

TURKLAND BANK ANONİM ŐİRKETİ

**INDEPENDENT AUDITOR'S REVIEW REPORT,
UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD ENDED
JUNE 30, 2014**

*Convenience translation of the independent auditor's review report originally
issued in Turkish, See Note I of Section Three*

Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish,
See Note I of Section Three

To the Board of Directors of
Turkland Bank Anonim Şirketi
İstanbul

TURKLAND BANK ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT FOR THE PERIOD ENDED 1 JANUARY – 30 JUNE 2014

To the Board of Directors of Turkland Bank Anonim Şirketi

We have reviewed the accompanying balance sheet of Turkland Bank Anonim Şirketi ("the Bank") as at June 30, 2014 and the related statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the regulations on account and booking system and accounting and independent audit principles set out as per the Banking Act No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to applying analytical procedures to financial data and making inquiries of the Bank's management, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of the Turkland Bank A.Ş. as of June 30, 2014, and of the results of its operations and its cash flows, for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

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

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

Yaşar Bivas,
Partner, SMMM

İstanbul, Turkey
August 11, 2014

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

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF TURKLANDBANK A.Ş.
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2014**

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

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

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

July 31, 2014

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

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

Name-Surname / Title: Sevgi Üstün / Assistant Manager

Telephone Number : (0212) 368 37 24

Fax Number : (0212) 368 35 35

(Convenience Translation of the Independent Auditor’s Review Report Originally Issued in Turkish, See Note I of Section Three)

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(Convenience Translation of the Independent Auditor’s Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2014

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

According to the Board of Directors decision dated September 23, 2013 it has been decided to immense the share capital from TL 500 Million to TL 650 Million.

According to Ordinary General Assembly decision dated April 15, 2014, it has been decided to increase the Bank’s paid in capital from TRY 500 million to TRY 650 million, TRY 150 million has paid in cash corresponding to its share for the capital increase in April 2014. The paid amount has been recorded in suspense accounts as the approval from BRSA is awaiting as the date payment.

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2014

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

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

As of June 30, 2014, the shareholders' structure and their ownerships are summarized as follows:

Name of shareholders	Share Amount	Share Ratios %	Paid up Shares	Unpaid Shares
ARAB BANK PLC	141,666.66	%28.3	141,666.66	-
ARAB BANK (Switzerland)	108,333.33	%21.7	108,333.33	-
BANKMED, SAL	249,999.99	%50.0	249,999.99	-
OTHER	<1	%0	<1	-
Total	500,000.00	%100	500,000.00	-

As of June 30, 2014 the nominal value of the Bank's capital is amounting to TRY 500,000 and consists of 5,000 million shares.

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

<u>Title</u>	<u>Name and Surname</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	NEHME SABBAGH	Chairman	Master Degree
Members of the Board of Directors	MOHAMED ALI BEYHUM	Vice Chairman and Member of Audit Committee	Master Degree
	MEHMET BEHÇET PERİM	Member of Audit Committee	Master Degree
	HAITHAM HELMI	Member	Master Degree
	MOHAMMAD FOUDEH (**)	Member	Master Degree
	HENRI MARIE RENE JACQUAND	Member	Master Degree
	MUSTAFA SELÇUK TAMER	Member	Bachelor's Degree
	RIAD BURHAN TAHER KAMAL	Member	Master Degree
	NADYA NABİL TAWFİK TALHOUNI	Member of Audit Committee	Bachelor's Degree
	FATEN MATAR	Member	Master Degree
General Manager and Member of Board of Directors	A.DİNÇER ALPMAN	Chief Executive Officer	Bachelor's Degree
Assistant General Mangers	DORUK PARMAN	Marketing Sales	PHD Degree
	HAKKI YILDIRMAZ	Human Resources	PHD Degree
	İLHAN ZEKİ KÖROĞLU	Operation and Information Technologies	Bachelor's Degree
	MEHMET ÖZGÜNER	Finance	Bachelor's Degree
	MÜNEVVER ERÖZ	Treasury and Financial Institutions	Master Degree
	YURDAKUL ÖZDOĞAN	Credit Lending & Monitoring	Bachelor's Degree

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

(**) HAITHAM HELMI MOHAMMAD FOUDEH has been appointed as a member of Board of Directors with the decision numbered 521, dated 01 March, 2014.

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2014

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

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

Information about the persons and institutions that have qualified shares as of June 30, 2014:

Name of Shareholders	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
ARAB BANK PLC	141,666.66	%28.3	141,666.66	-
ARAB BANK (Switzerland)	108,333.33	%21.7	108,333.33	-
BANKMED, SAL	249,999.99	%50.0	249,999.99	-

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

The Bank has 31 branches and 597 personnel. The Bank has no subsidiaries in the financial sector that needs to be consolidated (December 31, 2013: 27 branches, 535 personnel).

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

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

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

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TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS FOR THE PERIODS ENDED
JUNE 30, 2014 AND DECEMBER 31, 2013

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

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

	Note Ref (Section Five)	Reviewed Current Period 30.06.2014			Audited Prior Period 31.12.2013		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK							
	I-1	89,141	387,903	477,044	43,247	347,163	390,410
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	49	5	54	116	149	265
2.1 Financial assets held for trading		49	5	54	116	149	265
2.1.1 Public sector debt securities		27	-	27	116	-	116
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		22	5	27	-	149	149
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	I-3	40	208,649	208,689	80,045	206,352	286,397
IV. MONEY MARKET PLACEMENTS		-	-	-	70,015	-	70,015
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	70,015	-	70,015
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	586,819	3	586,822	505,811	2	505,813
5.1 Share certificates		138	-	138	75	-	75
5.2 Public sector debt securities		586,681	3	586,684	505,736	2	505,738
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-5	2,563,800	433,854	2,997,654	2,205,853	462,435	2,668,288
6.1 Loans and receivables		2,518,332	433,854	2,952,186	2,172,355	462,435	2,634,790
6.1.1 Loans to risk group of the Bank		2,306	-	2,306	23	-	23
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		2,516,026	433,854	2,949,880	2,172,332	462,435	2,634,767
6.2 Non-performing loans		94,905	-	94,905	69,874	-	69,874
6.3 Specific provisions (-)		(49,437)	-	(49,437)	(36,376)	-	(36,376)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	I-6	87,309	-	87,309	98,895	-	98,895
8.1 Public sector debt securities		87,309	-	87,309	98,895	-	98,895
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	I-9	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	I-11	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		40,451	-	40,451	36,013	-	36,013
XV. INTANGIBLE ASSETS (Net)		18,855	-	18,855	20,674	-	20,674
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		18,855	-	18,855	20,674	-	20,674
XVI. INVESTMENT PROPERTY (Net)	I-12	-	-	-	-	-	-
XVII. TAX ASSET	I-14	3,818	-	3,818	9,708	-	9,708
17.1 Current tax asset		-	-	-	2,234	-	2,234
17.2 Deferred tax asset		3,818	-	3,818	7,474	-	7,474
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-13	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-15	37,653	49	37,702	24,750	35	24,785
TOTAL ASSETS		3,427,935	1,030,463	4,458,398	3,095,127	1,016,136	4,111,263

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

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS FOR THE PERIODS ENDED
JUNE 30, 2014 AND DECEMBER 31, 2013

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

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

	Note Ref. (Section Five)	Reviewed Current Period 30.06.2014			Audited Prior Period 31.12.2013		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSİTS	II-1	1,813,858	1,303,101	3,116,959	1,649,482	1,187,655	2,837,137
1.1 Deposits from risk group of the Bank		14,617	4,128	18,745	33,772	742	34,514
1.2 Other		1,799,241	1,298,973	3,098,214	1,615,710	1,186,913	2,802,623
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING FUNDS BORROWED	II-2	763	10	773	727	-	727
III. MONEY MARKET BALANCES	II-3	15,487	132,378	147,865	27,199	189,796	216,995
4.1 Interbank money market takings		290,079	-	290,079	395,085	-	395,085
4.2 Istanbul Stock Exchange money market takings		-	-	-	24,505	-	24,505
4.3 Funds provided under repurchase agreements		-	-	-	-	-	-
V. MARKETABLE SECURITIES ISSUED (Net)		290,079	-	290,079	370,580	-	370,580
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS	II-4	45,572	1,856	47,428	19,168	6,383	25,551
VIII. OTHER LIABILITIES	II-5	206,799	1,617	208,416	36,544	1,483	38,027
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	II-6	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	II-7	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	II-8	45,488	665	46,153	48,625	674	49,299
12.1 General loan loss provisions		26,830	-	26,830	30,368	-	30,368
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		9,545	-	9,545	7,743	-	7,743
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		9,113	665	9,778	10,514	674	11,188
XIII. TAX LIABILITY	II-9	15,710	-	15,710	8,637	-	8,637
13.1 Current tax liability		15,710	-	15,710	8,637	-	8,637
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	II-10	585,015	-	585,015	539,805	-	539,805
16.1 Paid-in capital		500,000	-	500,000	500,000	-	500,000
16.2 Supplementary capital		17,078	-	17,078	(6,945)	-	(6,945)
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(8,663)	-	(8,663)	(32,944)	-	(32,944)
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (joint vent.)		45	-	45	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		25,696	-	25,696	25,999	-	25,999
16.3 Profit reserves		46,750	-	46,750	32,349	-	32,349
16.3.1 Legal reserves		2,322	-	2,322	1,602	-	1,602
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		37,377	-	37,377	23,696	-	23,696
16.3.4 Other profit reserves		7,051	-	7,051	7,051	-	7,051
16.4 Profit or loss		21,187	-	21,187	14,401	-	14,401
16.4.1 Prior years' income/(losses)		-	-	-	-	-	-
16.4.2 Current year income/(loss)		21,187	-	21,187	14,401	-	14,401
16.5 Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		3,018,771	1,439,627	4,458,398	2,725,272	1,385,991	4,111,263

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

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS FOR THE PERIODS ENDED
JUNE 30, 2014 AND DECEMBER 31, 2013

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

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section Five)	Reviewed Current Period 30.06.2014			Audited Prior Period 31.12.2013		
		TRY	FC	Total	TRY	FC	Total
OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS							
A. (I+II+III)		8,872,196	754,725	9,626,921	7,613,981	729,283	8,343,264
I. GUARANTEES	III-1	1,207,207	638,759	1,845,966	1,064,803	616,579	1,681,382
1.1 Letters of guarantee		1,206,804	373,221	1,580,025	1,064,644	302,261	1,366,905
1.1.1 Guarantees subject to State Tender Law		24,710	123,516	148,226	24,788	123,439	148,227
1.1.2 Guarantees given for foreign trade operations		-	66,106	66,106	-	66,106	66,106
1.1.3 Other letters of guarantee		1,182,094	183,599	1,365,693	1,039,856	112,716	1,152,572
1.2 Bank loans		-	2,941	2,941	-	7,824	7,824
1.2.1 Import letter of acceptance		-	2,941	2,941	-	7,824	7,824
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		78	123,435	123,513	84	160,613	160,697
1.3.1 Documentary letters of credit		78	123,435	123,513	84	160,613	160,697
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		325	139,162	139,487	75	145,881	145,956
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	7,571,816	18,918	7,590,734	6,520,876	26,580	6,547,456
2.1 Irrevocable commitments		143,020	18,918	161,938	254,054	26,580	280,634
2.1.1 Forward asset purchase and sales commitments		2,229	11,707	13,936	3,087	12,597	15,684
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		38,162	-	38,162	157,758	-	157,758
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		102,479	-	102,479	85,587	-	85,587
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10 Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		150	7,211	7,361	7,622	13,983	21,605
2.2 Revocable commitments		7,428,796	-	7,428,796	6,266,822	-	6,266,822
2.2.1 Revocable loan granting commitments		7,428,796	-	7,428,796	6,266,822	-	6,266,822
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		93,173	97,048	190,221	28,302	86,124	114,426
3.1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		93,173	97,048	190,221	28,302	86,124	114,426
3.2.1 Forward foreign currency buy/sell transactions		4,467	4,434	8,901	1,324	1,382	2,706
3.2.1.1 Forward foreign currency transactions-buy		2,235	2,217	4,452	658	696	1,354
3.2.1.2 Forward foreign currency transactions-sell		2,232	2,217	4,449	666	686	1,352
3.2.2 Swap transactions related to foreign currency, and interest rates		58,134	61,424	119,558	-	56,996	56,996
3.2.2.1 Foreign currency swaps-buy		-	59,686	59,686	-	28,552	28,552
3.2.2.2 Foreign currency swaps-sell		58,134	1,738	59,872	-	28,444	28,444
3.2.2.3 Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4 Interest rate swaps-sell		-	-	-	-	-	-
3.2.3 Foreign currency, interest rate and securities options		3,316	3,360	6,676	1,772	1,850	3,622
3.2.3.1 Foreign currency options-buy		1,658	1,680	3,338	886	925	1,811
3.2.3.2 Foreign currency options-sell		1,658	1,680	3,338	886	925	1,811
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		27,256	27,830	55,086	25,206	25,896	51,102
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		35,003,403	3,150,446	38,153,849	29,792,397	2,928,497	32,720,894
IV. ITEMS HELD IN CUSTODY		511,695	49,787	561,482	470,300	57,737	528,037
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		11,776	4,202	15,978	12,061	3,454	15,515
4.3 Checks received for collection		492,063	42,711	534,774	455,499	49,517	505,016
4.4 Commercial notes received for collection		7,856	2,233	10,089	2,740	4,112	6,852
4.5 Other assets received for collection		-	625	625	-	637	637
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	16	16	-	17	17
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		34,491,708	3,100,659	37,592,367	29,322,097	2,870,760	32,192,857
5.1 Marketable securities		-	661	661	-	661	661
5.2 Guarantee notes		15,537	17,969	33,506	8,812	21,787	30,599
5.3 Commodities		1,646	-	1,646	1,646	-	1,646
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		2,735,154	233,251	2,968,405	2,778,501	283,654	3,062,155
5.6 Other pledged items		31,738,710	2,849,439	34,588,149	26,532,477	2,565,319	29,097,796
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		43,875,599	3,905,171	47,780,770	37,406,378	3,657,780	41,064,158

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

Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF INCOME FOR THE PERIODS
ENDED JUNE 30, 2014 AND 2013

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

III. STATEMENT OF INCOME

	Note Ref. (Section Five)	Reviewed Current Period 01.01- 30.06.2014	Reviewed Current Period 01.04-30.06.2014	Reviewed Current Period 01.01-30.06.2013	Reviewed Current Period 01.04-30.06.2013
I. INTEREST INCOME	IV-1	206,494	109,970	130,490	66,107
1.1 Interest on loans		167,003	88,636	112,770	58,375
1.2 Interest received from reserve deposits		-	-	-	-
1.3 Interest received from banks		273	122	156	77
1.4 Interest received from money market placements		31	16	112	39
1.5 Interest received from marketable securities portfolio		38,577	20,883	16,838	7,161
1.5.1 Held-for-trading financial assets		4	2	1	(2)
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		34,515	18,897	14,571	6,293
1.5.4 Investments held-to-maturity		4,058	1,984	2,266	870
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		610	313	614	455
II. INTEREST EXPENSE	IV-2	(124,747)	(63,006)	(68,705)	(34,049)
2.1 Interest on deposits		(102,405)	(52,823)	(59,827)	(29,559)
2.2 Interest on funds borrowed		(2,655)	(1,125)	(3,197)	(1,575)
2.3 Interest on money market borrowings		(17,826)	(9,058)	(5,211)	(2,915)
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		(1,861)	-	(470)	-
III. NET INTEREST INCOME (I - II)		81,747	46,964	61,785	32,058
IV. NET FEES AND COMMISSIONS INCOME		15,434	7,789	10,647	4,446
4.1 Fees and commissions received		16,143	8,210	11,170	4,761
4.1.1 Non-cash loans		7,741	3,806	5,220	2,430
4.1.2 Other	IV-10	8,402	4,404	5,950	2,331
4.2 Fees and commissions paid		(709)	(421)	(523)	(315)
4.2.1 Non-cash loans		(53)	(39)	(26)	(13)
4.2.2 Other	IV-10	(656)	(382)	(497)	(302)
V. DIVIDEND INCOME		17	17	-	-
VI. NET TRADING INCOME	IV-4	1,604	360	5,331	(729)
6.1 Securities trading gains/ (losses)		12	7	6,455	38
6.2 Gain/(losses) from derivative financial instruments		(7,690)	(4,780)	40	(1,013)
6.3 Foreign exchange gains/ (losses)		9,282	5,133	(1,164)	246
VII. OTHER OPERATING INCOME	IV-5	17,597	6,730	9,700	7,890
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		116,399	61,860	87,463	43,665
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-6	(20,999)	(13,870)	(10,727)	(6,902)
X. OTHER OPERATING EXPENSES (-)	IV-7	(69,923)	(38,830)	(56,509)	(31,506)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		25,477	9,160	20,227	5,257
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII. PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD		-	-	-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	IV-8	25,477	9,160	20,227	5,257
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(4,290)	(2,265)	(4,760)	(1,343)
16.1 Provision for current income taxes		(6,704)	(6,704)	-	2,215
16.2 Provision for deferred taxes		2,414	4,439	(4,760)	(3,558)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		21,187	6,895	15,467	3,914
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income on assets held for sale		-	-	-	-
18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-
18.3 Income on other discontinued operations		-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Loss from assets held for sale		-	-	-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-
19.3 Loss from other discontinued operations		-	-	-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
21.1 Provision for current income taxes		-	-	-	-
21.2 Provision for deferred taxes		-	-	-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	IV-9	21,187	6,895	15,467	3,914

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

(Convenience Translation of the Independent Auditor’s Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIODS ENDED JUNE 30, 2014 AND 2013

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Reviewed Current Period 01.01-30.06.2014	Reviewed Prior Period 01.01-30.06.2013
I. Additions to marketable securities revaluation differences for available for sale financial assets	30,351	(37,258)
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign currency translation differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted for under equity due to TAS	(303)	-
IX. Deferred tax of valuation differences	(6,070)	8,741
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	23,978	(28,517)
XI. Profit/Loss	21,187	9,018
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	-	(6,449)
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	21,187	15,467
XII. Total Profit/Loss accounted for in the period (X±XI)	45,165	(19,499)

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

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED JUNE 30, 2014 AND 2013

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prior Period		Note (Section Five)	Paid-in Capital	Effect Of Inflation Accounting On Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordina- ry Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible And Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
Prior Period – 01.01-30.06.2013																				
I.	Prior opening balance		300,000	25,431	-	-	967	-	15,927	2,746	12,709	-	8,824	-	-	-	-	366,604	-	366,604
II.	Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)		300,000	25,431	-	-	967	-	15,927	2,746	12,709	-	8,824	-	-	-	-	366,604	-	366,604
	Changes in the period		-	-	-	-	-	-	-	-	(12,709)	12,709	-	-	-	-	-	-	-	-
IV.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(34,965)	-	-	-	-	(34,965)	-	(34,965)
VI.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase		100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	-	100,000
14.1	Cash		100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	-	100,000
14.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Period net income/(loss)		-	-	-	-	-	-	-	-	15,467	-	-	-	-	-	-	15,467	-	15,467
XX.	Profit distribution		-	-	-	-	635	-	7,769	4,305	-	(12,709)	-	-	-	-	-	-	-	-
20.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	635	-	7,769	4,305	-	(12,709)	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance																				
(I+II+III+...+XVI+XVII+XVIII)			400,000	25,431	-	-	1,602	-	23,696	7,051	15,467	-	(26,141)	-	-	-	-	447,106	-	447,106

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

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED JUNE 30, 2014 AND 2013

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Note(Section Five)	Paid-in Capital	Effect Of Inflation Accounting On Capital and Other Reserves	Share Certificate Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible And Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
Current Period – 01.01-30.06.2014																			
I.		500,000	25,999	-	-	1,602	-	23,696	7,051	14,401	-	(32,944)	-	-	-	-	539,805	-	539,805
		-	-	-	-	-	-	-	-	(14,401)	14,401	-	-	-	-	-	-	-	-
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	24,281	-	-	-	-	24,281	-	24,281
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	45	-	-	45	-	45
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	(303)	-	-	-	-	-	-	-	-	-	-	-	-	-	(303)	-	(303)
XVIII.		-	-	-	-	-	-	-	-	21,187	-	-	-	-	-	-	21,187	-	21,187
18.1		-	-	-	-	720	-	13,681	-	-	(14,401)	-	-	-	-	-	-	-	-
18.2		-	-	-	-	720	-	13,681	-	-	(14,401)	-	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance																			
(I+II+III+...+XVI+XVII+XVIII)		500,000	25,696	-	-	2,322	-	37,377	7,051	21,187	-	(8,663)	-	45	-	-	585,015	-	585,015

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

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

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2014 AND 2013

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

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Reviewed Current Period 01.01-30.06.2014	Reviewed Prior Period 01.01-30.06.2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	64,352	27,283
1.1.1	Interest received	203,901	101,622
1.1.2	Interest paid	(115,420)	(64,310)
1.1.3	Dividend received	17	-
1.1.4	Fees and commissions received	17,991	12,409
1.1.5	Other income	11,081	9,521
1.1.6	Collections from previously written off loans	11,932	14,462
1.1.7	Payments to personnel and service suppliers	(39,242)	(34,662)
1.1.8	Taxes paid	(4)	12,534
1.1.9	Others	(25,904)	(24,293)
1.2	Changes in operating assets and liabilities	(142,986)	(225,118)
1.2.1	Net (increase) decrease in financial assets held for trading	90	59
1.2.2	Net (increase) decrease in financial assets at fair value through profit or loss	-	-
1.2.3	Net (increase) decrease in due from banks and other financial institutions	(33,113)	(84,907)
1.2.4	Net (increase) decrease in loans	(385,971)	(306,029)
1.2.5	Net (increase) decrease in other assets	(10,733)	8,897
1.2.6	Net increase (decrease) in bank deposits	(109,021)	138,670
1.2.7	Net increase (decrease) in other deposits	273,854	41,076
1.2.8	Net increase (decrease) in funds borrowed	(68,474)	25,566
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	190,382	(48,450)
I.	Net cash provided from banking operations	(78,634)	(197,835)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	(12,348)	(130,987)
2.1	Cash paid for purchase of jointly controlled entities, associates and subsidiaries	-	-
2.2	Cash obtained from sale of jointly controlled entities, associates and subsidiaries	-	-
2.3	Fixed assets purchases	(3,416)	(1,420)
2.4	Fixed assets sales	4,924	1,329
2.5	Cash paid for purchase of financial assets available for sale	(58,626)	(263,155)
2.6	Cash obtained from sale of financial assets available for sale	34,196	106,847
2.7	Cash paid for purchase of investment securities	-	(5,200)
2.8	Cash obtained from sale of investment securities	12,285	30,612
2.9	Others	(1,711)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	45	100,000
3.1	Cash obtained from funds borrowed and securities issued	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Issued capital instruments	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance leases	-	-
3.6	Other	45	100,000
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(3,235)	8,175
V.	Net increase / (decrease) in cash and cash equivalents	(94,172)	(220,647)
VI.	Cash and cash equivalents at beginning of the period	416,343	358,938
VII.	Cash and cash equivalents at end of the period	322,171	138,291

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

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2014

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced unconsolidated financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated September 28, 2012. The Bank's accounting books are prepared in accordance with Banking Law, Turkish Commercial Code and Turkish Tax Legislations in Turkish Lira.

The preparation of financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities on the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and reflected to the income statement.

The accounting policies adopted in the preparation of the Bank's financial statements are consistent with the accounting policies adopted for financial statements dated December 31, 2013 and changes of TAS/TFRS that is effective from January 1, 2014 have an immaterial effect on the accounting policies, financial position and performance of the Bank. These accounting policies and valuation principles are explained in Notes II to XXII. Changes in TAS and TFRS are issued but not yet effective as the date of the financial statements with the exception of TFRS 9 Financial Instruments Standards do not have any effect on the accounting policies, financial position and performance of the Bank. The bank is assessing the impact of TFRS 9 Financial Instruments Standard.

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

Additional paragraph for convenience translation:

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

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

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

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 18.61% of its resources in liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

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

Marketable securities comprising 15.12% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 4.68% of the total assets and these assets provide liquidity with low risk and yield.

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

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

III. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

IV. Explanations on Interest Income and Expenses

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

V. Explanations on Fees and Commission Income and Expenses

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

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

VI. Explanations on Financial Assets

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

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

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

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

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

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value Through Profit and Loss

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

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

Held to Maturity Investments

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

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

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

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

VI. Explanations on Financial Assets (continued)

Financial Assets Available for Sale

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

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

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

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

Loans and receivables

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

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

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

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

VII. Explanations on Impairment of Financial Assets

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

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

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

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

VII. Explanations on Impairment of Financial Assets (continued)

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

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

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

In accordance with the changes in the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside (published in the Official Gazette numbered 27947 dated May 28, 2011 and Official Gazette numbered 27968 dated June 18, 2011); banks whose total letters of guarantees, bank acceptances, letters of credit commitments, endorsements, purchasing guarantee on security issuance, factoring guarantees, other guarantees and sureties, and unsecured pre-financing loans exceeds 10 folds of equities calculated within the scope of principles and procedures stated in the Regulation on Equities of Banks should set aside general provision ratio as 3/1000 for all standard non-cash loans.

As of June 30, 2014 the ratios determined for the non-cash loans are within the required levels and accordingly standard rates determined in the regulation have been used for the non-cash loans.

In accordance with the change in "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"(published in the Official Gazette numbered 27968 dated June 18, 2011), the banks which the consumer loans constitute 20% of the total loan portfolio and the banks which the illiquid vehicle and housing loans constitute 8% of the consumer loan portfolio excluding vehicle and housing loans (pursuant to the unconsolidated financial data prepared as of the general reserve calculation period) must provide a general reserve calculated at 4% and 8% for outstanding (but not yet due) consumer loans (excluding vehicle and housing loans) under Group I and Group II respectively, during the term of such loans. The banks should also set aside general provisions for the amounts or the amounts monitored under the accounts of "Receivables from Derivative Financial Instruments" on the basis of the sums to be computed by multiplying them by the rates of conversion into credit indicated in Article 12 of the "Regulation on Loan Transactions of Banks" by applying the general provision rate applicable for cash loans.

As of June 30, 2014 the ratios determined above for consumer loans remains below 20% therefore general provisions for such consumer loans are set aside using standard rates specified in the regulations.

In accordance with the change in the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" (published in the Official Gazette numbered 28158 dated December 30, 2011); Banks are not required to set specific provision for the amount that has to be paid for each cheque leaf of the chequebooks of the loan customers of whose related loans and other receivables are classified under third, fourth or fifth group with 100% specific provision if the Banks informs the chequebooks owners to return the chequebooks back to the Bank within 15 days through registered and reply-paid letter. This is valid for the chequebooks owners whose loans and other receivables are derecognized by the Banks.

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

VII. Explanations on Impairment of Financial Assets (continued)

In accordance with the change in the "Regulation and Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"(published in the Official Gazette numbered 28418 dated September 21, 2012). The amount of general loan loss provisions calculated over the rates disclosed in the first paragraph of Article 7 of the Communiqué recorded for standard loans as of the end of the month and for the cash loans, letter of guarantees, bills and sureties and the non-cash loans which are closely monitored; at minimum 40% should be booked until December 31, 2012, at minimum 60% until December 31, 2013, at minimum 80% until December 31, 2014 and 100% should be recorded until December 31, 2015.

In accordance with the change in the "Regulation and Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" (published in the Official Gazette numbered 28789 dated October 08, 2013), banks may apply 0% for standard qualified cash and non-cash export credits, 0.5% for SME cash loans and 0.1% for noncash loans. Hence, the Bank applied the amendment beginning from January 2014.

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

VIII. Explanations on Offsetting of Financial Assets and Liabilities

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

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

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

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

The income and expenses from these transactions are reflected to the "Interest Income on Marketable Securities" and "Interest Expense on Money Market Borrowings" accounts in the income statement. As of June 30, 2014, the Bank does not have any of reverse repo transactions. (December 31, 2013: TRY 70,015).

As of June 30, 2014, the Bank does not have any marketable securities subject to lending transaction. (December 31, 2013: None).

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

X. Explanations on Assets Held for Sale and Discontinued Operations

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

The Bank does not have any assets held for sale as of June 30, 2014 (December 31, 2013: None).

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

XI. Explanations on Goodwill and Other Intangible Assets

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

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

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

	%
Intangible assets	7-33

XII. Explanations on Tangible Fixed Assets

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

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

	%
Motor vehicles	20
Furniture, fixtures and office equipment and others	6 – 35

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

Normal maintenance and repair cost of the properties are expensed.

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

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XIII. Explanations on Leasing Transactions

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

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

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

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

XIV. Explanations on Provisions and Contingent Liabilities

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

According to the legal department of the Bank; the total number of ongoing cases against the Bank is 35. The total amount of those cases consists of TRY 525, USD 1,604 Thousand and EUR 193 Thousand. There is a provision of TRY 901 in the accompanying financial statements for these cases (December 31, 2013: TRY 974).

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. As per the Official Gazette No. 28585 dated 12 March 2013 which came into effect on 1 January 2013 published the revised IAS 19 required actuarial gains/losses recognized shareholder equity. As of June 30, 2014, the actuarial gains recognized in equity amounts to TRY 265. (December 31, 2013: TRY 568)

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

Defined Contribution Plans

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

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XV. Explanations on Liabilities Regarding Employee Benefits(continued)

Short-term Employee Benefits

In accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits"; defined liabilities that arise from unused leave payments are accrued in the related period and are not discounted.

XVI. Explanations on Taxation

Corporate tax:

According to the Article 32 of the Corporate Tax Law No 5520, accepted in the meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced in the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased from 30% to 20%, effective from January 1, 2006 as per the Article 37 of the Corporate Tax Law.

The tax legislation, requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offset against the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities. Corporate tax provision carried in balance sheet before netting off advance tax and current year provision amounts to 6,704 TRY. (December 31, 2013: None).

Deferred Tax Liability / Asset:

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

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

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

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

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax charge recorded under the tax provision expenses amounts to TRY 2,414 in the accompanying income statement (December 31, 2013: TRY 5,726 deferred tax charge).

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XVII. Additional Explanations on Borrowings

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

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

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

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

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

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

XXII. Explanations on Other Matters

None, other than above explanations.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio : The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" (the "Regulation"), "Regulation Credit Risk Mitigation Techniques", "Regulation on calculation of Risk-Weighted Amounts of Securitizations" published in the Official Gazette No. 28337 dated June 28, 2012 ("Regulation") and "Regulation Regarding Banks' Shareholders' Equity" published in the Official Gazette No. 28756 as of September 5, 2013". The Bank's capital adequacy ratio in accordance with the related communiqué is 18.99% as of June 30, 2014 (December 31, 2013: 15.85% calculated in accordance with "Regulation on Equity of Banks" published in the Official Gazette dated November 1, 2006 numbered).

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

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

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

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

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

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

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

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

Information related to the capital adequacy ratio:

	Risk Weight							
	0%	10%	20%	%50	75%	100%	150%	200%
The amount subject to credit risk								
Risk Types								
Contingent and Non-Contingent Receivables on Sovereigns	1,123,967	-	-	1,583	-	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	68	-	-	-	-	159	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	4,841	-	80,710	316,376	-	1,503	-	-
Contingent and Non-Contingent Corporate Receivables	67,817	-	-	-	-	2,222,220	-	-
Contingent and Non-Contingent Retail Receivables	18,163	-	-	-	212,038	513	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	856,630	-	321,911	-	-
Past Due Receivables	5	-	-	10,245	-	34,697	521	-
Receivables defined in high risk category by BRSA	1,284	-	-	-	-	-	8,373	23,404
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-	-
Other Receivables	2,207,901	-	-	-	-	47,413	-	-
Weighted main related with credit risk	-	-	16,142	592,417	159,029	2,628,416	13,341	46,808

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

Summary information related to the capital adequacy ratio:

	June 30, 2014(*)	December 31, 2013
Required Capital Liabilities for Credit Risk		
(Main related with Credit Risk *0.08) (RCLCR)	276,492	260,323
Required Capital Liabilities for Market Risk (RCLMR)	123	305
Required Capital Liabilities for Operational (RCLOR)	20,012	15,845
Shareholders' Equity	704,294	547,829
Shareholders' Equity/((CRCR+MRCR+ORCR)*12,5*100)	18.99	15.85
Core Capital/((CRCR+MRCR+ORCR)*12,5*100)	15.10	-
Tier1 Capital/((CRCR+MRCR+ORCR)*12,5)*100	15.62	-

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

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

Information related to the components of shareholders' equity:

	June 30, 2014
Common Equity Tier 1 Capital (CET 1)	
Paid-in capital	500,000
Share premium	-
Share repeal	-
Legal reserves	46,750
Accumulated other comprehensive income in accordance with TAS	25,696
Profit	21,187
Net current period profit	21,187
Prior period profit	-
Provisions for possible losses up to 25% of core capital	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Common Equity Tier 1 capital before regulatory adjustments	593,633
Common Equity Tier 1 capital: regulatory adjustments	
Loss (in excess of Reserves) and other comprehensive expenses (-)	8,663
Leasehold Improvements on Operational Leases (-)	2,329
Goodwill and Intangible assets and related deferred tax liabilities (-)	3,771
Net Deferred tax assets / liabilities (-)	(245)
Excess amount expressed in the Law (Article 56, 4rd paragraph) (-)	-
Investments in own common equity (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued share capital (amount above 10% threshold) (-)	-
Mortgage servicing rights (amount above 10% threshold) (-)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) (-)	-
Amount exceeding the 15% threshold (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued share capital (amount above 10% threshold) (-)	-
Mortgage servicing rights (amount above 10% threshold) (-)	-
Deferred tax assets arising from temporary differences (-)	-
National specific regulatory adjustments (-)	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions (-)	-
Total regulatory adjustments to Common equity Tier 1	14,518
Common Equity Tier 1 capital (CET1)	579,115

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

Information related to the components of shareholders' equity (continued)

	June 30, 2014
Additional Tier 1 capital: instruments	
Privileged stocks which are not included in common equity and share premiums	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (after 1.1.2014)	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (before 1.1.2014)	-
Additional Tier 1 capital before regulatory adjustments	
Additional Tier 1 capital: regulatory adjustments	
Investments in own Additional Tier 1 instruments (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold) (-)	-
National specific regulatory adjustments (-)	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)	-
Total regulatory adjustments to Additional Tier 1 capital	-
Additional Tier 1 capital (AT1)	-
Regulatory adjustments to Common Equity	
Amount of goodwill and intangible assets and related deferred tax liabilities that are not covered as regulatory adjustment in Common Equity in accordance with the temporary article 2 of the Own Fund Regulation (-)	15,084
Amount of net deferred tax assets / liabilities that are not covered as regulatory adjustment in Common Equity in accordance with the temporary article 2 of the Own Fund Regulation (-)	4,063
Tier 1 capital (T1 = CET1 + AT1)	559,968
Tier 2 capital: instruments and provisions	
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (after 1.1.2014)	-
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (before 1.1.2014)	-
Pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders**	117,500
Generic Provisions	26,830
Tier 2 capital before regulatory adjustments	144,330
Tier 2 capital: regulatory adjustments	
Investments in own Tier 2 instruments (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-
National specific regulatory adjustments (-)	-
Total regulatory adjustments to Tier 2 capital	-
Tier 2 capital (T2)	144,330
Total capital (TC = T1 + T2)	704,298

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

Information related to the components of shareholders' equity (continued)

	June 30, 2014
Deductions from the capital	
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed (-)	4
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-
Deductions in accordance with the article number 20 of the Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio (-)	-
Other (-)	-
Un-adjusted total amount from Common Equity, Tier-1 and Tier-2 due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the temporary paragraph 1 of the article numbered 2 of Own Fund Regulation (-)	-
Un-adjusted total amount from Common Equity, Tier-1 and Tier-2 due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the paragraph 1 of the temporary article numbered 2 of Own Fund Regulation (-)	-
Un-adjusted total amount from Common Equity, (in accordance with the paragraph 1 and 2 of temporary article numbered 2 of the Own Fund Regulation) due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the paragraph 1 of the temporary article numbered 2 of Own Fund Regulation (-)	-
Own Fund	704,294
Amounts below the thresholds for deduction	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity	-
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences	-
(*)	In accordance with "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as published by Official Gazette in April 26, 2014.
(**)	According to BRSA correspondence numbered 20008792-101.01.04(47) - 14973 in 11.06.2014 and, the amount of TRY 117.500.000 million of TRY 150.000.000 paid by shareholders for share capital increase, will be recorded under pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders.

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

Information related to the components of shareholders' equity (continued)

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

Information related to the management of internal capital

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

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

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

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

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

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

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II. Explanations Related to Credit Risk

Internal credit rating system

	Internal Rating Grade	June 30, 2014	(%)	December 31, 2013	(%)
High					
	Risk rating class 1	26,223	0.89	15,973	0.61
	Risk rating class 2	101,060	3.42	105,295	4.00
Good					
	Risk rating class 3	356,173	12.07	280,074	10.63
	Risk rating class 4	547,015	18.53	565,943	21.48
Standard					
	Risk rating class 5	486,642	16.48	480,645	18.24
	Risk rating class 6	689,754	23.36	603,686	22.91
Substandard					
	Risk rating class 7	420,022	14.23	318,619	12.09
	Risk rating class 8	159,613	5.41	89,740	3.41
	Risk rating class 9	36,890	1.25	42,704	1.62
	Risk rating class 10	5,387	0.18	4,467	0.17
Unrated		123,407	4.18	127,644	4.84
Total		2,952,186	100.00	2,634,790	100.00

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

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

“F” rating;

Number of clients with “F” rating is 10 with an outstanding risk of TRY 5,387 (December 31, 2013 : TRY 4,467; 9 clients). 4 of these clients are granted against mortgage with outstanding risk of TRY 1,787 and covers 33% of total risk (December 31, 2013 : 4 clients; %62), three clients are granted against customer check with outstanding risk of TRY 1,399 and covers 26% of total risk (December 31,2013: 1 clients, 19%), one of these clients is granted against cash equivalents of TRY 549. Moreover, parent company of one client, which have risk of TRY 185, have ratings of A+ and above (ratio is 3,4%).

“E” rating;

Number of clients with “E” rating is 25 and total outstanding risk is TRY 36,890TL (December 31, 2013 : TRY 42,704; 31 clients). 8 of these clients are granted against mortgage with outstanding risk of TRY 9,912 and covers 27% of total “E” Rating Risk (December 31,2013 : TRY 10,199 TL, %24). 8 of these clients are granted against Customer Check/Note with outstanding risk of TRY 1,748 and covers 5% of total “E” Rating Risk(December 31,2013 : TRY 2,700; 6%). 1 of these clients are granted against letter of guarantee with outstanding risk of TRY 1,811 and covers 5%. Moreover, parent company of 5 clients, which have risk of TRY 12,704, have ratings of C- and above (ratio is 34.4%).

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II. Explanations Related to Credit Risk(continued)

“D-” rating;

Number of clients with D- rating is 61 and total outstanding risk is TRY 159,613 (December 31, 2013: TRY 89,740, 61 client). Clients granted against mortgage have outstanding risk of TRY 92,578 and covers 58% of total “D-” Rating Risk (December 31,2013 : TRY 20,409; 23%). 24 of these clients are granted against Customer check/note with outstanding risk of TRY 29,131 and covers 18% of total “D-” Rating Risk. (December 31, 2013 : TRY 27,316, %30). Moreover, parent company of 3 clients, which have risk of TRY 3,426, have ratings of C+ and above (ratio is 2.1%).

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

III. Explanations Related to Market Risk

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” which was published in the Official Gazette on June 5, 2012 numbered 28337and September 5, 2013 numbered 28756 “Regulation Regarding Banks’ Shareholders’ Equity”.

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

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

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

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

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III. Explanations Related to Market Risk(continued)

Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	1
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
Standard Method For Specific Risk of Necessary Capital Requirement on Securitization Positions	
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	102
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Capital Requirement to be Employed For Counterparty Risk - Standard Method	20
(VIII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	123
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	1,538

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

Within the scope Regulation on the Internal Systems of Banks and Regulation on Measurement and Assessment of Capital Adequacy of Bank's, published in the Official Gazette No. 28337 dated June 28, 2012, "Counterparty Credit Risk Management Policy" is formed, then approved by the Board of Directors and published in the Bank. Limits are defined by Board of Directors and controlled daily and reported to the Bank. In addition to that, related current limits are taken into capital accounts.

Other price risks:

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

IV. Explanations Related to Currency Risk

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

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

The announced current foreign exchange buying rates of the Bank at June 30, 2014 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	June 23, 2014	June 24, 2014	June 25, 2014	June 26, 2014	June 27, 2014	June 30, 2014
USD	2.1357	2.1288	2.1294	2.1285	2.1247	2.1209
CHF	2.3852	2.3828	2.3878	2.3790	2.3828	2.3855
GBP	3.6320	3.6153	3.6185	3.6202	3.6142	3.6160
100 JPY	2.0950	2.0890	2.0930	2.0960	2.0950	2.0920
EURO	2.9005	2.8977	2.9033	2.8918	2.8962	2.8974

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IV. Explanations Related to Currency Risk (continued)

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before June 30, 2014 are as follows:

	Monthly Average Foreign Exchange Rate
USD	2.1163
CHF	2.3627
GBP	3.5785
100 JPY	2.0741
EURO	2.8768

June 30, 2014	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	49,429	310,264	-	28,210	387,903
Banks	30,163	173,688	106	4,692	208,649
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	3	-	-	3
Loans (*)	297,513	517,962	-	458	815,933
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	9	40	-	-	49
Total Assets	377,114	1,001,957	106	33,360	1,412,537
Liabilities					
Bank Deposits	14,786	21,866	-	3,351	40,003
Foreign Currency Deposits	296,789	965,864	-	445	1,263,098
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	116,373	15,548	-	457	132,378
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	1,045	811	-	-	1,856
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	365	1,917	-	-	2,282
Total Liabilities	429,358	1,006,006	-	4,253	1,439,617
Net Balance Sheet Position	(52,244)	(4,049)	106	29,107	(27,080)
Net Off-Balance Sheet Position					
Financial Derivative Assets (***)	48,756	5,384	-	(28,488)	25,651
Financial Derivative Liabilities (***)	61,181	11,516	-	358	73,055
Financial Derivative Liabilities (***)	(12,425)	(6,132)	-	(28,846)	(47,404)
Non-Cash Loans (**)	193,164	444,330	39	1,227	638,759
December 31, 2013					
Total Assets(*) (****)	447,777	933,616	176	29,993	1,411,562
Total Liabilities	419,226	964,020	-	2,745	1,385,991
Net Balance Sheet Position	28,551	(30,406)	176	27,248	25,571
Net Off-Balance Sheet Position	(30,221)	28,299	-	(25,896)	(27,818)
Financial Derivative Assets (***)	1,630	33,822	-	-	35,452
Financial Derivative Liabilities (***)	(31,851)	(5,523)	-	(25,896)	(63,270)
Non-Cash Loans (**)	211,200	393,423	838	9,118	614,579

(*) Foreign currency indexed loans amounting to TRY 382,079 (December 31, 2013: TRY 395,575) are included in the loan portfolio.

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

(***) It includes also TRY 4,737 and TRY 6,460 forward asset purchase & sale commitments (December 31, 2013: TRY 5,278 and TRY 7,319, respectively).

(****) TRY 5 asset from derivative financial instruments and TRY 10 liability from derivative financial instruments are not included (December 31, 2013: TRY 149 asset from derivative financial instruments are not included).

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IV. Explanations Related to Currency Risk (continued)

Foreign currency sensitivity:

The Bank holds EUR and USD currencies positions mainly.

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

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
USD	% 10 increase	134	(211)	-	-
USD	% 10 decrease	(134)	211	-	-
EURO	% 10 increase	349	(167)	-	-
EURO	% 10 decrease	(349)	167	-	-
OTHER	% 10 increase	62	5,332	-	-
OTHER	% 10 decrease	(62)	(5,332)	-	-

V. Explanations Related to Interest Rate Risk

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

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

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

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

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

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V. Explanations Related to Interest Rate Risk(continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
June 30, 2014							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	477,044	477,044
Banks	200,768	-	-	-	-	7,921	208,689
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	27	27	54
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	146,050	138,708	301,922	-	4	138	586,822
Loans (*)	1,892,773	92,787	281,888	661,451	23,287	-	2,952,186
Held-To-Maturity Investments	-	8,180	69,018	10,111	-	-	87,309
Other Assets (**)	-	-	-	-	-	146,294	146,294
Total Assets	2,239,591	239,675	652,828	671,562	23,318	631,424	4,458,398
Liabilities							
Bank Deposits	10,653	25,116	-	-	-	4,447	40,216
Other Deposits	1,753,181	863,030	297,845	13,637	-	149,050	3,076,743
Money Market Borrowings	290,079	-	-	-	-	-	290,079
Sundry Creditors	-	-	-	-	-	47,428	47,428
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	49,507	8,810	89,548	-	-	-	147,865
Other Liabilities (***)	897	531	-	-	-	854,639	856,067
Total Liabilities	2,104,317	897,487	387,393	13,637	-	1,055,564	4,458,398
Balance Sheet Long Position	135,274	-	265,435	657,925	23,318	-	1,081,952
Balance Sheet Short Position	-	(657,812)	-	-	-	(424,140)	(1,081,952)
Off-Balance Sheet Long Position	-	-	-	-	-	94,732	94,732
Off-Balance Sheet Short Position	-	-	-	-	-	(95,489)	(95,489)
Total Position	135,274	(657,812)	265,435	657,925	23,318	(424,140)	(757)

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

(**) The other assets line in the non-interest bearing column consist of tangible assets amounting to TRY 40,451, intangible assets amounting to TRY 18,855, tax asset amounting to TRY 3,818, settlement account amount TRY 27,044, prepaid expenses amounting to TRY 8,083, net nonperforming loans amounting to TRY 45,468 and other assets amounting to TRY 2,575.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 585,015, TRY 46,153 provisions, TRY 15,710 tax liability, settlement account amount TRY 20,612 and TRY 187,149 other liabilities.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
June 30, 2014				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey	-	-	-	-
Banks	0,11	0,19	-	-
Financial Assets At Fair Value Through Profit And Loss	-	-	-	10,32
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	-	6,15	-	3,36
Loans	6,82	5,64	-	12,61
Held-To-Maturity Investments	-	-	-	6,93
Liabilities				
Bank Deposits	0,36	2,13	-	-
Other Deposits	2,99	3,06	-	11,14
Money Market Borrowings	-	-	-	5,62
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2,40	2,53	-	6,26

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V. Explanations Related to Interest Rate Risk(continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
December 31, 2013							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	-	-	-	-	-	390,410	390,410
Banks	278,787	-	-	-	-	7,610	286,397
Financial Assets at Fair Value Through Profit and Loss	-	91	-	-	25	149	265
Money Market Placements	70,015	-	-	-	-	-	70,015
Available-For-Sale Financial Assets	122,595	89,389	136,915	156,837	2	75	505,813
Loans (*)	1,750,627	108,541	233,172	511,380	31,063	7	2,634,790
Held-To-Maturity Investments	-	5,159	16,712	77,024	-	-	98,895
Other Assets (**)	-	-	-	-	-	124,678	124,678
Total Assets	2,222,024	203,180	386,799	745,241	31,090	522,929	4,111,263
Liabilities							
Bank Deposits	10,002	32,359	-	-	-	1,866	44,227
Other Deposits	1,849,606	538,142	240,775	1,971	-	162,416	2,792,910
Money Market Borrowings	395,085	-	-	-	-	-	395,085
Sundry Creditors	-	-	-	-	-	25,551	25,551
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	38,989	35,617	140,070	2,319	-	-	216,995
Other Liabilities (***)	451	466	-	-	-	635,578	636,495
Total Liabilities	2,294,133	606,584	380,845	4,290	-	825,411	4,111,263
Balance Sheet Long Position	-	-	5,954	740,951	31,090	-	777,995
Balance Sheet Short Position	(72,109)	(403,404)	-	-	-	(302,482)	(777,995)
Off-Balance Sheet Long Position	-	-	-	-	-	56,923	56,923
Off-Balance Sheet Short Position	-	-	-	-	-	(57,503)	(57,503)
Total Position	(72,109)	(403,404)	5,954	740,951	31,090	(303,062)	(580)

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

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

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

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VI. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
December 31, 2013				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0,21	0,22	-	7,00
Financial Assets at Fair Value Through Profit and Loss	-	-	-	8,91
Money Market Placements	-	-	-	7,74
Available-For-Sale Financial Assets	-	7,38	-	3,76
Loans	6,38	6,19	-	11,84
Held-To-Maturity Investments	-	-	-	7,58
Liabilities				
Bank Deposits	-	2,12	-	7,75
Other Deposits	3,31	3,33	-	8,99
Money Market Borrowings	-	-	-	6,78
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2,87	3,05	-	6,11

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

With the exception of items included under on trading accounts, and items which are other than subordinated debts considered on equity accounts in accordance with "Regulation on Equity of Banks" which have been published on the Official Gazette dated November 1, 2006 numbered 26333, the interest rate risk for all on-balance sheet and off-balance sheet items, which are interest sensitive, and for banking accounts has been calculated. In calculation of interest rate risk, the bank has no any assumptions for early repayment of loans and demand deposits. Interest rate risk arising from banking accounts is calculated and is reported to BRSA monthly.

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

	Unit of Currency	Applicable Shock (+ / -base point)*	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
1	TRY	500	(49,293)	(%7)
		(400)	45,918	%7
2	EURO	200	(2,993)	%0
		(200)	3,292	%0
3	USD	200	(9,020)	(%1)
		(200)	9,866	%1
Total (For Negative Shock)			59,077	%8
Total (For Positive Shock)			(61,306)	(%9)

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

Interest rate sensitivity:

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

- Net profit would change by TRY 4,600 The change in profit mainly is related to loans and deposits (December 31, 2013: TRY 4,687).
- Possible changes in the interest rates effects the equity as a result of the revaluation of the available-for-sale assets decreases equity by TRY 228 (December 31, 2013: TRY 313).

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VIII. Explanations Related to Liquidity Risk

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

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

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

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

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

Bank calculated liquidity adequacy ratio in both foreign currency and total amount as per Basel III, and reported to BRSA according to Bank's Regulation on Measurement and Evaluation of Liquidity Adequacy Ratio declared in 2013. Furthermore, liquidity risk analysis form is reported weekly to BRSA by the Bank in 2013 and also proceeded in 2014.

Presentation of assets and liabilities according to their remaining maturities:

June 30, 2014	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed(*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey (***)	130,288	203,245	98,296	43,677	1,538	-	-	477,044
Banks	7,921	200,768	-	-	-	-	-	208,689
Financial Assets at Fair Value Through Profit and Loss	-	-	27	-	-	27	-	54
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	8,145	169,541	76,719	332,279	138	586,822
Loans (***)	-	1,892,773	92,787	281,888	661,451	23,287	-	2,952,186
Held-To-Maturity Investments	-	-	8,180	67,517	10,111	1,501	-	87,309
Other Assets	-	27,044	-	-	-	-	119,250	146,294
Total Assets	138,209	2,323,830	207,435	562,623	749,819	357,094	119,388	4,458,398
Liabilities								
Bank Deposits	4,447	10,653	25,116	-	-	-	-	40,216
Other Deposits	149,050	1,753,181	863,030	297,845	13,637	-	-	3,076,743
Funds Provided From Other Financial Institutions	-	290,079	-	-	-	-	-	290,079
Money Market Borrowings	-	47,428	-	-	-	-	-	47,428
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	49,507	8,810	89,548	-	-	-	147,865
Other Liabilities (**)	-	217,691	531	-	-	-	637,845	856,067
Total Liabilities	153,497	2,368,539	897,487	387,393	13,637	-	637,845	4,458,398
Liquidity Gap	(15,288)	(44,709)	(690,052)	175,230	736,182	357,094	(518,457)	-
December 31, 2013								
Total Assets	67,579	2,340,320	184,813	334,098	774,093	302,106	108,254	4,111,263
Total Liabilities	164,282	2,366,158	606,584	380,845	4,290	-	589,104	4,111,263
Liquidity Gap	(96,703)	(25,838)	(421,771)	(46,747)	769,803	302,106	(480,850)	-

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

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

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

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

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VII. Explanations on Credit Risk Mitigation Techniques

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

Collateral on the basis of risk classes

Risk Types	Amount	Financial Collateral	Other / Physical Collateral	Guaranties and Credit Derivatives
Contingent and Non-Contingent Receivables on Sovereigns	1,125,550	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	227	85	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	403,430	4,843	-	-
Contingent and Non-Contingent Corporate Receivables	2,290,037	74,111	-	-
Contingent and Non-Contingent Retail Receivables	230,713	20,410	-	-
Contingent and Non-Contingent Receivables Secured by Property	1,178,541	-	-	-
Past Due Receivables	45,468	5	-	-
Receivables defined in high risk category by BRSA	33,060	1,284	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-
Investment similar to collective investment funds	-	-	-	-
Other Receivables	2,255,314	7	-	-
Total	7,562,340	100,745	-	-

VIII. Risk Management Objectives and Policies

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

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

Objective of risk policies: In line with "Banks' Internal Systems and Internal Capital Adequacy Assessment Process (published in the Official Gazette on 11 July 2014 numbered 29057)", sustaining the Bank's operations in accordance with the Banks's strategic plans, mission, targets, profitability and productivity principles by determining Bank's risk strategy and maximum risk level in line with the volume, qualification and complexity of the Bank's operations by taking into consideration the Bank's past experience and performance. Moreover, ensuring to conserve the interests of depositors and the Bank's shareholder's interest at a maximum level.

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VIII. Risk Management Objectives and Policies (continued)

Risk management regularly reports to Senior Management and the Audit Committee all the risks the bank is exposed to and concentrations, and the Bank's own internal limits of the legal limits are monitored daily, weekly, monthly and quarterly. These reports consist of VAR analysis, market risk limits, stress testing and scenario analysis, liquidity and interest rate, economic capital and capital adequacy analysis. These reports (daily value at risk (VAR) analysis, weekly interest rate risk, market risk limits and contains the calculation of economic capital) are also presented to Asset-Liability Management Committee on a weekly basis. Volatility and closing values of a large number of market risk instruments are closely monitored and reported on a daily basis. In order to extensively analyze instruments, subject to market risk, and measure their risk in detail, in 2012, updates and improvements of the market risk software were made.

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

Risk Management Group calculates Basel II capital adequacy calculation systematically, namely Credit Risk, Market Risk and Operational Risk, in accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Bank's" published in the Official Gazette dated June 28, 2012, numbered 28337."

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

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

Bank published "Operational Risk Policy and Data Management Procedure" to manage operational risk efficiently and integrate risk management perspective. In addition, Bank updates its consistency plan periodically.

At the Bank, by considering Regulation on the Internal Systems of Banks published in the Official Gazette No. 28337 dated September 28, 2012, banking processes and policies were revised. Consequently, related procedures/policies are updated/formed and then approved by the Board of Directors at December 2012.

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

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

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

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

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VIII. Risk Management Objectives and Policies (continued)

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

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

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

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

Risk Reporting and Scope and Nature of Measurement Systems: Limits and market risk reports are presented daily basis by the Risk Management Group, value at Risk report (APKO), ECAP stress test, scenario analysis, Duration Gap primary shock, the market data and limit reports are presented a weekly basis to Assets- Liability Committee. On a quarterly basis, the rest of the reports and other works are reported to Audit Committee and Board of Directors.

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

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

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	9,593	22,762	7,673	15,581
Balances with the Central Bank of Turkey	79,548	365,141	35,574	331,582
Other	-	-	-	-
Total	89,141	387,903	43,247	347,163

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

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Unrestricted demand deposits	79,548	1,580	35,574	1,134
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
FC Reserve deposits	-	363,561	-	330,448
Total	79,548	365,141	35,574	331,582

c) Explanations related to reserve deposits:

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

FC reserve deposits rates:

FX demand deposits, notice deposits and FX private current accounts, FX deposits/FX participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities	FX deposits/FX participation accounts with 1-year and longer maturity and cumulative FX deposits/ FX participation accounts	FX Special fund pools	FX liabilities up to 1-year maturity (including 1-year)	FX liabilities up to 3-year maturity (including 3-year)	FX liabilities longer than 3-year maturity
% 13,00	% 9,00	Ratios for corresponding maturities	% 13,00	% 11,00	% 6,00

TRY reserve deposits rates:

Demand deposits, notice deposits and private current accounts	Deposits/participation accounts up to 1-month maturity (including 1-month)	Deposits/participation accounts up to 3-month maturity (including 3-month)	Deposits/participation accounts up to 6-month maturity (including 6-month)	Deposits/participation accounts up to 1-year maturity	Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	Other liabilities up to 1-year maturity (including 1-year)	Other liabilities up to 3-year maturity (including 3-year)	Other liabilities with longer 3-year maturity
% 11,50	% 11,50	% 11,50	% 8,50	% 6,50	% 5,00	% 11,50	% 8,00	% 5,00

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

2. Information on financial assets at fair value through profit and loss (net):

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 27. (31 December,2013: TRY 116).

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

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Forward Transactions	22	5	-	37
Swap Transactions	-	-	-	112
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	22	5	-	149

3. a) Information on banks:

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Banks				
Domestic	40	200,934	80,045	198,972
Foreign	-	7,715	-	7,380
Branches and head office abroad	-	-	-	-
Total	40	208,649	80,045	206,352

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

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

	June30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	26,414	-	78,516	-
Other	-	-	-	-
Total	26,414	-	78,516	-

Available-for-sale securities given as collateral for open market transactions are TRY 26,137 and TRY 277 hold for Takasbank respectively. (December 31, 2013: Available-for-sale securities given as collateral for Interbank money market and open market transactions are TRY 57,371, TRY 20,368 and TRY 777 hold for Takasbank respectively.)

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

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

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	294,137	-	321,603	-
Other	-	-	-	-
Total	294,137	-	321,603	-

Net book value of unrestricted financial assets available-for-sale is TRY 266,271 (December 31, 2013: TRY 105,694) and included in this amount there are unquoted stocks amounting TRY 138 (December 31, 2013: TRY 75).

b) Information on financial assets available for sale portfolio:

	June 30, 2014	December 31, 2013
Debt securities	586,756	525,161
Quoted on a stock exchange	586,756	525,161
Not quoted	-	-
Share certificates	138	75
Quoted on a stock exchange	-	-
Not quoted	138	75
Impairment provision (-)	(72)	(19,423)
Total	586,822	505,813

In line with the accounting policies of the Bank, all unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 138 which is recorded investment at cost since its fair value cannot be reliably estimated (December 31, 2013: TRY 75).

5. Information on loans:

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

	March 31, 2014		December 31, 2013	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	100	87	73	89
Corporate shareholders	100	87	73	89
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	2,306	15,211	23	14,228
Loans granted to employees	1,170	1,437	1,296	1,295
Total	3,576	16,735	1,392	15,612

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

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled	Other	Loans and Other Receivables	Restructured or Rescheduled	Other
Non-specialized loans	2,874,411	920	-	53,373	113,482	-
Discount notes	1,754,795	920	-	28,087	98,821	-
Export loans	407,973	-	-	12,355	6,770	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	89,213	-	-	-	7,580	-
Foreign loans	160	-	-	-	-	-
Consumer loans	27,231	-	-	11,490	311	-
Credit cards	-	-	-	-	-	-
Precious metals loans	-	-	-	-	-	-
Other	505,039	-	-	1,441	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	2,784,411	920	-	53,373	113,482	-

- c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and other Receivables	1,763,183	533	4,010	22,786
Non-specialized loans	1,763,183	533	4,010	22,786
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	1,021,228	387	49,363	90,696
Non-specialized loans	1,021,228	387	49,363	90,696
Specialized loans	-	-	-	-
Other Loans	-	-	-	-
Total	2,784,411	920	53,373	113,482

Number of Changes for the Payment Plan Extension	Standard Loans and Other Receivables	Watching Loans and Other Receivables
1 or 2 times extended	920	109,449
3, 4 or 5 times extended	-	3,990
5 Over the extended	-	43
Total	920	-113,482

	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	533	125
6 – 12 Month	-	4,571
1 – 2 Year	239	6,915
2 – 5 Year	148	46,151
5 Years and Over	-	55,720
Total	920	113,482

As of June 30, 2014, in accordance with “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” (published in the Official Gazette on May 28, 2011, numbered 27947) the bank calculated general loan loss provision for standard loan, which the payments are rescheduled, principal balance amounting to TRY 44 and for watch list-loans, which the payments are rescheduled, principal balance amounting to TRY 5,385.

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

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	2,843	34,088	36,931
Housing Loans	430	5,265	5,695
Car Loans	-	661	661
General Purpose Loans	2,413	28,162	30,575
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	442	384	826
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	442	384	826
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Real Persons) (*)	1,275	-	1,275
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	4,560	34,472	39,032

(*) Overdraft Accounts includes TRY 287 personnel loans.

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

e) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	26,902	658,071	684,973
Business Loans	22,559	116,558	139,117
Car Loans	2,578	7,889	10,467
General Purpose Loans	329	368,503	368,832
Other	1,436	165,121	166,557
Commercial loans with installment facility - Indexed to FC	1,250	190,152	191,402
Business Loans	-	-	-
Car Loans	1,250	57,722	58,972
General Purpose Loans	-	79,968	79,968
Other	-	52,462	52,462
Commercial loans with installment facility –FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Legal Entities)	27,272	-	27,272
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	55,424	848,223	903,647

f) Domestic and foreign loans:

	June 30, 2014	December 31, 2013
Domestic loans	2,952,026	2,634,762
Foreign loans	160	28
Total	2,952,186	2,634,790

g) Loans granted to subsidiaries and associates:

None.

h) Specific provisions provided against loans:

	June 30, 2014	December 31, 2013
Specific provisions		
Loans and receivables with limited collectability	-	785
Loans and receivables with doubtful collectability	2,434	7,018
Uncollectible loans and receivables	47,003	28,573
Total	49,437	36,376

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
June 30, 2014			
(Gross amount before specific provision) (*)	-	539	4,195
Restructured Loans and Other Receivables	-	539	4,195
Rescheduled Loans and Other Receivables	-	-	-
December 31, 2013			
(Gross amount before specific provision)	-	795	5,307
Restructured Loans and Other Receivables	-	795	5,307
Rescheduled Loans and Other Receivables	-	-	-

(*) As of June 30, 2014 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 3,989 (December 31, 2013: TRY 4,214).

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
December 31, 2013 balance	3,243	17,486	49,145
Additions (+)	29,345	7,539	79
Transfers from other categories of non-performing loans (+)	-	20,178	41,176
Transfers to other categories of non-performing loans (-)	(32,248)	(29,106)	-
Collections (-)	(340)	(2,348)	(9,244)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
June 30, 2014 balance	-	13,749	81,156
Specific provision (-)	-	(2,434)	(47,003)
Net Balances on Balance Sheet	-	11,315	34,153

j.3) Information on foreign currency non-performing loans and other receivables:

None.

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
June 30, 2014 (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	13,749	81,156
Specific provision (-)	-	(2,434)	(47,003)
Loans to Real Persons and Legal Entities (Net)	-	11,315	34,153
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2013 (Net)			
Loans to Real Persons and Legal Entities (Gross)	3,243	17,486	49,145
Specific provision (-)	(785)	(7,018)	(28,573)
Loans to Real Persons and Legal Entities (Net)	2,458	10,468	20,572
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

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

l) Explanations on write-off policy:

As of 30 June 2014, there is no amount that is written off from assets with the decision of the board of directors.(December 31,2013 : None.)

6. Information on held-to-maturity investments:

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

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	27,604	-	29,341	-
Other	-	-	-	-
Total	27,604	-	29,341	-

As of June 30, 2014, collateral or blocked investments held-to-maturity; Central Bank open market operations is TRY 4,879 and Central Bank of the interbank money market is TRY 5,113 and stock collateral balance is TRY 17,612. (December 31,2013 : Open market transactions in Central Bank and Interbank Markets are TRY 6, 683 and TRY 5,142, respectively and TRY 17,516 is kept as collateral in Takas bank).

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

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

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Treasury Bills	-	-	-	-
Bond, Treasury bill and similar securities	3,068	-	66,204	-
Other	-	-	-	-
Total	3,068	-	66,204	-

Book value of held to maturity investments classified as unrestricted financial assets is TRY 56,637. (December 31, 2013: TRY 3,350).

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

	June 30, 2014	December 31, 2013
Treasury bills	87,309	98,895
Bond, bills and other similar securities government bonds	-	-
Other public sector debt securities	-	-
Total	87,309	98,895

c) Information on held-to-maturity investments:

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	87,501	-	98,922	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	(192)	-	(27)	-
Total	87,309	-	98,895	-

d) Movement of held-to-maturity investments:

	June 30, 2014	December 31, 2013
Beginning balance	98,895	70,959
Foreign currency differences on monetary assets(*)	699	(1,613)
Purchases during year	-	82,678
Disposal through sales and redemptions	(12,285)	(53,129)
Closing Balance	87,309	98,895

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

7. Information on associates (Net):

The Bank has no associates in the current period

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

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

9. Information on jointly controlled entities:

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

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

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

12. Information on tangible assets:

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

13. Information on intangible assets:

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

14. Investment Property (Net): None.

15. Explanations on deferred tax assets:

- a) As of June 30, 2014, deferred tax asset calculated on tax losses and tax deductions or exemptions: None. (December 31, 2013: 2,351). Deferred tax asset calculated on the other temporary differences is TRY 3,818 (December 31, 2013: TRY 5,123 deferred tax asset).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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

17. Information on other assets:

- a) Breakdown of other assets:

	June 30, 2014	December 31, 2013
Settlement Accounts	27,044	16,499
Prepaid Expenses	8,083	6,047
Advances Given	380	10
Real Rotate Transfer Cost	-	428
Other	2,195	1,801
Total	37,702	24,785

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

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) June 30, 2014 :

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	14,583	-	30,048	722,003	127,253	56,716	4,856	-	955,459
Foreign currency deposits	51,258	-	30,520	1,056,654	56,282	20,514	47,871	-	1,263,099
Residents in Turkey	49,494	-	29,064	1,038,812	55,826	19,350	45,364	-	1,237,910
Residents abroad	1,764	-	1,456	17,842	456	1,164	2,507	-	25,189
Public sector deposits	33,398	-	-	5,275	-	-	-	-	38,673
Commercial deposits	49,609	-	38,189	269,190	176,758	50,413	38,420	-	622,579
Other institutions deposits	203	-	104	51,576	30,115	114,935	-	-	196,933
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	4,447	-	-	35,769	-	-	-	-	40,216
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	17	-	-	-	-	-	-	-	17
Foreign Banks	4,430	-	-	35,769	-	-	-	-	40,199
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	153,498	-	98,861	2,140,467	390,408	242,578	91,147	-	3,116,959

a.2) December 31, 2013:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	10,510	-	20,802	760,868	98,136	11,309	3,327	-	904,952
Foreign currency deposits	79,130	-	63,887	846,654	82,344	37,544	44,454	-	1,154,013
Residents in Turkey	74,820	-	62,886	807,696	80,967	34,972	42,949	-	1,104,292
Residents abroad	4,308	-	1,001	38,958	1,377	2,572	1,505	-	49,721
Public sector deposits	6,100	-	-	-	-	-	-	-	6,105
Commercial deposits	65,880	-	89,204	365,290	59,011	50,946	1,706	-	632,043
Other institutions deposits	780	-	50	27,627	15,565	51,762	8	-	95,797
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	1,860	-	10,002	10,793	21,566	-	-	-	44,227
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	30	-	-	-	-	-	-	-	32
Foreign Banks	1,830	-	10,002	10,793	21,566	-	-	-	44,195
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	164,280	-	183,945	2,011,232	276,622	151,561	49,495	-	2,837,137

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

i. Information on saving deposits:

Saving Deposits (*)	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Saving deposits	224,323	200,830	720,835	698,101
Foreign currency saving deposits	58,873	44,404	524,120	418,527
Other deposits in the form of saving deposits	583	342	8,493	4,866
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	283,779	245,576	1,258,448	1,121,494

(*) According to the BRSA's circular no 1584 dated February 23, 2005, accruals are included in the saving deposit amount. As per the decision published in the Official Gazette no. 28560 dated February 15, 2013, the deposit insurance limit has been increased from TL 50 to TL 100.

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

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

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

	June 30, 2014	December 31, 2013
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	2,850	2,341
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

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

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Forward Transactions	3	6	37	-
Swap Transactions	760	4	690	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	763	10	727	-

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

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
From Domestic Banks and Institutions	15,487	27,549	19,190	28,112
From Foreign Banks, Institutions and Funds	-	104,829	8,009	161,684
Total	15,487	132,378	27,199	189,796

b) Maturity analysis of borrowings:

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Short-term	15,487	73,506	27,199	135,079
Medium and long-term	-	58,872	-	54,717
Total	15,487	132,378	27,199	189,796

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

Bank diversifies its funding resources by customer deposits and foreign borrowings 99% of bank deposits and 41% of other deposits are composed of foreign currency deposits.

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

4. Information on funds provided from repurchase agreement transactions :

	June 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
From domestic transactions	290,079	-	370,580	-
Financial institutions and organizations	290,075	-	370,575	-
Other institutions and organizations	-	-	-	-
Real persons	4	-	5	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	290,079	-	370,580	-

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

	June 30, 2014		December 31, 2013	
	Nominal	Carrying Value	Nominal	Carrying Value
Financial Assets Available for Sale	212,305	287,194	279,805	307,226
Held to Maturity Investments	3,000	2,885	67,007	63,354
Financial assets held for trading	-	-	-	-
Total	215,305	290,079	346,812	370,580

5. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

None.

6. Explanations on lease obligations (Net):

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

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

- b) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. As of June 30, 2014 operational lease expenses amounting to TRY 6,167 have been recorded in the profit and loss accounts (December 31,2013: TRY 10,248). The lease periods vary between 5 and 10 years.

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

7. Information on derivative financial liabilities for hedging purposes:

None.

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

8. Information on provisions:

a) Information on general provisions:

	June 30, 2014	December 31, 2013
General Provisions		
Provisions for First Group Loans and Receivables	17,270	21,001
- Additional Provision for Extended Period	44	355
Provisions for Second Group Loans and Receivables	1,053	1,457
- Additional Provision for Extended Period	5,385	4,308
Provisions for Non-cash Loans	3,078	3,247
Total	26,830	30,368

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 3,032 (December 31, 2013: TRY 50) on the foreign currency indexed loans are netted off from loans on the balance sheet.

c) The specific provisions of TRY 4,468 (December 31, 2013: TRY 3,931) were provided for unindemnified non cash loans.

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

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

	June 30, 2014	December 31, 2013
Employee termination benefit provision	6,185	5,314
Unused vacation provision	3,360	2,429
Total of provision for employee benefits	9,545	7,743

In accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits"; total benefit is calculated for each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement. According to communique numbered 28585 published in Turkish Trade Registry Gazette, as per IASR actuarial gain that is recorded under shareholders' equity amounting to TRY 265 as of June 30, 2014. (December 31, 2013: TRY 568)

e) Information on other provisions:

e.1) Provisions for possible losses: None.

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

	June 30, 2014	December 31, 2013
Specific provisions provided for unindemnified non cash loans	4,468	3,931
Other provisions (*)	5,310	7,257
Total	9,778	11,188

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

(*) Other provisions include TRY 3,250 of the remaining bonus provision accrued in 2014, TRY 786 of the remaining bonus provision accrued before 2014, TRY 302 of provisions for other assets, TRY 901 of litigation provision, TRY 71 of other provisions. (December 31, 2013: TRY 5,250 of bonus provisions, TRY 658 of the remaining provision from 2013, TRY 302 of provisions for other assets, TRY 976 of litigation provision, TRY 71 of other provisions).

9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Information on corporate tax:

As of June 30, 2014, remaining tax liability after prepaid taxes are TRY 6,667. (December 31, 2013: None)

a.2) Explanations on taxes payable:

	June 30, 2014	December 31, 2013
Corporate Tax Payable	6,677	-
BITT	3,314	2,415
Taxation on Securities	2,943	2,977
Payroll Tax	1,125	1,636
Property Tax	341	282
Value Added Tax Payable	62	190
Stamp Tax	36	44
Other	52	105
Total	14,550	7,649

a.3) Information on premiums:

	June 30, 2014	December 31, 2013
Social Security Premiums-Employee	653	555
Social Security Premiums-Employer	421	360
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	57	24
Unemployment Insurance-Employer	29	49
Other	-	-
Total	1,160	988

b) Explanations on deferred tax liabilities, if any:

None.

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

10. Information on Shareholders' Equity:

- a) Presentation of Paid-in capital:

As of March 31, 2014 the nominal value of the Bank's capital is amounting to TRY 500,000 and consists of 5,000 million shares

000 TL	June 30, 2014	December 31, 2013
Common stock(*)	500,000	500,000
Preferred stock	-	-

(*) Nominal Capital

- b) The Bank does not apply registered share capital system.
- c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

None.

- d) Information on share capital increases from revaluation funds in the current period:

None.

- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:

None.

- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

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

- g) Information on preferred shares:

None.

- h) Information on marketable securities value increase fund:

	June 30, 2014	December 31, 2013
From Associates, Subsidiaries, and Jointly Controlled Entities (Joint Vent.)	-	-
Valuation Difference	(8,663)	(32,944)
Foreign Exchange Difference	-	-
Total	(8,663)	(32,944)

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

1. Information on off-balance sheet liabilities:

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

	June 30, 2014	December 31, 2013
Loan granting commitments	38,162	157,758
Payment commitments for checks	102,479	85,587
Forward asset purchase and sales commitments	13,936	15,684
Other irrevocable commitments	7,361	21,605
Total	161,938	280,634

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

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

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

	June 30, 2014	December 31, 2013
Letters of credit	123,513	160,697
Bank acceptance loans	2,941	7,824
Other guarantees and collaterals	139,487	145,956
Total	265,941	314,477

b.2) Guarantees, surety ships, and similar transactions:

	June 30, 2014	December 31, 2013
Definite letter of guarantees	1,125,292	1,007,719
Temporary letter of guarantees	220,267	194,290
Other letter of guarantees	234,466	164,896
Total	1,580,025	1,366,905

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

	June 30, 2014	December 31, 2013
Non-cash loans given against achieving cash loans	134,225	140,265
With maturity of 1 year or less than 1 year	62,919	90,911
With maturity of more than 1 year	71,306	49,354
Other non-cash loans	1,711,741	1,541,117
Total	1,845,966	1,681,382

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	June 30, 2014		June 30, 2013	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	100,100	8,711	71,362	9,921
Medium and long term loans	52,022	5,596	27,575	920
Interest on non-performing loans	574	-	2,992	-
Total	152,696	14,307	101,929	10,841

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

b) Information on interest received from banks:

	June 30, 2014		March 31, 2013	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	73	196	18	133
Foreign banks	-	4	3	2
Branches and head office abroad	-	-	-	-
Total	73	200	21	135

c) Interest received from marketable securities portfolio:

	June 30, 2014		March 31, 2013	
	TRY	FC	TRY	FC
Trading securities	4	-	1	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	34,515	-	14,571	-
Held-to-maturity securities	4,058	-	2,266	-
Total	38,577	-	16,838	-

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

None.

2. a) Information on interest on funds borrowed:

	June 30, 2014		March 31, 2013	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	709	1,946	899	2,298
The Central Bank of Turkey	-	-	-	-
Domestic banks	537	372	415	474
Foreign banks	172	1,574	484	1,824
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	709	1,946	899	2,298

(*) Includes fees and commission expenses for borrowings.

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

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

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

June 30, 2014								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TRY								
Bank deposits	-	2	-	-	-	-	-	2
Saving deposits	-	1,749	39,755	4,752	4,815	206	-	51,277
Public sector deposits	-	-	41	-	-	-	-	41
Commercial deposits	-	5,374	16,895	1,698	2,367	411	-	26,745
Other deposits	-	14	2,341	3,243	-	-	-	5,598
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	7,139	59,032	9,693	7,182	617	-	83,663
Foreign Currency								
Foreign currency deposits	-	532	15,502	1,044	613	800	-	18,491
Bank deposits	-	251	-	-	-	-	-	251
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	783	15,502	1,044	613	800	-	18,742
Grand Total	-	7,922	74,534	10,737	7,795	1,417	-	102,405
June 30, 2013								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TRY								
Bank deposits	-	2	-	-	-	-	-	2
Saving deposits	-	502	21,706	3,934	1,867	57	-	28,066
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	1,933	9,869	2,881	2,466	368	-	17,517
Other deposits	4	14	780	252	24	-	-	1,074
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	4	2,451	32,355	7,067	4,357	425	-	46,659
Foreign Currency								
Foreign currency deposits	1	399	10,676	1,589	272	-	-	12,937
Bank deposits	-	231	-	-	-	-	-	231
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	1	630	10,676	1,589	272	-	-	13,168
Grand Total	5	3,081	43,031	8,656	4,629	425	-	59,827

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

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

3. Information on Dividend Income: None.

4. Information on net trading income:

	June 30, 2014	June 30, 2013
Income	313,849	337,426
Gains on capital market operations	12	7,149
Gains on derivative financial instruments	11,259	4,077
Foreign exchange gains	302,578	326,200
Losses (-)	(312,245)	(332,095)
Losses on capital market operations	-	(694)
Losses on derivative financial instruments	(18,949)	(4,037)
Foreign exchange losses	(293,296)	(327,364)

5. Information on other operating income:

	June 30, 2014	June 30, 2013
Reversal of general loan loss provisions(*)	7,703	4,119
Reversal of specific provisions (cash)	3,044	2,096
Income from sales of assets	1,332	437
Expense of previous year	51	1,836
Reversal of free provisions	5,230	327
Provisions for expenditure collected from customers	22	41
Other	215	844
Total	17,597	9,700

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

6. Provision for impairment of loans and other receivables:

	June 30, 2014	June 30, 2013
Specific provisions for loans and other receivables	15,488	5,807
III. Group Loans and Receivables	2,459	1,779
IV. Group Loans and Receivables	4,205	962
V. Group Loans and Receivables	8,824	3,066
General loan loss provision expenses	4,166	4,111
Marketable securities impairment losses	-	77
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	77
Impairment provision expense on investments	192	86
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	192	86
Other	1,153	646
Total	20,999	10,727

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

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

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

7. Information on other operating expenses:

	June 30, 2014	June 30, 2013
Personnel expenses	37,043	32,735
Reserve for employee termination benefits	568	404
Taxes and duties	1,783	1,698
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1,336	1,669
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	3,507	1,689
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	368	172
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses(*)	21,478	15,829
Rent expenses	6,167	4,818
Maintenance expenses	2,692	578
Advertisement expenses	248	171
Other expenses	12,371	10,262
Loss on sales of assets	158	7
Other(**)	3,682	2,306
Total	69,923	56,509

(*) Included in other operating expenses; vehicle expenses are TRY 2,198 communication expenses are TRY 1,366, cleaning expenses are TRY 440, non-deductible expenses TRY 160, heating- lightning expenses are TRY 581, stationery expenses are TRY 347, computer usage expenses TRY 549, insurance expenses TRY 250, TRY 3,291 other provision expenses, TRY 824 expertise expense, TRY 450 representation expenses and other expenses are TRY 1,915 (June 30, 2013: vehicle expenses are TRY 1,927, communication expenses are TRY 1,177, cleaning expenses are TRY 1,026, non-deductible expenses TRY 106, heating- lightning expenses are TRY 561, stationery expenses are TRY 305, computer usage expenses TRY 797, insurance expenses TRY 215, TRY 2,790 other provisions, TRY 310 representation expenses and other expenses are TRY 1,048).

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 1,054, assurance and financial services expenses are TRY 1,089, unused vacation expenses are TRY 931 and other expenses are TRY 608. (June 30, 2013: TRY 840 the premiums paid to Saving Deposit Insurance Fund, assurance and financial services expenses are TRY 645, unused vacation expenses are TRY 729 and other expenses are TRY 92).

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

The Bank has TRY 20,227 profit before tax as of June 2013 and TRY 25,477 profit before tax as of June 2014.

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

a) The nature amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period :

None.

b) Financial Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods:

None.

c) Profit or loss attributable to minority shares:

None.

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

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

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

Other fees and commissions received

	June 30, 2014	June 30, 2013
Expertise fees collected from customers	920	603
Transfer commissions	260	165
Insurance commissions	468	61
Letters of credit commissions	33	14
Other banking operations income (*)	6,721	5,1075,
Total	8,402	5,950

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

Other fees and commissions given	June 30, 2014	June 30, 2013
Commissions given to banks	199	197
Bond exchange transaction fee	166	93
EFT commissions	118	77
Clearing reserve commissions	59	15
Money transfer commissions	57	62
ATM commissions	4	5
Credit card commissions	11	-
Other	42	48
Total	656	497

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

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

V. Explanations on the Risk Group of the Bank

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

a) June 30, 2014:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	73	3,211	23	11,151
Balance at end of period	-	-	100	87	2,306	15,282
Interest and commission income	-	-	-	9	1	51

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contain foreign bank accounts amounting to TRY 1008.

b) December 31, 2013:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	59	3,194	6,954	4,376
Balance at end of period	-	-	73	3,211	23	11,151
Interest and commission income	-	-	8	25	-	-

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains foreign bank accounts amounting to TRY 73.

c.1) Information on related party deposits balances:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Deposits						
Balance at beginning of period	-	-	969	1,223	33,545	289
Balance at end of period	-	-	490	969	18,255	33,545
Interest on deposits	-	-	-	-	1,932	329

In addition, the Bank has "Funds Borrowed" at an amount of TRY 50,993 used from risk group of the Bank (December 31, 2013: TRY 70,114) and TRY 1,337 (June 30, 2013: TRY 1,954) interest expense was incurred from funds borrowed in 2014.

c.2) Information on forward and option agreements and other similar agreements made with related parties:

None.

d) As of June 30, 2014, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 5,906 (June 30, 2013: TRY 5,060).

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

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

2. Disclosures for related parties:

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Borrowings	50,993	34.49
Deposits	18,745	0.60
Non-cash loans	15,370	0.77
Cash loans	2,306	0.08
Banks and other receivables	100	0.05

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

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

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.34%. Details of these loans are explained in 1a above.

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

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

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

	Number	Employees			
Domestic branches	31	597			
			Country		
Rep-offices abroad	-	-	-		
				Total Assets	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

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

None.

VII. Explanations and notes related to subsequent events

None.

(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED JUNE 30, 2014

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

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations on the Operations of the Bank:

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

SECTION SEVEN

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

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

The financial statements of the Bank as of and for the period ended June 30, 2014 were reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited).

The independent auditor's limited review report dated August 11, 2014 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.