	135,226
Transfer to Other Non-Performing Loans	88,199	122,732	0
Collections in the Period (-)	34,660	20,659	806,577
Write Offs (-)	230	0	63,223
Balances at the end of Period	155,556	724,880	2,450,535
Specific provision (-)	155,556	724,880	2,450,535
Net Book Value	0	0	0

Note: Five non-performing credit cards totaling TL 2,659, fourteen reducing loans totaling TL 59,308 and three non-performing current accounts totaling TL 1,486 were written-off by Board resolution.

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	97,974	652,268	1,450,153
Specific Provision (-)	97,974	652,268	1,450,153
Net Book Value	0	0	0
Previous Period:			
Balance Brought Forward	8,458	3,005	1,439,497
Specific Provision (-)	8,458	3,005	1,439,497
Net Book Value	0	0	0

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

(Amounts unless expressed otherwise are in Turkish Lira)

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

Security Group	Loans Given	Provision
Unsecured	488,541	488,541
Group I - Cash Security	118	118
Group II - Immovable Security	1,080,775	1,080,775
Group III - Movable Security	881,101	881,101
Group IV - Other Security	0	0

d) Bad Debts and Receivables Policy of the Bank:

After giving written notice, non-performing loans are referred to bank lawyers for legal action. Legal procedures are followed up and installments are collected 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) Subsidiaries are valued using the equity method. 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
Banks	0	0	92,575,123	92,322,592
Insurance Companies	0	0	5,103,491	4,463,256
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	2,276,208	111,090,160
Turkish Insurance Ltd	182 Girne Caddesi Lefkoşa TRNC	51	98	1,250,730	9,975,598

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are 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 capitalizing 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	2,088,366	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	914,346	0
-Borrowed Funds	0	0
Securities Issued	0	0
-Interest and expense prepayments	369	0
-Financial leasing liabilities	0	0
-Other liabilities	0	0
OFF-BALANCE-SHEET COMMITMENTS AND LIABILITIES	101,165	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	58,285,968	41,506,718
2- Repo related items	18,253,285	32,876,190
3- Other: Investment in share capital	45,355	42,836
4- Provision for loss in value (-)	0	0
TOTAL	76,584,608	74,425,744

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

(Amounts unless expressed otherwise are 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	7,544,159	649,016	13,802,601	21,995,776
Accumulated depreciation (-)	(4,239,610)	(497,721)	(10,366,777)	(15,104,108)
Net Book Value	3,304,549	151,295	3,435,824	6,891,668
Current Period:				
Net book value at the beginning of the year	3,304,549	151,295	3,435,824	6,891,668
Purchases	574,508	0	207,121	781,629
Sales and disposals - Net (-)	0	0	(933)	(933)
Diminution in value	0	0	0	0
Depreciation charge (-)	(202,706)	(62,040)	(1,361,136)	(1,625,882)
Net Exchange differences (-)	0	0	0	0
Closing Net Book Value	3,676,351	89,255	2,280,876	6,046,482

Note: In 2016 accumulated amortization on fixed asset totaling TL 6,512 have been added as a correction.

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

	Immovable Property	Other Fixed Assets	Total
Balance from previous year:			
Cost	47,761,084	29,394,197	77,155,281
Accumulated depreciation (-)	(11,900,501)	(23,048,141)	(34,948,642)
Net Book Value	35,860,583	6,346,056	42,206,639
Current Period:			
Net book value at the beginning of the year	35,860,583	6,346,056	42,206,639
Purchases	574,508	807,399	1,381,907
Sales and disposals - Net (-)	0	(932)	(932)
Diminution in value	0	0	0
Depreciation charge (-)	(1,004,796)	(2,206,332)	(3,211,128)
Closing Net Book Value	35,430,295	4,946,191	40,376,486

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are in Turkish Lira)

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

	TOTAL
Previous Period:	
Cost	10,549,019
Accumulated Depreciation (-)	(7,445,097)
Net Book Value	3,103,922
Current Period:	
Beginning Net Book Value	3,103,922
Purchases	99,153
Disposals-Net Value(-)	0
Statutory Valuation	0
Depreciation	(612,164)
Closing Net Book Value	2,590,911

(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;

- Other assets do not exceed 10% of total assets of the Bank.
- Prepaid Expenses, tax and other similar transactions details:

Expenses Paid in Advance	Total
Software Maintenance and Licensing Cost	313,341
VISA Membership Cost	86,790
Insurance Expenses	62,307
Rent	2,991
Other Expenses	24,784
Total	490,213

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are in Turkish Lira)

(ii) NOTES AND DISCLOSURES REGARDING LIABILITIES:

(10) Breakdown of Deposits

a) Details of Deposits Analyzed 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	35,022,248	0	34,427,380	123,799,787	1,837,841	744,501	391,524
2) Official, Commercial and Other Institutions Deposits	19,804,110	0	1,209,915	8,662,406	17,779	36,695	1,320
3) Foreign Currency Savings	47,701,259	0	61,627,503	256,140,053	19,474,553	20,636,472	8,909,310
4) Foreign Currency Official, Commercial and Other institutions Deposits	23,071,669	0	1,811,060	15,674,164	17,971,407	28,078,015	303,576
Non-Resident Accounts							
1) Savings Accounts	500,031	0	270,984	3,424,110	6,915	60,793	10,300
2) Official, Commercial and Other Institutions Deposits	6,754	0	0	0	0	0	0
3) Foreign Currency Savings	4,164,388	0	4,366,255	13,577,223	9,965,270	4,738,998	2,239,554
4) Foreign Currency Official, Commercial	32,099,621	0	0	0	0	0	0
Banks Deposit							
Local Banks	87,255	0	0	0	0	0	0
Overseas Banks	0	0	0	0	0	0	0
Off-Shore Banks	65,839	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	162,523,174	0	103,713,097	421,277,743	49,273,765	54,295,474	11,855,584

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	26,868,912	0	123,509,369	25,778,400	1,184,927	1,287,505	445,601
2) Official, Commercial and Other Institutions Deposits	13,507,591	0	5,611,338	1,955,335	1,822	35,188	686
3) Foreign Currency Savings	41,784,859	0	232,621,088	59,035,628	13,100,697	16,507,551	15,925,602
4) Foreign Currency Official, Commercial and Other institutions Deposits	16,351,989	0	2,994,660	3,369,372	43,209,231	27,108	394,738
Non-Resident Accounts							
1) Savings Accounts	534,137	0	2,762,353	833,179	25,506	15,601	27,716
2) Official, Commercial and Other Institutions Deposits	6,428	0	0	0	0	0	0
3) Foreign Currency Savings	3,446,414	0	11,398,201	6,133,667	2,614,643	6,033,893	1,197,139
4) Foreign Currency Official, Commercial and Other institutions Deposits	38,665	0	0	3,807,141	1,461,346	0	0
Banks Deposit							
Local Banks	186,700	0	0	0	0	0	0
Overseas Banks	0	0	0	0	0	0	0
Off-Shore Banks	54,708	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	102,780,403	0	378,897,009	100,912,722	61,598,172	23,906,846	17,991,482

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

(Amounts unless expressed otherwise are in Turkish Lira)

b) Deposits covered by the Savings Insurance Fund Scheme;

SAVINGS ACCOUNTS	Current Period		Previous Period	
	TL	FX	TL	FX
Savings Accounts *	198,377,657	443,067,724	181,241,802	403,756,184
Other Covered Accounts	2,001,435	124,450	1,420,810	115,736
TOTAL	200,379,092	443,192,174	182,662,612	403,871,920

* As per clause 11. (4) of the Banking Law deposit totalling TL 2,118, 758 and FX 10,473,113 are exempt and have been deducted from savings accounts totals.

(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	5,731,101	0	700,270	0
Real Persons	0	0	0	0
Overseas Transactions	0	0	0	0
Financial Institutions and Corporations	13,500,000	0	31,000,000	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	0	0	12,000,000	0
Medium and Long-Term	0	17,545,000	0	14,565,000

b) The Bank borrowed USD 5,000,000 subordinated capital loan from an oversea 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 in Turkish Lira)

(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

(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	267,719	391,134

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	77,211,336	73,534,074
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 in Turkish Lira)

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

Capital System	Paid-up Capital	Ceiling of Authorized Capital
Registered Capital System	77,211,336	78,000,000

(c) Details of increase made to the authorized and paid-up capital in the current period:

Date of Increase	Value of Increase	Cash Issue	Capitalised Reserves	Capitalised Revaluation Funds
24.05.2016	3,677,212	508	3,676,704	0
30.05.2016	50	50	0	0

(d) Details of capitalized 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	28,496,469	%36.91	28,496,469	0
T. Özyol Yatırımları Ltd.	28,054,641	%36.34	28,054,641	0
Özyol Holding A.Ş.	9,465,790	%12.26	9,465,790	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:

Authorized share capital is made up of 20,380 'A' Shares of 10 Kr each and 7,997,962 '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	917,014	65,328,328	826,184	65,075,796
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 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 major source of the liquidity risk is the maturity mismatch arising from the overall short-term structure of the customer deposits. The group manages liquidity risk by maintaining sufficient cash and cash equivalents to fund existing and prospective debt commitments , and settle open 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)	142,993,911	0	0	0	0	0	142,993,911
Bank Balances	240,748,370	11,195,957	0	0	0	0	251,944,327
Securities Portfolio	25,984,000	4,866,003	8,950,636	12,065,307	2,000,000	0	53,865,946
Loans	130,223,671	6,586,064	937,969	12,865,516	161,609,789	0	312,223,009
Long Term Investments	34,652,841	0	0	2,000,115	39,886,297	45,355	76,584,608
Other Assets	64,922,254	763,542	201,645	1,108	0	106,750,580	172,639,129
Total Assets	639,525,047	23,411,566	10,090,250	26,932,046	203,496,086	106,795,935	1,010,250,930
Liabilities							
Bank Deposits	153,094	0	0	0	0	0	153,094
Other Deposits	684,604,534	78,830,391	17,863,671	21,487,147	0	0	802,785,743
Funds obtained from other financial institutions	19,231,101	0	0	0	17,545,000	0	36,776,101
Securities issued	0	0	0	0	0	0	0
Sundry Liabilities	605,225	0	0	0	0	0	605,225
Other Liabilities	8,278,892	482,424	1,019,575	136,190	0	160,013,686	169,930,767
Total Liabilities	712,872,846	79,312,815	18,883,246	21,623,337	17,545,000	160,013,686	1,010,250,930
Net Asset Liquidity Gap	-73,347,799	55,901,249	-8,792,996	5,308,709	185,951,086	-53,217,751	0
Previous Period							
Total Assets	476,227,529	25,172,557	18,708,048	72,230,276	211,008,872	106,395,560	909,742,842
Total Liabilities	634,861,146	67,113,428	16,658,315	22,626,183	14,565,000	153,918,770	909,742,842
Net Asset Liquidity Gap	-158,633,617	41,940,871	2,049,733	49,604,093	196,443,872	-47,523,210	0

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are in Turkish Lira)

e) Disclosures and footnotes regarding other matters:

i) Tax:

Bank	Current Period	Previous Period
2016 corporation and income tax provision	1,377,627	1,073,982
Taxes and withholding tax paid	0	0
Total Tax provision for the year	1,377,627	1,073,982
Tax brought forward from previous years	629,741	420,601
Less: Withholding tax paid in 2016 and previous years withholding tax written off	(1,246,971)	(864,842)
Taxes Payable	760,397	629,741

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)	269,286,200	0	0	0	0	269,286,200
Bank Balances	562,917,741	0	7,345,944	0	0	570,263,685
Securities Portfolio	30,850,003	9,899,056	14,022,501	3,401,075	0	58,172,635
Loans	171,602,313	1,617,605	43,827,118	410,307,068	0	627,354,104
Long Term Investments	34,652,841	0	2,000,115	39,886,297	45,355	76,584,608
Other Assets	67,406,843	201,645	1,656,532	73,287	46,380,871	115,719,178
Total Assets	1,136,715,941	11,718,306	68,852,210	453,667,727	46,426,226	1,717,380,410
Liabilities						
Bank Deposits	14,463,772	0	0	0	0	14,463,772
Other Deposits	1,278,754,207	17,863,671	131,210,719	34,147,431	0	1,461,976,028
Funds obtained from other financial institutions	19,231,101	0	0	17,545,000	0	36,776,101
Securities issued	0	0	0	0	0	0
Sundry Liabilities	1,208,119	0	0	0	0	1,208,119
Other Liabilities	13,964,180	1,278,279	1,839,385	1,357,965	184,516,581	202,956,390
Total Liabilities	1,327,621,379	19,141,950	133,050,104	53,050,396	184,516,581	1,717,380,410
Net Asset Liquidity Gap	-190,905,438	-7,423,644	-64,197,894	400,617,331	-138,090,355	0
Previous Period						
Total Assets	799,180,136	22,032,016	123,647,769	477,336,423	48,088,143	1,470,284,487
Total Liabilities	1,139,623,610	16,669,697	102,582,304	33,781,104	177,627,772	1,470,284,487
Net Asset Liquidity Gap	-340,443,474	5,362,319	21,065,465	443,555,319	-129,539,629	0

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are in Turkish Lira)

iii) Tax – Group;

	Current Period	Previous Period
2016 corporation and income tax provision	2,409,659	2,329,746
Deferred tax adjustments	288,837	180,356
Total provision	2,698,496	2,510,102
Taxes brought forward from previous years	1,893,259	740,096
Foreign Exchange revaluation difference	313	53,400
Withholding tax paid in 2016	(2,395,715)	(2,108,709)
Deferred tax provision - 2016 net movement	(685,449)	793,773
Tax receivables brought forward	551,808	715,460
Taxes Payable	2,062,712	2,704,122

iv) Minority Interest;

Minority interest consists of shares with nominal value of TL 3,950,448 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	74,969,988	54,634,085
Exchange Differences and Minority Interest adjustments	109,535	7,334,244
Movements in 2016		
Retained Earnings for the Year	6,498,939	6,771,440
Dividend Paid	0	0
Consolidated reserves	9,996	7,120,000
Revaluation Increases - Net	(1,666,921)	2,611,817
Capitalized Reserves	(3,676,704)	(3,501,598)
Year End Balance of Reserves	76,244,833	74,969,988
Paid Up capital	77,211,336	73,534,074
Shareholders' Funds at Year End	153,456,169	148,504,062

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are 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 Turkey and European Union countries, with the aim of increasing foreign exchange income without taking any foreign currency risk. Other 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	16,761,658	13,014,458
TOTAL	16,761,658	13,014,458

b) Details of off-balance-sheet liabilities;

	Current Period		Previous Period	
	TL	FX	TL	FX
Off-Balance-Sheet Liabilities				
Letter of guarantees	4,601,299	5,844,159	4,309,084	3,461,974
Acceptances	0	0	0	0
Documentary credits	0	6,316,200	0	5,243,400
Endorsements, transfers	0	0	0	0
Undertaking of Repurchasing	0	0	0	0
Other guarantees and acceptances	0	0	0	0
TOTAL	4,601,299	12,160,359	4,309,084	8,705,374

(3) Commitments;

	Current Period	Previous Period
Irrevocable commitments	56,223,048	56,213,554
Revocable commitments	132,324,971	141,481,353
TOTAL	188,548,019	197,694,907

(4) Foreign Exchange and Interest Rate Operations;

	Current Period	Previous Period
Forward FX Transactions	194,784,549	315,859,339
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	194,784,549	315,859,339

TURKISH BANK LIMITED

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

(Amounts unless expressed otherwise are in Turkish Lira)

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

	Current Period	Previous Period
Interest received from Subsidiaries and Participations	0	5,749
Commissions and fees received from Subsidiaries and Participations	6,442	2,067

b) Interest and commissions paid to Participations and Subsidiaries;

	Current Period	Previous Period
Interest paid to Subsidiaries and Participations	8,348	15,960
Commissions and fees paid to Subsidiaries and Participations	15,621	15,907

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	528,467	0	1,262,824	0

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

	Current Period	Previous Period
Specific provision for non-performing loans and other receivables	1,517,434	1,333,377
For unsecured accounts	43,665	127,947
For other accounts	1,473,769	1,205,430
General provision for loans	1,125,730	878,388
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	66	47,490

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

(Amounts unless expressed otherwise are in 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	1,285,251	1,287,260
Auditors' Fees	127,600	127,600

Group:	Current Period	Previous Period
Directors' emoluments	2,594,263	2,731,484
Auditors' Fees	542,212	498,020

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 2015

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 31/12/2015

Balances 31 December 2015

CURRENT PERIOD

Balance at 1 January 2016

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 2016

Increase in value of the securities portfolio

Other

Net Profit at 31/12/2016

Balances 31 December 2016

Paid-up Share Capital	First and Second Legal Reserves	Share Premium Account	Other Legal Reserves	General Reserve	Statutory Revaluation Fund of Fixed Assets	Revaluation Fund of Assets of Participations and Subsidiaries	Statutory Revaluation of Securities	Prior Years Profits (Losses)	Current Period Net Profit/ (Loss)	Total Shareholders' Equity
70,031,964.-	3,117,000.-	0.-	0.-	0.-	0.-	0.-	0.-	1,022,862.-	4,382,703.-	78,554,529.-
-	-	-	-	-	-	-	-	-	-	0.-
-	439,000.-	-	-	-	-	-	-	3,943,703.-	-4,382,703.-	0.-
-	-	-	-	-	-	-	-	-	-	0.-
512.-	-	-	-	-	-	-	-	-	-	512.-
-	-	-	-	-	-	-	-	-	-	0.-
3,501,598.-	-	-	-	-	-	-	-	-3,501,598.-	-	0.-
-	-	-	-	-	-	-	-	-	-	0.-
-	-	-	-	-	-	-	-	-	-	0.-
-	-	-	-	-	-	-	-	-	-	0.-
-	-	-	-	-	-	-	-	-	-	0.-
-	-	-	-	-	-	-	65,901,980.-	-	-	65,901,980.-
-	-	-	-	-	-	-	-	-	-	0.-
-	-	-	-	-	-	-	-	-	-	0.-
73,534,074.-	3,556,000.-	0.-	0.-	0.-	0.-	0.-	65,901,980.-	1,464,967.-	4,047,041.-	148,504,062.-
73,534,074.-	3,556,000.-	0.-	0.-	0.-	0.-	0.-	65,901,980.-	1,464,967.-	4,047,041.-	148,504,062.-
-	-	-	-	-	-	-	-	-	-	0.-
-	405,000.-	-	-	-	-	-	-	3,642,041.-	-4,047,041.-	0.-
-	-	-	-	-	-	-	-	-	-	0.-
558.-	-	-	-	-	-	-	-	-	-	558.-
-	-	-	-	-	-	-	-	-	-	0.-
3,676,704.-	-	-	-	-	-	-	-	-3,676,704.-	-	0.-
-	-	-	-	-	-	-	-	-	-	0.-
-	-	-	-	-	-	-	-	-	-	0.-
-	-	-	-	-	-	-	-	-	-	0.-
-	-	-	-	-	-	-	343,362.-	-	-	343,362.-
-	-	-	-	-	-	-	-	-	-	0.-
77,211,336.-	3,961,000.-	0.-	0.-	0.-	0.-	0.-	66,245,342.-	1,430,304.-	4,608,187.-	153,456,169.-

TURKISH BANK GROUP

V- A) STATEMENT OF CASH FLOW

	CURRENT PERIOD TL (31/12/2016)	PREVIOUS PERIOD TL (31/12/2015)
I- Cash Flow From Banking Operations (Main Activities)		
Interest income and similar items	67,670,842	67,424,345
Interest expenses and similar items	(29,731,514)	(28,497,304)
Dividends received	0	0
Fees and commissions received	13,261,335	13,730,507
Income from insurance business	1,491,046	1,299,549
Other income	4,615,262	4,098,552
Collections from previously written-off loans and other receivables	0	0
Personnel and administration expenses	(48,368,378)	(42,477,820)
Taxes paid	(2,395,715)	(2,108,709)
Other	(3,237,675)	(2,509,930)
Operating Profit Before Changes in Operating Assets and Liabilities	3,305,203	10,959,190
Changes in Operating Assets and Liabilities:		
<u>(Increase) Decrease in Operating Assets:</u>		
Net (increase) / decrease in securities portfolio	13,852,862	16,675,354
Net (increase) / decrease in banks and loans	(19,322,721)	(99,845,182)
Net (increase) / decrease in other assets	230,015	(2,577,262)
<u>Increase (decrease) in operating liabilities:</u>		
Net increase (decrease) in deposits	263,294,404	130,645,293
Net increase (decrease) in funds borrowed	(21,489,169)	(1,809,730)
Net increase (decrease) in other liabilities	3,853,434	3,220,718
Net Cash Provided from Banking and Commercial Operations	243,724,028	57,268,381
II- Cash Flow from Investing Activities		
Cash paid for purchase of equity participations	0	0
Purchase of property and equipment	(1,381,907)	(3,349,495)
Sale of property and equipment	933	0
Purchase of Intangible Assets	(99,153)	(422,380)
Cash paid for purchase of investment securities	(2,158,864)	0
Sale of investment securities	0	12,254,610
Net Cash (Used in) Provided from Investing Activities	(3,638,991)	8,482,735
III- Cash Flow from Financing Activities		
Capital increase	524,524	498,426
Dividends paid	0	0
Dividends paid to minority shareholders of a subsidiary	(524,252)	(497,857)
Net Cash Provided from Financing Activities	272	569
Effect of change in foreign currency evaluation rate of cash and cash equivalents	805,993	34,177,081
Net Increase / (Decrease) in Cash and Cash Equivalents	240,891,302	99,928,766
Cash and Cash Equivalents at the Beginning of the Year	333,794,760	233,865,994
Cash and Cash Equivalents at the End of the Year	574,686,062	333,794,760

TURKISH BANK LIMITED

V- B) STATEMENT OF CASH FLOW

	CURRENT PERIOD TL (31/12/2016)	PREVIOUS PERIOD TL (31/12/2015)
I- Cash Flow From Banking Operations (Main Activities)		
Interest income and similar items	43,961,133	43,569,840
Interest expenses and similar items	(22,786,219)	(22,489,323)
Dividend income	645,958	613,312
Fees and commissions received	6,516,742	6,414,010
Other income	1,053,193	1,196,016
Collections from previously written-off loans and other receivables	0	0
Personnel and administration expenses	(25,744,147)	(24,729,888)
Taxes paid	(1,246,971)	(864,842)
Other Collection items income	0	0
Other Paid items	0	0
Operating Profit Before Changes in Operating Assets and Liabilities	2,399,689	3,709,125
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Operating Assets:		
Net (increase) decrease in securities portfolio	6,713,846	10,461,084
Net (increase) decrease in banks	(62,064,977)	(47,394,940)
Net (increase) decrease in loans	4,607,737	(42,101,003)
Net (increase) decrease in other assets	(463,081)	(501,020)
Increase (decrease) in operating liabilities:		
Net increase in deposits	116,852,203	88,336,824
Net (decrease) in funds borrowed	(21,489,169)	(1,809,730)
Net increase (decrease) in securities issued	0	0
Net increase in other liabilities	2,237,179	(519,762)
Net Cash Provided from Banking and Commercial Operations	48,793,427	10,180,578
II- Cash Flow from Investing Activities		
Cash paid for purchase of equity participations	(549,404)	(522,096)
Cash obtained from sale of equity participations	0	0
Purchase of property and equipment	(781,629)	(1,289,844)
Sale of property and equipment	933	0
Cash paid for purchase of investment securities	(2,158,864)	0
Cash obtained from sale of investment securities	0	12,254,610
Other cash inflow	0	0
Other cash outflow	0	0
Net Cash (Used in) Provided from Investing Activities	(3,488,964)	10,442,670
III- Cash Flow 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	558	512
Dividends paid	0	0
Other cash inflow	0	0
Other cash outflow	0	0
Net Cash Provided from Financing Activities	558	512
Effect of change in foreign currency evaluation rate of cash and cash equivalents	609,295	2,420,688
Net Increase / (Decrease) in Cash and Cash Equivalents	45,914,316	23,044,448
Cash and Cash Equivalents at the Beginning of the Year	97,079,595	74,035,147
Cash and Cash Equivalents at the End of Year	142,993,911	97,079,595

TURKISH BANK LIMITED

VI- PROFIT APPROPRIATION TABLE

	CURRENT PERIOD TL (31/12/2016)	PREVIOUS PERIOD TL (31/12/2015)
A. APPROPRIATION OF CURRENT YEAR INCOME		
1. CURRENT YEAR INCOME	5,985,814	5,121,023
2. TAXES AND DUTIES PAYABLE (-)	(1,377,627)	(1,073,982)
- Corporation tax	(544,993)	(417,866)
- Income tax	(832,634)	(656,116)
- Other taxes and duties	-	-
NET INCOME FOR THE YEAR	4,608,187	4,047,041
3. PRIOR YEARS' LOSSES (-)	-	-
4. LEGAL RESERVES (-)	(461,000)	(405,000)
5. OTHER STATUTORY RESERVES (-)	-	-
NET INCOME AVAILABLE FOR DISTRIBUTION	4,147,187	3,642,041
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)	1,430,304	1,464,967
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	5,577,491	5,107,008
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, %)	-	-
2. TO OWNERS OF 'B' SHARES (TL, %)	-	-

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. Çiğir 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 38 14	(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:87/1 Önder Alışveriş Merkezi, Lefkoşa	(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, No:2-3, 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	Hz. Ömer Cad. Ozanköy Kavşağı Ozanköy-Girne.	(392) 815 44 85 (392) 815 47 13	(392) 815 59 43
Girne/Alsancak	206 Karaoğlanoğlu Caddesi Engenderehli 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 Fadil Nekibzade Cad., Lefke	(392) 728 75 45 (392) 728 80 52	(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	577-579 Green Lanes, Harringay London N8 0RG	(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
Relationship Banking, Mayfair	41-43 Brook Street, Mayfair, London W1K 4HJ	(44-20)7403 5656	(44-20)7499 3382

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

Çatalköy Off Site ATM KYRENIA

Besparmaklar Street
Back Side of Düzkaya Nihat Bağcier Stadium
Çatalköy

Esentepe Off Site ATM KYRENIA

Batıbeniz Petrol Station
İstiklal Street
Esentepe

Lapta Off Site ATM KYRENIA

Mareşal Fevzi Çakmak Street
No:217
Lapta

Alsancak Off Site ATM KYRENIA

Atakara Super Market
Ankara Street
Alsancak

İskele Boğaz Off Site ATM İSKELE

Atatürk Street
Boğaz-İskele