

TURKLAND BANK ANONİM ŐİRKETİ
INDEPENDENT AUDITOR'S REVIEW REPORT,
UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES FOR
THE PERIOD ENDED SEPTEMBER 30, 2017

*Translated into English from the report and financial
statements originally issued in Turkish*

**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF INTERIM FINANCIAL
INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION**

To the Board of Directors of Turkland Bank A.Ş.

Introduction

We have reviewed the accompanying balance sheet of Turkland Bank A.Ş. (“the Bank”) as at September 30, 2017, and the statement of income, statement of income and expense items under shareholders’ equity, statement of changes in shareholders’ equity and statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As of the balance sheet date, two loans given by the Bank have not been classified under "Non-performing Loans" in accordance with the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Reserved ("Regulation"). The maturities of the two loans that have a total of TL 65.292 thousand principal and TL 6.141 thousand income accrual have been extended. However, interest accrual amounting to TL 2.154 thousand and compensation payment of the letter of guarantee amounting to TL 7.104 thousand have not been collected although more than 90 days have passed. The Bank has made provision for the aforementioned receivables under "Other Provisions" amounting to TL 4.095 thousand.

Qualified Conclusion

Based on our review, except for the effects of the matters presented in the Basis for Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Turkland Bank A.Ş. as at September 30, 2017, and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Other Matter

The unconsolidated financial statements of the Bank for the year ended December 31, 2016 and the unconsolidated financial statements of the Bank for nine-month interim period ended September 30, 2016 were audited and reviewed by another auditor who expressed an opinion and a conclusion provided by the Bank on February 14, 2017 and November 10, 2016.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the Management's interim report included in the accompanying financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed interim financial statements and the explanatory notes.

Additional paragraph for English 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.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Müjde Aslan
Partner

İstanbul, November 14, 2017

Translated into English from the report and financial statements originally issued in Turkish

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF TURKLANDBANK A.Ş.
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

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

Telephone : (0 212) 368 34 34
Fax : (0 212) 368 35 35

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

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

The unconsolidated financial report for the nine 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
- INTERIM ANNUAL REPORT

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

October 31, 2017

Nehme SABBAGH

A. Dinçer ALPMAN

Mehmet ÖZGÜNER

H. Efe İçli

Chairman of the Board of
Directors

General Manager

Financial Reporting
Executive Vice President

Manager
Financial Affairs

Mustafa Selçuk TAMER

Faten MATAR

Nadya Nabil Tawfik TALHOUNİ

Member of Audit Committee

Member of Audit Committee

Member of Audit Committee

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

Name-Surname / Title: Sevgi Üstün / Assistant Manager

Telephone Number: (0212) 368 37 24

Fax Number: (0212) 368 35 35

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AS OF SEPTEMBER 30, 2017

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

According to the Extraordinary General Assembly decision dated May 30, 2011, it was decided to increase the Bank's capital from TRY 170 million to TRY 300 million, 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 million have been used by Arab Bank (Switzerland) Ltd (ABS). Capital commitments have been paid by shareholders and according to the BRSA decision dated October 20, 2011 numbered 22244 it has been transferred to the capital accounts.

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

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

According to the Ordinary General Assembly decree dated April 15, 2014, it has been decided to increase the Bank's paid in capital from TRY 500 million to TRY 650 million. In April, 2015, TRY 150 million has been paid in cash. The capital commitments paid by the shareholders were transferred into the share capital accounts with the approval of Banking Regulation and Supervision Agency dated August 28, 2015 and numbered 20637.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AS OF SEPTEMBER 30, 2017

(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 September 30, 2017, the shareholders' structure and their ownerships are summarized as follows:

Name of shareholders	Share Amount	Share Ratios %	Paid up Shares	Unpaid Shares
ARAB BANK PLC	216,666.67	33.3%	216,666.67	-
ARAB BANK (Switzerland)	108,333.33	16.7%	108,333.33	-
BANKMED, SAL	324,999.99	50.0%	324,999.99	-
Others	<1	0.0%	<1	-
Total	650,000.00	%100,0	650,000.00	-

As of September 30, 2017 the nominal value of the Bank's capital is amounting to TRY 650,000 and consists of 6,500 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	Master Degree
	MUSTAFA SELÇUK TAMER	Member of Audit Committee	Bachelor's Degree
	RIAD BURHAN TAHER KAMAL	Member	Master Degree
	MEHMET BEHÇET PERİM	Member	Master Degree
	NADYA NABIL TAWFIK TALHOUNI	Member of Audit Committee	Bachelor's Degree
	FATEN MATAR	Member of Audit Committee	Master Degree
	HAITHAM HELMI MOHAMMAD FOUDEH	Member	Master Degree
	BASSIL YARED	Member	Master Degree
General Manager and Member of Board of Directors	A.DİNÇER ALPMAN	Chief Executive Officer	Bachelor's Degree
Assistant General Mangers	BENAN BAŞAK	Loan Underwriting	Master Degree
	DORUK PARMAN	Marketing Sales	PHD Degree
	EMRE DEMİRCAN	Strategic Planning	Master Degree
	HAKKI YILDIRMAZ	Human Resources	PHD Degree
	İLHAN ZEKİ KÖROĞLU	Operation and Information Technologies	Bachelor's Degree
	MEHMET ÖZGÜNER	Finance	Bachelor's Degree
	MÜNEVVER ERÖZ	Treasury and Financial Institutions	Master Degree
	YURDAKUL ÖZDOĞAN	Credit & Follow up	Bachelor's Degree

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
AS OF SEPTEMBER 30, 2017

(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 September 30, 2017:

Name of Shareholders	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
ARAB BANK PLC	216,666.67	33.3%	216,666.67	-
ARAB BANK (Switzerland)	108,333.33	16.7%	108,333.33	-
BANKMED, SAL	324,999.99	50.0%	324,999.99	-

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

The Bank has 33 branches and 594 personnel. The Bank has no any subsidiaries in the financial sector (December 31, 2016: 33 branches, 608 personnel).

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

- Acceptance of Deposit
- Corporate and Retail Banking
- Foreign Trade
- Capital Market Transactions
- Bank Assurance

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

The Bank has no consolidated subsidiaries.

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

The Bank has no consolidated subsidiaries.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016
(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 30.09.2017			Audited Prior Period 31.12.2016		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	137.020	407.232	544.252	329.982	280.691	610.673
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	4.891	133	5.024	2.129	651	2.780
2.1 Financial assets held for trading		4.891	133	5.024	2.129	651	2.780
2.1.1 Public sector debt securities		-	-	-	-	-	-
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		4.891	133	5.024	2.129	651	2.780
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	50	359.834	359.884	141	560.187	560.328
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	814.013	4	814.017	756.126	4	756.130
5.1 Share certificates		138	-	138	138	-	138
5.2 Public sector debt securities		813.875	4	813.879	755.988	4	755.992
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-5	2.884.875	698.010	3.582.885	3.079.976	549.184	3.629.160
6.1 Loans and receivables		2.738.362	698.010	3.436.372	2.929.594	549.184	3.478.778
6.1.1 Loans to risk group of the Bank		-	-	-	-	-	-
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		2.738.362	698.010	3.436.372	2.929.594	549.184	3.478.778
6.2 Non-performing loans		268.872	-	268.872	240.029	-	240.029
6.3 Specific provisions (-)		(122.359)	-	(122.359)	(89.647)	-	(89.647)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	I-6	1.874	-	1.874	1.730	-	1.730
8.1 Public sector debt securities		1.874	-	1.874	1.730	-	1.730
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	4.897	-	4.897	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		4.897	-	4.897	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		4.897	-	4.897	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	I-9	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	I-11	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	I-12	11.316	-	11.316	12.308	-	12.308
XV. INTANGIBLE ASSETS (Net)	I-13	13.404	-	13.404	13.266	-	13.266
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		13.404	-	13.404	13.266	-	13.266
XVI. INVESTMENT PROPERTY (Net)	I-14	-	-	-	-	-	-
XVII. TAX ASSET	I-15	13.759	-	13.759	6.259	-	6.259
17.1 Current tax asset		4.575	-	4.575	1.104	-	1.104
17.2 Deferred tax asset		9.184	-	9.184	5.155	-	5.155
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-16	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-17	173.723	182	173.905	162.809	18	162.827
TOTAL ASSETS		4.059.822	1.465.395	5.525.217	4.364.726	1.390.735	5.755.461

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016

(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 30.09.2017			Audited Prior Period 31.12.2016		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-1	2,354,297	1,295,190	3,649,487	2,581,301	1,486,203	4,067,504
1.1 Deposits from risk group of the Bank		68,066	5,842	73,908	79,070	4,090	83,160
1.2 Other		2,286,231	1,289,348	3,575,579	2,502,231	1,482,113	3,984,344
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	2,855	142	2,997	3,425	314	3,739
III. FUNDS BORROWED	II-3	15,805	510,032	525,837	22,422	361,336	383,758
IV. MONEY MARKET BALANCES		458,107	-	458,107	373,315	-	373,315
4.1 Interbank money market takings		458,107	-	458,107	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements	II-4	-	-	-	373,315	-	373,315
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS		25,460	6,130	31,590	29,427	12,634	42,061
VIII. OTHER LIABILITIES	II-5	34,452	1,766	36,218	45,208	2,097	47,305
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	48,710	1,116	49,826	67,228	1,101	68,329
12.1 General loan loss provisions		18,503	-	18,503	41,321	-	41,321
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		14,150	-	14,150	12,346	-	12,346
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		16,057	1,116	17,173	13,561	1,101	14,662
XIII. TAX LIABILITY	II-9	11,693	-	11,693	13,429	-	13,429
13.1 Current tax liability		11,693	-	11,693	13,429	-	13,429
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-12	759,462	-	759,462	756,021	-	756,021
16.1 Paid-in capital		650,000	-	650,000	650,000	-	650,000
16.2 Supplementary capital		(2,415)	-	(2,415)	(919)	-	(919)
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(28,733)	-	(28,733)	(27,512)	-	(27,512)
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (joint vent.)		45	-	45	45	-	45
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		26,273	-	26,273	26,548	-	26,548
16.3 Profit reserves		106,941	-	106,941	93,187	-	93,187
16.3.1 Legal reserves		5,332	-	5,332	4,644	-	4,644
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		88,694	-	88,694	76,825	-	76,825
16.3.4 Other profit reserves		12,915	-	12,915	11,718	-	11,718
16.4 Profit or loss		4,936	-	4,936	13,753	-	13,753
16.4.1 Prior years' income/(losses)		-	-	-	-	-	-
16.4.2 Current year income/(loss)		4,936	-	4,936	13,753	-	13,753
16.5 Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		3,710,841	1,814,376	5,525,217	3,891,776	1,863,685	5,755,461

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED OFF-BALANCE SHEET ITEMS
AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016
(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 30.09.2017			Audited Prior Period 31.12.2016		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS							
I. GUARANTEES	III-1	1.838.544	1.153.805	2.992.349	1.814.088	990.517	2.804.605
1.1. Letters of guarantee		1.495.977	484.515	1.980.492	1.514.885	375.961	1.890.846
1.1.1. Guarantees subject to State Tender Law		10.240	633	10.873	12.506	1.560	14.066
1.1.2. Guarantees given for foreign trade operations		68.968	101.322	170.290	70.178	31.600	101.778
1.1.3. Other letters of guarantee		1.416.769	382.560	1.799.329	1.432.201	342.801	1.775.002
1.2. Bank loans		-	7.147	7.147	-	6.465	6.465
1.2.1. Import letter of acceptance		-	7.147	7.147	-	6.465	6.465
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	256.241	256.241	189	234.288	234.477
1.3.1. Documentary letters of credit		-	256.241	256.241	189	234.288	234.477
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		-	148.825	148.825	3.057	138.630	141.687
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	160.043	16.732	176.775	207.522	34.837	242.359
2.1. Inevocable commitments		160.043	16.732	176.775	207.522	34.837	242.359
2.1.1. Forward asset purchase and sales commitments		2.952	6.308	9.260	26.452	33.615	60.067
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		42.639	-	42.639	66.907	-	66.907
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		106.156	-	106.156	108.953	-	108.953
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		-	-	-	-	-	-
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other inevocable commitments		8.296	10.424	18.720	5.210	1.222	6.432
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	III-2	182.524	240.345	422.869	88.435	200.336	288.771
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		182.524	240.345	422.869	88.435	200.336	288.771
3.2.1. Forward foreign currency buy/sell transactions		150.445	162.504	312.949	64.889	69.102	133.991
3.2.1.1. Forward foreign currency transactions-buy		77.546	79.070	156.616	33.321	33.570	66.891
3.2.1.2. Forward foreign currency transactions-sell		72.899	83.434	156.333	31.568	35.532	67.100
3.2.2. Swap transactions related to foreign currency, and interest rates		-	32.769	32.769	7.546	102.144	109.690
3.2.2.1. Foreign currency swaps-buy		-	16.361	16.361	-	54.714	54.714
3.2.2.2. Foreign currency swaps-sell		-	16.408	16.408	7.546	47.430	54.976
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		32.079	45.072	77.151	16.000	29.090	45.090
3.2.3.1. Foreign currency options-buy		16.040	22.536	38.576	8.000	14.545	22.545
3.2.3.2. Foreign currency options-sell		16.039	22.536	38.575	8.000	14.545	22.545
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		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		84.716.003	9.799.997	94.516.000	82.566.008	9.015.194	91.581.202
IV. ITEMS HELD IN CUSTODY		687.060	38.623	725.683	558.830	32.531	591.361
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		2	320	322	2	316	318
4.3. Checks received for collection		671.911	35.536	707.447	548.143	31.732	579.875
4.4. Commercial notes received for collection		15.147	2.766	17.913	10.685	483	11.168
4.5. Other assets received for collection		-	1	1	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		84.028.943	9.761.374	93.790.317	82.007.178	8.982.663	90.989.841
5.1. Marketable securities		-	-	-	-	-	-
5.2. Guarantee notes		67.546	19.355	86.901	70.876	22.423	93.299
5.3. Commodities		1.646	-	1.646	1.646	-	1.646
5.4. Warrants		-	-	-	-	-	-
5.5. Properties		2.233.587	108.678	2.342.265	2.561.824	135.150	2.696.974
5.6. Other pledged items		81.726.164	9.633.341	91.359.505	79.372.832	8.825.090	88.197.922
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		86.554.547	10.953.802	97.508.349	84.380.096	10.005.711	94.385.807

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

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENT OF UNCONSOLIDATED INCOME FOR THE PERIODS
ENDED SEPTEMBER 30, 2017 AND 2016

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

III. STATEMENT OF INCOME

	Note Ref. (Section Five)	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period 01.01-30.09.2017	Current Period 01.07-30.09.2017	Prior Period 01.01-30.09.2016	Prior Period 01.07-30.09.2016
I. INTEREST INCOME	IV-1	415.403	120.621	411.536	138.729
1.1 Interest on loans		325.327	109.682	349.161	115.167
1.2 Interest received from reserve deposits		6.784	2.209	5.378	1.313
1.3 Interest received from banks		3.268	1.150	1.025	318
1.4 Interest received from money market placements		-	-	977	-
1.5 Interest received from marketable securities portfolio		77.350	6.975	51.747	20.526
1.5.1 Held-for-trading financial assets		-	-	2	-
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		77.172	6.957	51.022	20.449
1.5.4 Investments held-to-maturity		178	18	723	77
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		2.674	605	3.248	1.405
II. INTEREST EXPENSE	IV-2	(297.141)	(105.783)	(265.737)	(83.300)
2.1 Interest on deposits		(257.337)	(90.804)	(243.449)	(74.532)
2.2 Interest on funds borrowed		(4.936)	(1.335)	(4.274)	(1.488)
2.3 Interest on money market borrowings		(32.131)	(13.644)	(16.502)	(7.279)
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		(2.737)	-	(1.512)	(1)
III. NET INTEREST INCOME (I - II)		118.262	14.838	145.799	55.429
IV. NET FEES AND COMMISSIONS INCOME		19.526	6.416	19.290	6.126
4.1 Fees and commissions received		20.762	6.812	20.329	6.555
4.1.1 Non-cash loans		15.974	5.345	14.188	4.853
4.1.2 Other	IV-10	4.788	1.467	6.141	1.702
4.2 Fees and commissions paid		(1.236)	(396)	(1.039)	(429)
4.2.1 Non-cash loans		(69)	(27)	(54)	(19)
4.2.2 Other	IV-10	(1.167)	(369)	(985)	(410)
V. DIVIDEND INCOME	IV-3	10	-	10	1
VI. NET TRADING INCOME	IV-4	2.020	1.071	(313)	(906)
6.1 Securities trading gains/ (losses)		54	54	16	7
6.2 Gain/(losses) from derivative financial instruments		794	3.001	(9.076)	(559)
6.3 Foreign exchange gains/ (losses)		1.172	(1.984)	8.747	(354)
VII. OTHER OPERATING INCOME	IV-5	43.441	24.932	22.872	3.709
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		183.259	47.257	187.658	64.359
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-6	(50.518)	(19.343)	(58.406)	(18.967)
X. OTHER OPERATING EXPENSES (-)	IV-7	(132.499)	(37.821)	(121.234)	(40.067)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		242	(9.907)	8.018	5.325
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII. PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY		-	-	-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)		242	(9.907)	8.018	5.325
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-8	4.694	5.933	(2.226)	(1.540)
16.1 Provision for current income taxes		-	3.593	(5.940)	(3.002)
16.2 Provision for deferred taxes		4.694	2.340	3.714	1.462
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		4.936	(3.974)	5.792	3.785
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	4.936	(3.974)	5.792	3.785

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

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENT OF UNCONSOLIDATED PROFIT AND LOSS
ACCOUNTED FOR UNDER EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2017 AND 2016
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Reviewed Current Period 01.01-30.09.2017	Reviewed Prior Period 01.01-30.09.2016
I. Additions to marketable securities revaluation differences for available for sale financial assets	(1,526)	11,861
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	(275)	(201)
IX. Deferred tax of valuation differences	305	(2,372)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	(1,496)	9,288
XI. Profit/Loss	4,936	5,792
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	-	-
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
11.4 Other	4,936	5,792
XII. Total Profit/Loss accounted for in the period (X±XI)	3,440	15,080

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

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN UNCONSOLIDATED UNCONSOLIDATED SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Note	Paid-in	Share	Share	Legal	Statutory	Extraordinary	Other	Current	Prior Period	Marketable	Tangible and Intangible	Bonus Shares	Accumulated Rev.	Total Equity	Minority	Total
Current Period- 01.01-30.09.2017	(Section Five)	Capital	Capital Inflation Adjustment	Premium	Reserves	Reserves	Reserves	Reserves	Period Profit/Loss	Profit/Loss	Securities Revaluation Reserve	Assets Revaluation Reserve	from Equity Participations	Reserve on Assets Held for Sale and Discontinued Oper.	Excluding Minority Interest	Interests	Equity
I. Prior opening balance 31.12.2016		650.000	26.548	-	4.645	-	76.825	11.718	13.753	-	(27.512)	-	45	-	756.022	-	756.022
Changes in the period		-	-	-	-	-	-	-	(13.753)	13.753	-	-	-	-	-	-	-
II. Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	(1.221)	-	-	-	(1.221)	-	(1.221)
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other (*)		-	(275)	-	-	-	-	-	-	-	-	-	-	-	(275)	-	(275)
XVII. Period net income/(loss)		-	-	-	-	-	-	-	4.936	-	-	-	-	-	4.936	-	4.936
XVIII. Profit distribution		-	-	-	687	-	11.869	1.197	-	(13.753)	-	-	-	-	-	-	-
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	687	-	11.869	1.197	-	(13.753)	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		650.000	26.273	-	5.332	-	88.694	12.915	4.936	-	(28.733)	-	45	-	759.462	-	759.462

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

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

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN UNCONSOLIDATED UNCONSOLIDATED SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed Prior Period – 01.01-30.09.2016	Note (Section Five)	Paid-in Capital	Paid-in Capital Inflation	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Marketable Securities Revaluation	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Equity Participations	Hedge Funds	Accumulated Rev. Reserve on Assets Held for Sale and	Total Equity Excluding Minority	Minority Interests	Total Equity
I. Prior opening balance		650.000	25.714	-	-	3.919	-	63.044	11.718	14.506	-	(26.132)	-	45	-	-	742.814	-	742.814
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)		650.000	25.714	-	-	3.919	-	63.044	11.718	14.506	-	(26.132)	-	45	-	-	742.814	-	742.814
Changes in the period		-	-	-	-	-	-	-	-	(14.506)	14.506	-	-	-	-	-	-	-	-
IV. Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	9.489	-	-	-	-	9.489	-	9.489
VI. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other (*)		-	(201)	-	-	-	-	-	-	-	-	-	-	-	-	-	(201)	-	(201)
XIX. Period net income/(loss)		-	-	-	-	-	-	-	-	5.792	-	-	-	-	-	-	5.792	-	5.792
XX. Profit distribution		-	-	-	-	725	-	13.781	-	-	(14.506)	-	-	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	725	-	13.781	-	-	(14.506)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		650.000	25.513	-	-	4.644	-	76.825	11.718	5.792	-	(16.643)	-	45	-	-	757.894	-	757.894

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

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

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF UNCONSOLIDATED CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2017 AND 2016
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Reviewed Current Period 01.01-30.09.2017	Reviewed Priod Period 01.01-30.09.2016
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(41.987)	73.536
1.1.1 Interest received		319.587	362.756
1.1.2 Interest paid		(291.850)	(258.760)
1.1.3 Dividend received		10	10
1.1.4 Fees and commissions received		21.802	20.988
1.1.5 Other income		5.210	(22)
1.1.6 Collections from previously written off loans		51.347	46.130
1.1.7 Payments to personnel and service suppliers		(71.069)	(63.514)
1.1.8 Taxes paid		(4.575)	(5.941)
1.1.9 Others		(72.449)	(28.111)
1.2 Changes in operating assets and liabilities		(327.430)	(181.584)
1.2.1 Net (increase) decrease in financial assets held for trading		-	25
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		(107.233)	81.889
1.2.4 Net (increase) decrease in loans		2.175	106.492
1.2.5 Net (increase) decrease in other assets		(14.640)	(17.490)
1.2.6 Net increase (decrease) in bank deposits		84.706	27.565
1.2.7 Net increase (decrease) in other deposits		(423.165)	(401.116)
1.2.8 Net increase (decrease) in funds borrowed		142.023	14.179
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(11.296)	6.872
I. Net cash provided from banking operations		(369.417)	(108.048)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(11.207)	(19.987)
2.1 Cash paid for purchase of jointly controlled entities, associates and subsidiaries		(4.897)	-
2.2 Cash obtained from sale of jointly controlled entities, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(3.041)	(40.515)
2.4 Fixed assets sales		1.092	8.553
2.5 Cash paid for purchase of financial assets available for sale		(15.293)	(60.229)
2.6 Cash obtained from sale of financial assets available for sale		15.044	56.944
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	19.857
2.9 Others		(4.112)	(4.597)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		-	-
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		6.408	10.927
V. Net increase / (decrease) in cash and cash equivalents		(374.216)	(117.108)
VI. Cash and cash equivalents at beginning of the period		926.300	583.088
VII. Cash and cash equivalents at end of the period		552.084	465.980

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL REPORT
AS OF SEPTEMBER 30, 2017

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SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation. 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, 2016 and changes of TAS/TFRS that is effective from January 1, 2017 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 (2011 version) do not have any effect on the accounting policies, financial position and performance of the Bank. The Bank is assessing the impact of TFRS 9 Financial Instruments Standard.

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

Additional paragraph for convenience translation:

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

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

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 22.54% 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 14.77% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 6.51% of the total assets and these assets provide liquidity with low risk and yield.

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

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

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

III. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

IV. Explanations on Interest Income and Expenses

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

V. Explanations on Fees and Commission Income and Expenses

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

VI. Explanations on Financial Assets

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

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

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

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

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VI. Explanations on Financial Assets (continued)

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

Cash, Banks, and Other Financial Institutions:

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

Financial Assets at Fair Value Through Profit and Loss:

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

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

Held to Maturity Investments:

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

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

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

Financial Assets Available for Sale:

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

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

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

The Bank has an equity investment with participation rate of 0.0129% in the available for sale financial assets portfolio. Since this equity investment does not have fair value, it is carried at cost.

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

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VI. Explanations on Financial Assets (continued)

Loans and receivables:

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

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

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

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

VII. Explanations on Impairment of Financial Assets

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

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

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

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

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

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.

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VII. Explanations on Impairment of Financial Assets (continued)

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

As of September 30, 2017 the provision rates determined for the non-cash loans do not exceed the required ratios therefore standard rates which are determined in the regulation have been used for the non-cash loans.

In accordance with the change in “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside”(published in the Official Gazette numbered 27968 dated June 18, 2011), The banks whose total consumer loans to total loans more than 25 % and the auto and housing loans, vehicle classed as non-performing loans consumer loans and consumer loans, housing loans, other than the banks that over 8% of the overall response rate observed in the first group auto and housing for maturities of loans for consumer loans other than loans at 4% in the second group followed the vehicle for consumer loans and mortgage loans, except for maturities of 8% applies” rulling is given as of September 30, 2017 with regard to performing consumer loans, the additional general loan loss provision is reserved amountd none.

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

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

As of December 31, 2014, the Bank has been recorded all provisions which have should been recorded in according with the comminique.

In accordance with the change in the “Regulation and Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside”(published in the Official Gazette numbered 28789 dated October 08, 2013 and numbered 29267 dated February 14, 2016), banks may apply 0% for standard qualified cash and non-cash export credits, 0.5% for SME cash loans,and 0.1% for non cash loans. Hence, the Bank applied the amendment as of September 30, 2017.

VIII. Explanations on Offsetting of Financial Assets and Liabilities

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

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

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

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

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

As of September 30, 2017, the Bank has no reverse repo transactions (December 31, 2016: None).

As of September 30, 2017, the Bank does not have any marketable securities lending transaction (December 31, 2016: None).

X. Explanations on Assets Held for Sale and Discontinued Operations

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

The Bank does not have any assets held for sale as of September 30, 2017 (December 31, 2016: None).

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

XI. Explanations on Goodwill and Other Intangible Assets

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

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

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

	%
Intangible Assets	7-33

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XII. Explanations on Tangible Fixed Assets

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

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

	%
Financial Lease	2-50
Furniture, fixtures and office equipment and others	4-33

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

Normal maintenance and repair cost of the properties are expensed.

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

XIII. Explanations on Leasing Transactions

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

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

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

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

XIV. Explanations on Provisions and Contingent Liabilities

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

According to the legal department of the Bank; the total number of ongoing cases against the Bank is 117. The total amount of those cases consists of TRY 11,398, USD 1,643 Thousand and EUR 193 Thousand. There is a provision of TRY 1,991 in the accompanying financial statements for these cases (December 31, 2016: TRY 2,286).

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XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans:

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

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. As per the Official Gazette No. 28585 dated March 12, 2013, as of September 30, 2017, the actuarial gains recognized in equity amounts to TRY 844 (December 31, 2016: TRY 1,119 actuarial gain).

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

Defined Contribution Plans:

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

Short-term Employee Benefits:

In accordance with TAS 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 offsetted 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. Tax provision is in current period: none. (December 31, 2016: TRY 4,882).

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XVI. Explanations on Taxation (continued)

Deferred Tax Liability / Asset:

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

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

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

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

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax income/expense recorded under the tax provision expenses amounts to TRY 4,694 deferred tax income in the accompanying income statement (December 31, 2016: TRY 1,197 deferred tax income).

XVII. Additional Explanations on Borrowings

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

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

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

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

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

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 Equity

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

As of September 30, 2017 Bank’s total capital has been calculated as TRY 752,120, capital adequacy ratio is 15.12%. As of December 31, 2016, Bank’s total capital amounted to TRY 779,719, capital adequacy ratio was 15.96% calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

Information related to the components of shareholders' equity:

	Current Period September 30, 2017 (*)
COMMON EQUITY TIER 1 CAPITAL	
Paid-up Capital	650,000
Share issue premiums	-
Retained earnings	106,941
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	26,273
Profit	4,936
Net profit of the period	4,936
Profit of the previous years	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	45
Common Equity Tier 1 capital before regulatory adjustments	788,195
Common Equity Tier 1 capital: regulatory adjustments	
Prudential valuation adjustments	-
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognised in equity in accordance with TAS	(28,733)
Improvement costs for operating leasing	(3,257)
Goodwill (net of related tax liability)	(10,723)
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(881)
Cash-flow hedge reserve	-
Shortfall of provisions to expected losses	-
Securitisation gain on sale	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Investments in own shares	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-
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)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-

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I. Explanations Related to Equity (continued)

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 (as set out in the paragraph 2 of the Provisional Article 2 of the Regulation on Banks' Own Funds)	-
of which: significant investments in the common stock of financials	-
of which: mortgage servicing rights	-
of which: deferred tax assets arising from temporary differences	-
National specific regulatory adjustments which shall be determined by the Board	-
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	(43,594)
Common Equity Tier 1 capital (CET1)	744,601
ADDITIONAL TIER 1 CAPITAL	
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments	
Investments in own Additional Tier 1 instruments	-
Reciprocal cross-holdings in 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)	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
National specific regulatory adjustments which shall be determined by the Board	-
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	2,681
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	8,303
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
Total regulatory adjustments to Additional Tier 1 capital	10,984
Total Additional Tier 1 capital	-
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	733,617
TIER 2 CAPITAL	
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
Provisions	18,503
Tier 2 capital before regulatory adjustments	18,503
Tier 2 capital: regulatory adjustments	
Investments in own Tier 2 instruments	-
Reciprocal cross-holdings in Tier 2 instruments	-

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I. Explanations Related to Equity (continued)

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) (-)	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) (-)	-
National specific regulatory adjustments which shall be determined by the Board	-
Total regulatory adjustments to Tier 2 capital	-
Total Tier 2 capital	18,503
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	752,120
The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	
Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	-
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition	-
National specific regulatory adjustments which shall be determined by the Board	-
Regulatory Adjustments which will be deducted from Total Capital during the transition period	-
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) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (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) which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
OWN FUNDS	
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	752,120
Total Risk Weighted Assets	4,974,972
CAPITAL ADEQUACY RATIOS	
Common Equity Tier 1 Capital Adequacy Ratio (%)	14.97
Tier 1 Capital Adequacy Ratio (%)	14.75
Capital Adequacy Ratio (%)	15.12

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I. Explanations Related to Equity (continued)

BUFFERS	
Total buffer requirement	2.199
of which: capital conservation buffer requirement (%)	1.250
of which: bank specific countercyclical buffer requirement (%)	0.949
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	0.105
Amounts below the thresholds for deduction (before risk weighting)	-
Non-significant investments in the capital of other financials	-
Significant investments in the common stock of financials	-
Mortgage servicing rights (net of related tax liability)	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-
Applicable caps on the inclusion of provisions in Tier 2 capital	-
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-
Cap on inclusion of provisions in Tier 2 under standardised approach	18,503
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	-
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-

(*) There is no amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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I. Explanations Related to Equity (continued)

	Prior Period December 31, 2016 (*)
Common Equity Core Capital (CET 1)	
Paid-in capital	650,000
Share premium	-
Legal reserves	93,187
Accumulated other comprehensive income in accordance with TAS	26,548
Profit	13,753
Net current period profit	13,753
Prior period profit	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	45
Common Equity Core capital before regulatory adjustments	783,533
Common Equity Core capital: regulatory adjustments	
Valuation adjustments calculated according to clause (i) of first paragraph of the 9th article of the Regulation on Owners' Equity of Banks	-
Loss (in excess of Reserves) and other comprehensive expenses (-)	(27,512)
Leasehold Improvements on Operational Leases (-)	(4,248)
Goodwill and Intangible assets and related deferred tax liabilities (-)	(7,960)
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
Cash-flow hedge reserve	-
Shortfall of provisions to expected losses	-
Securitisation gain on sale	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Investments in own shares	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-
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)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (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 (as set out in the paragraph 2 of the Provisional Article 2 of the Regulation on Banks' Own Funds)	-
Amount exceeding the 15% threshold of significant investments in the common stock of financials	-
Amount exceeding the 15% threshold of mortgage servicing rights	-
Amount exceeding the 15% threshold of deferred tax assets arising from temporary differences	-
National specific regulatory adjustments which shall be determined by the Board	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
Total regulatory adjustments to Common equity Core Capital	(39,720)
Common Equity Core capital (CET1)	743,813

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I. Explanations Related to Equity (continued)

	December 31, 2016
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 (-)	-
Reciprocal cross-holdings in 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 (-)	-
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 (-)	-
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 (-)	5,306
Yeterli katkı sermaye bulunmaması halinde ilave ana sermayeden indirim yapılacak tutar (-)	-
Total regulatory adjustments to Additional Tier I capital	5,306
Additional Tier I capital (AT1)	-
Tier 1 capital (T1 = CET1 + AT1)	738,507
Tier 2 capital: instruments and provisions	
Directly issued qualifying Tier 2 instruments (that are approved by the regülatör) plus related stock surplus (after 1.1.2014)	-
Directly issued qualifying Tier 2 instruments (that are approved by the regülatör) plus related stock surplus (before 1.1.2014)	-
Generic Provisions	41,321
Tier 2 capital before regulatory adjustments	41,321
Tier 2 capital: regulatory adjustments	
Investments in own Tier 2 instruments (-)	-
Reciprocal cross-holdings in 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)	41,321
Total capital (TC = T1 + T2)	779,828

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I. Explanations Related to Equity (continued)

	December 31, 2016
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 (-)	109
National specific regulatory adjustments which shall be determined by the Board	-
Regulatory Adjustments which will be deducted from Total Capital during the transition period	
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 (-)	-
Capital	779,719
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	779,828
Total Risk Weighted Assets	4,884,687
CAPITAL ADEQUACY RATIOS	
Common Equity Tier 1 Capital Adequacy Ratio (%)	15.23
Tier 1 Capital Adequacy Ratio (%)	15.12
Capital Adequacy Ratio (%)	15.96
BUFFERS	
Toplam tampon oranı	0.718
Capital conservation buffer requirement (%)	0.625
Bank specific countercyclical buffer requirement (%)	0.093
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	0.107
Amounts below the thresholds for deduction (before risk weighting)	-
Non-significant investments in the capital of other financials	-
Significant investments in the common stock of financials	-
Mortgage servicing rights (net of related tax liability)	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-
Katkı Sermaye Hesaplamasında Dikkate Alınan Karşılıklara İlişkin Sınırlar	-
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-
Cap on inclusion of provisions in Tier 2 under standardised approach	41,321
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	-
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-

(*) There are no amounts to be taken into consideration at the end of the transition period for the items subject to the transition provisions within the Provisional Articles of the "Regulation on Owners' Equity of Banks".

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II. Explanations Related to Currency Risk

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

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

The announced current foreign exchange buying rates of the Bank at September 30, 2017 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	September 22, 2017	September 25, 2017	September 26, 2017	September 27, 2017	September 28, 2017	September 29, 2017
USD	3.4962	3.5216	3.5454	3.5736	3.5626	3.5599
CHF	3.6063	3.6216	3.6491	3.6622	3.6671	3.6618
GBP	4.7171	4.7579	4.7622	4.7813	4.7830	4.7538
100 JPY	3.1210	3.1380	3.1600	3.1590	3.1650	3.1550
EUR	4.1809	4.1809	4.1767	4.1883	4.1997	4.1951

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before at September 30, 2017 are as follows:

	Monthly Average Foreign Exchange Rate
USD	3.4688
CHF	3.6030
GBP	4.6147
100 JPY	3.1308
EUR	4.1338

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II. Explanations Related to Currency Risk (continued)

September 30, 2017	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.	26,488	380,744	-	-	407,232
Banks	2,895	355,094	401	1,444	359,834
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	4	-	-	4
Loans (*)	594,202	459,612	-	-	1,053,814
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (****)	131	51	-	-	182
Total Assets	623,716	1,195,505	401	1,444	1,821,066
Liabilities					
Bank Deposits	-	597	-	-	597
Foreign Currency Deposits	335,313	958,524	-	756	1,294,539
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	301,956	208,076	-	-	510,032
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	609	5,521	-	-	6,130
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	3	2,879	-	-	2,882
Total Liabilities	637,881	1,175,597	-	756	1,814,234
Net Balance Sheet Position	(14,165)	19,908	401	688	6,832
Net Off-Balance Sheet Position	14,184	(21,214)	-	333	(6,697)
Financial Derivative Assets (***)	52,609	67,036	-	333	119,978
Financial Derivative Liabilities (***)	(38,425)	(88,250)	-	-	(126,675)
Non-Cash Loans (**)	344,592	544,066	-	8,071	896,729
December 31, 2016					
Total Assets(*) (****)	493,755	1,336,793	121	4,038	1,834,707
Total Liabilities	449,004	1,411,240	-	3,127	1,863,371
Net Balance Sheet Position	44,751	(74,447)	121	911	(28,664)
Net Off-Balance Sheet Position	(44,930)	72,277	-	(108)	27,239
Financial Derivative Assets (***)	19,236	111,359	-	-	130,595
Financial Derivative Liabilities (***)	(64,166)	(39,082)	-	(108)	(103,356)
Non-Cash Loans (**)	265,057	486,565	-	3,722	755,344

(*) Foreign currency indexed loans amounting to TRY 355,804 (December 31, 2016: TRY 444,623) are included in the loan portfolio.

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

(***) It includes also TRY 2,011 and TRY 4,297 forward asset purchase & sale commitments (December 31, 2016: TRY 27,766 and TRY 5,849).

(***) Foreign Currency Net General Position / Return on Equity Standard Ratio Foreign currency amounts not included in the currency risk table required by the Regulation on Calculation of Standard Rate are explained according to the order in the financial statements

- Derivative financial assets held for trading: TRY 133 (31 December 2016: TRY 651).
- Derivative financial liabilities held for trading: TRY 142 (31 December 2016: TRY 314).

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II. Explanations Related to Currency Risk (continued)

Foreign currency sensitivity:

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	
		September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
USD	% 10 increase	(145)	(217)	-	-
USD	% 10 decrease	145	217	-	-
EUR	% 10 increase	2	(18)	-	-
EUR	% 10 decrease	(2)	18	-	-
Other Currency	% 10 increase	142	92	-	-
Other Currency	% 10 decrease	(142)	(92)	-	-

III. 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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III. 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
September 30, 2017							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	472,785	-	-	-	71,467	544,252
Banks	345,331	-	-	-	-	14,553	359,884
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	5,024	5,024
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	109,583	210,000	494,291	1	4	138	814,017
Loans (*)	1,589,521	266,439	769,308	762,217	48,887	-	3,436,372
Held-To-Maturity Investments	1,874	-	-	-	-	-	1,874
Other Assets (**)	-	-	-	-	-	363,794	363,794
Total Assets	2,046,309	949,224	1,263,599	762,218	48,891	454,976	5,525,217
Liabilities							
Bank Deposits	-	-	-	-	-	1,331	1,331
Other Deposits	2,191,704	967,229	278,060	113	-	211,050	3,648,156
Money Market Borrowings	458,107	-	-	-	-	-	458,107
Sundry Creditors	-	-	-	-	-	31,590	31,590
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	61,580	45,863	414,486	3,908	-	-	525,837
Other Liabilities (***)	861	598	-	-	-	858,737	860,196
Total Liabilities	2,712,252	1,013,690	692,546	4,021	-	1,102,708	5,525,217
Balance Sheet Long Position	-	-	571,053	758,197	48,891	-	1,378,141
Balance Sheet Short Position	(665,943)	(64,466)	-	-	-	(647,732)	(1,378,141)
Off-Balance Sheet Long Position	-	-	-	-	-	211,553	211,553
Off-Balance Sheet Short Position	-	-	-	-	-	(211,316)	(211,316)
Total Position	(665,943)	(64,466)	571,053	758,197	48,891	(647,495)	237

(*) 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 11,316, intangible assets amounting to TRY 13,404, tax asset amounting to TRY 13,759, prepaid expenses amounting to TRY 11,620, non-performing loans amounting to TRY 146,513, real estate acquired due to receivables amounting to TRY 132,469 and other assets amounting to TRY 34,713.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 759,462, TRY 18,503 provisions, settlement account amount TRY 13,830, and TRY 66,942 other liabilities.

Average interest rates applied to monetary financial instruments:

	EUR %	USD %	YEN %	TRY %
September 30, 2017 (**)				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey	-	1.03	-	4.00
Banks	0.03	0.80	-	8.15
Financial Assets At Fair Value Through Profit And Loss	-	-	-	-
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets (*)	-	7.38	-	2.74
Loans	5.10	6.08	-	16.13
Held-To-Maturity Investments	-	-	-	8.00
Liabilities				
Bank Deposits	-	0.85	-	10.93
Other Deposits	1.94	3.70	-	13.11
Money Market Borrowings	-	-	-	11.43
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	1.84	3.20	-	6.86

(*) Available-For-Sale Financial Assets include CPI indexed securities which cover 99.98% of the portfolio.

(**) Rates are calculated by taking the average of the last days of each month, except for cash values, banks and the receivables from money markets.

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III. 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, 2016							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	558,376	-	-	-	52,297	610,673
Banks	527,313	-	-	-	-	33,015	560,328
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	2,780	2,780
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	235,073	228,375	292,539	1	4	138	756,130
Loans (*)	1,872,734	233,299	635,930	715,788	21,027	-	3,478,778
Held-To-Maturity Investments	-	-	1,730	-	-	-	1,730
Other Assets (**)	-	-	-	-	-	345,042	345,042
Total Assets	2,635,120	1,020,050	930,199	715,789	21,031	433,272	5,755,461
Liabilities							
Bank Deposits	-	-	-	-	-	1,616	1,616
Other Deposits	2,436,106	1,272,006	198,806	5	-	158,965	4,065,888
Money Market Borrowings	373,315	-	-	-	-	-	373,315
Sundry Creditors	-	-	-	-	-	42,061	42,061
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	128,492	52,922	199,086	3,258	-	-	383,758
Other Liabilities (***)	355	561	-	-	-	887,907	888,823
Total Liabilities	2,938,268	1,325,489	397,892	3,263	-	1,090,549	5,755,461
Balance Sheet Long Position	-	-	532,307	712,526	21,031	-	1,265,864
Balance Sheet Short Position	(303,148)	(305,439)	-	-	-	(657,277)	(1,265,864)
Off-Balance Sheet Long Position	-	-	-	-	-	144,150	144,150
Off-Balance Sheet Short Position	-	-	-	-	-	(144,616)	(144,616)
Total Position	(303,148)	(305,439)	532,307	712,526	21,031	(657,743)	(466)

(*) 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 12,308, intangible assets amounting to TRY 13,266, assets to be sold amounting to TRY 116,533, tax asset amounting to TRY 6,259, prepaid expenses amounting to TRY 6,685, non-performing loans amounting to TRY 150,382, settlement account amounting to TRY 18,720 and other assets amounting to TRY 20,889.

(***) The other liabilities line in the non-interest bearing column consists of shareholders' equity amounting to TRY 756,021, provisions amounting to TRY 68,329, settlement account amounting to TRY 31,233 and other liabilities amounting to TRY 32,324.

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III. Explanations Related to Interest Rate Risk (continued)**Average interest rates applied to monetary financial instruments:**

	EUR %	USD %	YEN %	TRY %
December 31, 2016 (**)				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey(*)	-	0.49	-	5.30
Banks	-	0.36	-	9.91
Financial Assets At Fair Value Through Profit And Loss	-	-	-	10.54
Money Market Placements	-	-	-	10.62
Available-For-Sale Financial Assets(*)	-	7.37	-	2.76
Loans	4.98	5.99	-	15.55
Held-To-Maturity Investments	-	-	-	8.01
Liabilities				
Bank Deposits	1.56	2.67	-	9.38
Other Deposits	1.95	3.25	-	12.10
Money Market Borrowings	-	-	-	8.10
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	1.57	2.70	-	7.27

(*) Available-For-Sale Financial Assets include CPI indexed securities which cover 99.98% of the portfolio.

(**) Rates are calculated by taking the average of the last days of each month, except for cash values, banks and the receivables from money markets.

Interest rate sensitivity:

According to the "Regulation on Measurement and Evaluation of the Interest Rate Ratio of Banking Accounts Based on Standard Shock", which is divided into different currencies of the Bank, the following table shows the economic value differences arising from interest rate fluctuations as of September 30, 2017:

Type of Currency	Shocks Applied (+ / - basis points)*	Gains / Losses	Gains / Equity – Losses / Equity
TRY	500	(41,346)	(5)%
	(400)	37,415	5%
EURO	200	(5,416)	(1)%
	(200)	5,776	1%
USD	200	(4,833)	(1)%
	(200)	5,153	1%
Total (of negative shocks)		48,343	6%
Total (of positive shocks)		(51,595)	(7)%

*Separate lines are entered for each shock with a different magnitude and direction applied to a currency.

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 decrease by TRY 9,343. The change in profit mainly is related to loans and deposits (December 31, 2016 : TRY 10,144).
- 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 240 (December 31, 2016: TRY 240).

IV. Explanations Related to Equity Securities Risk

The Bank has no outstanding stock position.

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V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

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.

The unconsolidated lowest foreign currency is (342%) (16/06/2017) and the unconsolidated highest foreign currency is (510%) (11/08/2017) and total liquidity coverage ratios are (159%) (09/06/2017) at the lowest and (244%) (14/07/2017) at the highest while which are calculated weekly for the last three months.

Liquidity risk in a Bank is evaluated separately with respect to normal market conditions and market fluctuations which can possibly occur. The bank makes the required diversification in its assets and liabilities via taking related currencies into consideration in order to meet its obligation to pay.

Liquidity deficit report is issued through the quantitative evaluation of daily and cumulative deficits in local currency and foreign currency in the framework of ordinary and stressful environment. Liquidity deficit report includes deficit maturing liabilities in any period and borrowings and placements made in order to replace assets. Liquidity deficit report is based on current balance sheet and includes off-balance sheet derivative transactions and commitments which can affect the balance sheet. Liquidity report is issued quarterly over TRY and foreign currency.

Liquidity Risk Measurement is to determine the non-conformance between assets and liabilities which can occur because of challenges encountered in decreasing the asset positions if the assets of the Bank are pledged and the assets cannot be sold with relative ease or the market returns to liquid assets at different levels. The liquidity of the Bank is designed to meet the due liabilities of the bank. The courses followed by the bank to reach the aforementioned purpose are as follows:

- Measurement of day liquidity
- Short term funding
- Liquid assets
- Structural liquidity
- Diversification of liquidity resources
- Stress tests

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V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Liquidity management is performed by the Treasury department in coordination with Marketing department while stress test and scenario analyses studies are performed under the coordination of Risk Management Group with the views and suggestions of other related departments. Results of stress test are reported to executives regularly and submitted to Audit Committee quarterly by the Risk Management Group. Loan losses, delays in loan repayment and deposit withdrawals are used as variables in these stress test scenarios. Additional capital allocation is not made for liquidity risk.

Stress tests examine the possible effect of an event on balance sheet and net potential cumulative deficit quantitatively and foresee the required additional funding with respect to a defined stress scenario.

Stress tests are performed quarterly over TRY and foreign currency unless they are required to be performed more often due to a change occurring in market conditions.

The bank operates periodical liquidity analyses which compare the inflows and outflows of funds and cover a specific period. The following issues are taken into consideration in these analyses:

- Assumptions based on anticipated inflow and outflow of funds
- Capability of bank to convert its assets into cash
- Liquidity instruments provided by the Central Bank
- Loss of value which occurs while liquidating assets in market fluctuations
- Market conditions for specified several asset classifications

Sensitivity tests are performed periodically with scenarios which are peculiar to banks and particular to the market. These scenarios are reviewed periodically.

Chief Economist presents a short explanation regarding the recent developments in market in Committee of Assets and Liabilities meetings. Departments of Treasury, Budget Planning and Management Reporting and Retail Banking inform the Committee regarding the recent liquidity of the Bank.

Credit/Deposit rate defined by the Board of Directors of the Bank provides short-term liquidity needs of the bank not to drop below a certain level of liquidity. The Credit/Deposit rate is monitored by departments of Treasury, Budget Planning and Management Reporting and Retail Banking and discussed in Committee of Assets and Liabilities meetings. Decisions regarding liquidity are made in the light of aforementioned information. Weekly Liquidity Analysis Form, biweekly Stock Liquidity Rate Notification Form and weekly Liquidity Rate Notification Form (first maturity segment) are examined by the Treasury and related departments in order to determine liquidity balance between assets and liabilities of the Bank in accordance with the communique of Banking Regulation and Supervision Agency.

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V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)**Liquidity Coverage Ratio:**

Current Period – September 30, 2017		Total Unrated Value (*)		Total Rated Value (*)	
		TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS					
	High Quality Liquid Assets			901,583	391,940
CASH OUTFLOWS					
2	Retail deposit	2,108,888	751,549	196,316	72,574
3	Stable deposit	335,090	67,752	16,943	3,426
4	Less stable deposit	1,773,798	683,797	179,373	69,148
5	Unsecured wholesale funding	1,144,993	461,056	531,264	201,848
6	Operational deposit	-	-	-	-
7	Non-Operational deposit	1,024,196	435,974	409,110	176,484
8	Other unsecured funding	120,797	25,082	122,154	25,364
9	Secured funding				
10	Other cash outflows	2,387,642	812,105	255,784	86,609
11	Derivatives cash outflows	5,702	4,054	5,766	4,100
12	Fundings due to restructured financial instruments	-	-	-	-
13	Payment commitments due to financial markets and other off balance sheet commitments and contingencies	2,381,940	808,051	250,018	82,509
14	Revocable other off balance sheet contingencies and commitments and other contractual cash outflows	-	-	-	-
15	Other contingent or non-contingent funding obligations	-	-	-	-
16	TOTAL CASH OUTFLOWS			983,364	361,031
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	674,007	454,713	545,519	431,972
19	Other cash inflows	3,590	3,381	3,631	3,419
20	TOTAL CASH INFLOWS	677,597	458,094	549,150	435,391
				Total Adjusted Value	
21	TOTAL STOCK OF HQLA			901,583	391,940
22	TOTAL NET CASH OUTFLOWS			434,214	90,258
23	LIQUIDITY COVERAGE RATIO (%)			207.64	434.25

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages

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V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)**Liquidity Coverage Ratio (continued) :**

Prior Period – December 31, 2016		Total Unrated Value (*)		Total Rated Value (*)	
		TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			849,526	187,251
CASH OUTFLOWS					
2	Retail deposit	2,449,658	872,741	243,546	86,900
3	Stable deposit	28,398	7,484	1,420	374
4	Less stable deposit	2,421,260	865,257	242,126	86,526
5	Unsecured wholesale funding	1,368,889	584,230	609,682	243,441
6	Operational deposit	11,132	2,011	2,783	503
7	Non-Operational deposit	1,214,892	549,270	464,187	209,989
8	Other unsecured funding	142,865	32,949	142,712	32,949
9	Secured funding			-	-
10	Other cash outflows	117,022	81,172	25,617	20,766
11	Derivatives cash outflows	16,028	14,052	16,028	14,052
12	Fundings due to restructured financial instruments	-	-	-	-
13	Payment commitments due to financial markets and other off balance sheet commitments and contingencies	100,994	67,120	9,589	6,714
14	Revocable other off balance sheet contingencies and commitments and other contractual cash outflows	-	-	-	-
15	Other contingent or non-contingent funding obligations	-	-	-	-
16	TOTAL CASH OUTFLOWS			878,845	351,107
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	805,870	521,952	649,768	504,145
19	Other cash inflows	3,884	3,795	3,884	3,795
20	TOTAL CASH INFLOWS	809,754	525,747	653,652	507,940
				Total Adjusted Value	
21	TOTAL STOCK OF HQLA			849,526	187,521
22	TOTAL NET CASH OUTFLOWS			262,101	87,777
23	LIQUIDITY COVERAGE RATIO (%)			345.77	219.90

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages

An decrease is observed in cash inflow and outflows in parallel with the decrease in the volume of credit and deposit. Additionally, liabilities of the bank with respect to these transactions increase in parallel with the derivative transactions made in order to minimize the currency risk of the bank.

High quality liquid assets consist of cash assets, central banks, securities and reverse repo items.

A significant proportion of daily cash inflow of the Bank consists of payments related to loans issued and placement of banks while a significant proportion of daily cash outflow of the Bank consists of payments related to collected deposits. Domestic and foreign banks and loan clients constitute the resource of cash inflows. The bank applies limits for the transactions which shall be made with domestic and foreign banks and these limits are monitored by the Risk Management Department daily.

The Bank has a margin call potential for the derivative transactions made with foreign financial institutions. The Bank has performed forward exchange, swap and option transactions with foreign financial institutions in 2017.

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V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)**Presentation of assets and liabilities according to their remaining maturities:**

September 30, 2017	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 (****)	212,219	188,847	84,907	58,042	337	-	-	544,252
Banks	14,553	345,331	-	-	-	-	-	359,884
Financial Assets at Fair Value Through Profit and Loss	-	-	5,024	-	-	-	-	5,024
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	-	50	510,551	303,278	138	814,017
Loans (***)	-	1,589,521	266,439	769,308	762,217	48,887	-	3,436,372
Held-To-Maturity Investments	-	-	-	-	1,874	-	-	1,874
Other Assets	-	8,025	-	-	-	-	355,769	363,794
Total Assets	226,672	2,131,724	356,370	827,400	1,274,979	352,165	355,907	5,525,217
Liabilities								
Bank Deposits	1,331	-	-	-	-	-	-	1,331
Other Deposits	211,050	2,191,704	967,229	278,060	113	-	-	3,648,156
Funds Borrowed From Other Financial Institutions	-	61,580	45,863	414,486	3,908	45,863	-	525,837
Money Market Borrowings	-	458,107	-	-	-	-	-	458,107
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	31,590	-	-	-	-	-	31,590
Other Liabilities (**)	1,459	50,310	598	-	-	-	807,829	860,196
Total Liabilities	213,840	2,793,291	1,013,690	692,546	4,021	-	807,829	5,525,217
Liquidity Gap	12,832	(661,567)	(657,320)	134,854	1,270,958	352,165	(451,922)	-
Net Off-Balance Position	-	(4)	149	92	-	-	-	237
Derivative Assets	-	86,406	94,514	30,633	-	-	-	211,553
Derivative Liabilities	-	86,410	94,365	30,541	-	-	-	211,316
Non-Cash Loans	-	42,130	264,616	936,034	347,250	802,675	-	2,392,705
December 31, 2016								
Total Assets	409,767	2,558,676	308,312	657,622	1,096,215	398,500	326,369	5,755,461
Total Liabilities	161,565	3,043,818	1,325,488	397,892	3,263	-	823,435	5,755,461
Liquidity Gap	248,202	(485,142)	(1,017,176)	259,730	1,092,952	398,500	(497,066)	-
Net Off-Balance Position	-	(251)	48	(263)	-	-	-	(466)
Derivative Assets	-	72,031	28,332	43,787	-	-	-	144,150
Derivative Liabilities	-	72,282	28,284	44,050	-	-	-	144,616
Non-Cash Loans	-	16,765	66,098	902,197	461,352	827,063	-	2,273,475

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

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

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

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

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VI. Explanations Related to Leverage Ratio

Information on subjects that causes difference in leverage ratio between current and prior periods:

As of September 30, 2017, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 10.81% (31 December 2016: 10.57%). The change in the leverage ratio is mainly due to the %1 increase in the main capital and %1 decrease in the total risk according to the .previous term

Disclosure of Leverage ratio template :

On Balance Sheet Exposures		September 30, 2017 (*)	December 31, 2016 (*)
1	On balance sheet exposures (excluding derivative exposures, including collaterals)	5,598,626	5,842,004
2	(Deductions from the capital)	(52,628)	(40,681)
3	Total risk amount of on balance sheet exposures (Total of 1st ve 2nd rows)	5,545,998	5,801,323
Derivative exposures			
4	Replacement cost of derivative exposure	6,300	1,960
5	Potential credit risk of derivative exposures	2,066	1,382
6	Total risk of derivative exposures (Total of 4th ve 5th rows)	8,366	3,342
Securities financing transaction exposures			
7	The risk amount of Securities financing transaction exposures (excluding on balance sheet exposures)	-	-
8	The risk amount of transactions bank acting as agent	-	-
9	Total risk amount of Securities financing transaction exposures (Total of 7th ve 8th rows)	-	-
Off Balance sheet items			
10	The gross nominal amount of off balance sheet items	2,525,351	2,393,661
11	CCR adjustment amount	(1,286,672)	(1,213,446)
12	The risk amount of off balance sheet items (Total of 10th ve 11th rows)	1,238,679	1,180,215
Capital and total risk			
13	Shareholders' Equity	734,583	738,404
14	Total risk amount (Total of 3rd, 6th, 9th and 12th rows)	6,793,043	6,984,880
Leverage Ratio			
15	Leverage ratio	10.81%	%10.57

(*) Amounts demonstrate the average of last three months.

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VII. Explanations Related to Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of March 31, 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of September 30, 2017:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

a. Overview of RWA

		RWA		Minimum capital requirements
		Current Period September 30, 2017	Prior Period December 31, 2016	Current Period September 30, 2017
1	Credit risk (excluding counterparty credit risk) (CCR)	4,504,354	4,483,182	416,653
2	Of which standardised approach (SA)	4,504,354	4,483,182	416,653
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	4,661	5,173	431
5	Of which standardised approach for counterparty credit risk (SA-CCR)	4,661	5,173	431
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – fall-back approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	2,938	1,743	272
17	Of which standardised approach (SA)	2,938	1,743	272
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	463,018	394,589	42,829
20	Of which Basic Indicator Approach	463,018	394,589	42,829
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	4,974,972	4,884,687	460,185

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VII. Explanations Related to Risk Management (continued)

b. Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects

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

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

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

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

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

Risk Management Group calculates Basel II capital adequacy calculation systematically, namely Credit Risk, Market Risk and Operational Risk, in accordance with “Regulation on Measurement and Assessment of Capital Adequacy of Bank’s” published in the Official Gazette dated October 23, 2015, numbered 29511.

From January 1, 2014 equity and the capital adequacy ratio of the Bank is calculated in accordance with the “Change in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 29511, dated October 23, 2015 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 and in accordance with “Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in the Official Gazette no.29599, dated January 20, 2016.

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

In order to manage operational risks that the Bank is exposed to more effectively and form an integrated risk management point of view, Operational Risk Policy and IT Continuity Plan was updated, Data Management Procedure was formed. In order to define, measure, limit and report market risk the Bank is exposed to, Market Risk Policy is formed. When the Bank manages its treasury securities portfolio within the limits determined by the Board of Directors, Risk Management Group checks whether Treasury Department is within these risk limits.

Liquidity Risk is the risk that the Bank cannot fulfill its payment obligations fully and on time due to its insufficient cash inflow or due to inadequate available cash resulting from the mismatch between cash inflows and outflows.

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VII. Explanations Related to Risk Management (continued)

In order to define, measure, follow, report the liquidity risk the Bank is exposed to and take necessary actions for the results, Liquidity Risk Policy is formed. When Liquidity Risk Policy is formed, to manage the net liquidity position and liquidity requirement on an ongoing and forward-looking basis is aimed at.

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

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

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

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

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

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VII. Explanations Related to Risk Management (continued)

Organization and structure of Risk Management Group: Risk Management Group work under the Board of Directors as their functions and responsibilities. The connection with the Board of Directors and Risk Management Group is provided through the Audit Committee.

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

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

Internal Loan Rating System

	Internal Rating Grade	September 30, 2017	(%)	December 31, 2016	(%)	
High						
	Risk rating class 1	A+ Excellent	179,288	5.22	96,283	2.77
	Risk rating class 2	A- Excellent	387,954	11.30	218,043	6.27
Good						
	Risk rating class 3	B+ Very Good	831,843	24.20	708,051	20.35
	Risk rating class 4	B- Very Good	483,412	14.10	451,418	12.98
Standard						
	Risk rating class 5	C+ Good	437,833	12.70	549,541	15.80
	Risk rating class 6	C- Good	647,660	18.85	694,570	19.96
Substandard						
	Risk rating class 7	D+ Ordinary	280,698	8.17	453,903	13.05
	Risk rating class 8	D- Ordinary	104,833	3.05	179,402	5.16
	Risk rating class 9	E Bad	72,825	2.10	117,427	3.38
	Risk rating class 10	F Very Bad	3,732	0.11	920	0.03
Unrated			6,294	0.20	9,220	0.25
Total			3,436,372	100.00	3,478,778	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.

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VII. Explanations Related to Risk Management (continued)

“F” rating;

Number of clients with “F” rating is 6 with an outstanding risk of TRY 3,732 (December 31, 2016 : TRY 920; 8 clients), %11 (3 clients) of these clients are granted against mortgage with outstanding risk of TRY 413 (December 31,2016: TRY 714; 3 clients), %3 (1 client) of these clients is granted cash blockage provision with outstanding risk of TRY 125 (December 31, 2016; none).

“E” rating;

Number of clients with “E” rating is 50 and total outstanding risk is TRY 72,825 (December 31, 2016 : TRY 117,427; 75 clients), %55 (19 clients) of these clients are granted against mortgage with outstanding risk of TRY 40,381 (December 31, 2016 : TRY 58,654; %50), %18 (13 clients) of these clients are granted against customer check/note with outstanding risk of TRY 13,436 (December 31, 2016 : TRY 26,842; 23%), %1 (2 clients) of these clients are granted against cash blockage provision with outstanding risk of TRY 902 (December 31, 2016 : TRY 3,125 TL; %3). %2 (5 clients) of these clients are granted against with outstanding risk of TRY 1,819 (December 31, 2016: TRY 898; %1).

“D-” rating;

Number of clients with D- rating is 96 and total outstanding risk is TRY 104,833 (December 31, 2016: TRY 179,402; 136 clients). %56 (37 clients) of these clients granted against mortgage have outstanding risk of TRY 58,765 (December 31, 2016 : TRY 111,267; 62%), %9 (4 clients) of these clients are granted against provision for transfer of claim with outstanding risk of TRY 8,991 (December 31, 2016 :None), %6 (13 clients) of these customers are granted against customer check/note with outstanding risk of TRY 6,199 (December 31, 2016: TRY 14,754, %8) %5 (9 clients) of these clients are granted against cash blockage with outstanding risk of TRY 5,067 (December 31,2016 : TRY 2,525; 1%).

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

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SECTION FIVE**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS****I. Explanations and Disclosures Related to the Assets****1. a) Information on Cash and Balances with the Central Bank of Turkey:**

	September 30, 2017		December, 31 2016	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	14,017	51,857	14,169	33,406
Balances with the Central Bank of Turkey	123,003	355,375	315,813	247,285
Other	-	-	-	-
Total	137,020	407,232	329,982	280,691

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

	September 30, 2017		December, 31 2016	
	TRY	FC	TRY	FC
Unrestricted demand deposits	120,793	5,555	313,717	4,698
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Reserve deposits	2,210	349,820	2,096	242,587
Total	123,003	355,375	315,813	247,285

c) Explanations related to reserve deposits:

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

FC reserve deposits rates:

FX demand deposits, notice deposits and FX private current accounts, FX deposits/FX participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities	FX deposits/FX participation accounts with 1-year and longer maturity and cumulative FX deposits/ FX participation accounts	FX Special fund pools	FX liabilities up to 1-year maturity (including 1-year)	FX liabilities 1-2 year maturity (including 2-year)	FX liabilities 2- 3 year maturity (including 3-year)	Other liabilities up to 3-5 year maturity (including 5-year)	Other liabilities longer than 5 years
12.0%	8.0%	Ratios for corresponding maturities	24.0%	19.0%	14.0%	6.0%	4.0%

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

TRY reserve deposits rates:

Demand deposits, notice deposits and private current accounts	Deposits/participation accounts up to 1-month maturity (including 1-month)	Deposits/participation accounts up to 3-month maturity (including 3-month)	Deposits/participation accounts up to 6-month maturity (including 6-month)	Deposits/participation accounts up to 1-year maturity	Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	Other liabilities up to 1-year maturity (including 1-year)	Other liabilities up to 3-year maturity (including 3-year)	Other liabilities with longer 3-year maturity
% 10.5	% 10.5	% 10.5	% 7.5	% 5.5	% 4.0	% 10.5	% 7.0	% 4.0

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

The Bank does not have net book value of unrestricted financial assets at fair value through profit and loss (December 31, 2016: None).

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

	September 30, 2017		December 31, 2016	
	TRY	FC	TRY	FC
Forward Transactions	4,891	133	2,129	587
Swap Transactions	-	-	-	64
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	4,891	133	2,129	651

3. Information on banks:

	September 30, 2017		December 31, 2016	
	TRY	FC	TRY	FC
Banks				
Domestic	50	345,893	141	527,620
Foreign	-	13,941	-	32,567
Branches and head office abroad	-	-	-	-
Total	50	359,834	141	560,187

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I. Explanations and Disclosures Related to the Assets (continued)**4. Information on financial assets available-for-sale:**

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

	September 30, 2017		December 31, 2016	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	796,921	-	142,991	-
Other	-	-	-	-
Total	796,921	-	142,991	-

Available-for-sale securities given as collateral for Interbank money market, Borsa Istanbul, and Takasbank are TRY 760,075, TRY 35,383 and TRY 1,463 respectively (December 31, 2016: Available-for-sale securities given as collateral for open market transaction is TRY 26,028, TRY 33,001 hold for Borsa Istanbul, TRY 82,601 hold for Interbank money market, and TRY 1,361 hold for Takasbank respectively).

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

	September 30, 2017		December 31, 2016	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	-	-	385,779	-
Other	-	-	-	-
Total	-	-	385,779	-

Net book value of unrestricted financial assets available-for-sale is TRY 17,096 (December 31, 2016: TRY 227,360) and included in this amount there are unquoted stocks amounting TRY 138 (December 31, 2016: TRY 138).

b) Information on financial assets available for sale portfolio:

	September 30, 2017	December 31, 2016
Debt securities	813,879	756,001
Quoted on a stock exchange	813,879	756,001
Not quoted	-	-
Share certificates	138	138
Quoted on a stock exchange	-	-
Not quoted	138	138
Impairment provision (-)	-	(9)
Total	814,017	756,130

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, 2016: TRY 138).

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I. Explanations and Disclosures Related to the Assets (continued)**5. Information on loans:**

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

	September 30, 2017		December 31, 2016	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	147	40,227	132	14,451
Corporate shareholders	147	40,227	132	14,451
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	47,256	-	51,145
Loans granted to employees	1,807	1,362	1,960	1,447
Total	1,954	88,845	2,092	67,043

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	2,715,914	8,722	-	470,153	241,583	-
Business loans	1,678,171	8,722	-	455,857	241,386	-
Export loans	617,429	-	-	1,866	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	250,421	-	-	2,931	-	-
Foreign loans	-	-	-	-	-	-
Consumer loans	5,510	-	-	235	197	-
Credit cards	-	-	-	-	-	-
Precious metals loans	-	-	-	-	-	-
Other	164,383	-	-	9,264	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	2,715,914	8,722	-	470,153	241,583	-

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	1,777,349	3,091	152,550	68,340
Non-specialized loans	1,777,349	3,091	152,550	68,340
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	938,565	5,631	317,603	173,243
Non-specialized loans	938,565	5,631	317,603	173,243
Specialized loans	-	-	-	-
Other Loans	-	-	-	-
Total	2,715,914	8,722	470,153	241,583

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Number of Changes for the Payment Plan Extension	Standard Loans and Other Receivables	Watching Loans and Other Receivables
1 or 2 times extended	8,722	216,964
3, 4 or 5 times extended	-	24,619
5 Over the extended	-	-
Total	8,722	241,583

	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	1,246	55,855
6 – 12 Month	1,845	12,485
1 – 2 Year	409	63,074
2 – 5 Year	5,222	81,283
5 Years and Over	-	28,886
Total	8,722	241,583

As of September 30, 2017, in accordance with “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be reserved” (published in the Official Gazette on May 28, 2011, numbered 27947) the bank calculated general loan loss provision for standard loan, which the payments are rescheduled, amounting to TRY 846 and for watchlist-loans, which the payments are rescheduled, amounting to TRY 20.

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	660	2,945	3,605
Housing Loans	57	743	800
Car Loans	-	58	58
General Purpose Loans	603	2,144	2,747
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	390	1,088	1,398
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	390	1,088	1,398
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) (*)	939	-	939
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	1,989	3,953	5,942

(*) Overdraft Accounts includes TRY 316 personnel loans.

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	27,113	700,137	727,250
Business Loans	9,562	8,875	18,437
Car Loans	-	15,956	15,956
General Purpose Loans	17,551	675,306	692,857
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	7,615	245,718	253,333
Business Loans	-	-	-
Car Loans	3,425	104,326	107,751
General Purpose Loans	4,190	141,392	145,582
Other	-	-	-
Commercial loans with installment facility - FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY (Legal Entities)	10,236	-	10,236
Overdraft Accounts-FC (Legal Entities)	-	-	-
Toplam	44,964	945,855	990,819

f) Domestic and foreign loans:

	September 30, 2017	December 31, 2016
Domestic loans	3,436,372	3,478,778
Foreign loans	-	-
Total	3,436,372	3,478,778

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	September 30, 2017	December 31, 2016
Specific provisions		
Loans and receivables with limited collectability	1,579	1,777
Loans and receivables with doubtful collectability	19,320	14,088
Uncollectible loans and receivables	101,460	73,782
Total	122,359	89,647

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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
September 30, 2017			
(Gross amount before specific provision) (*)	275	186	5,849
Restructured Loans and Other Receivables	275	186	5,849
Rescheduled Loans and Other Receivables	-	-	-
December 31, 2016			
(Gross amount before specific provision)	-	2,647	1,900
Restructured Loans and Other Receivables	-	2,647	1,900
Rescheduled Loans and Other Receivables	-	-	-

(*) As of September 30, 2017 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 2,742 (December 31, 2016: TRY 1,136).

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, 2016 balance	17,040	54,439	168,550
Additions (+)	69,172	10,811	207
Transfers from other categories of non-performing loans (+)	-	70,800	58,163
Transfers to other categories of non-performing loans (-)	(70,800)	(58,163)	-
Collections (-)	(1,997)	(13,676)	(35,674)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
September 30, 2017 balance	13,415	64,211	191,246
Specific provision (-)	(1,579)	(19,320)	(101,460)
Net Balances on Balance Sheet	11,836	44,891	89,786

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
September 30, 2017 (Net)			
Loans to Real Persons and Legal Entities (Gross)	13,415	64,211	191,246
Specific provision (-)	(1,579)	(19,320)	(101,460)
Loans to Real Persons and Legal Entities (Net)	11,836	44,891	89,786
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2016 (Net)			
Loans to Real Persons and Legal Entities (Gross)	17,040	54,439	168,550
Specific provision (-)	(1,777)	(14,088)	(73,782)
Loans to Real Persons and Legal Entities (Net)	15,263	40,351	94,768
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 September 30, 2017, there is no amount that is written off from assets with the decision of the Board of Directors (December 31, 2016: None).

6. Information on held-to-maturity investments:

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

	September 30, 2017		December 31, 2016	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	1,874	-	1,730	-
Other	-	-	-	-
Total	1,874	-	1,730	-

As of September 30, 2017, collateral or blocked investments held-to-maturity; stock exchange balance is TRY 1,874 (December 31, 2016 : Stock exchange balance is TRY 1,730).

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

The Bank does not have the book value of held to maturity investments classified as unrestricted financial assets (December 31, 2016: None).

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

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

	September 30, 2017	December 31, 2016
Government bonds	1,874	1,730
Treasury bills	-	-
Other public sector debt securities	-	-
Total	1,874	1,730

c) Information on held to maturity investments:

	September 30, 2017		December 31, 2016	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	1,874	-	1,730	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	-	-
Total	1,874	-	1,730	-

d) Movement of held to maturity investments:

	September 30, 2017	December 31, 2016
Beginning balance	1,730	22,080
Foreign currency differences on monetary assets (*)	144	(493)
Purchases during year	-	-
Disposal through sales and redemptions	-	(19,857)
Impairment provision (-)	-	-
Closing Balance	1,874	1,730

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

7. Information on associates (Net):

The Bank has 1,5384% participation in the Credit Guarantee Fund.

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on jointly controlled entities:

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

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

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

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

12. Information on tangible assets (Net):

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

13. Information on intangible assets:

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

14. Investment Property (Net): None.

15. Explanations on deferred tax assets:

- a) As of September 30, 2017, deferred tax asset calculated on financial loss is TRY 2,515 (December 31, 2016: None). Deferred tax asset calculated on the other temporary differences is TRY 9,184 (December 31, 2016: TRY 5,155 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:

	September 30, 2017	December 31, 2016
Assets to be Sold Çıkarılacak	132,469	116,533
Settlement Accounts	8,025	18,720
Prepaid Expenses	11,620	6,685
Other	21,791	20,889
Toplam	173,905	162,827

- 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) September 30, 2017 :**

	7 Day Call		Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
	Demand	Accounts							
Saving deposits	18,983	-	44,673	1,093,605	103,916	92,063	23,508	-	1,376,748
Foreign currency deposits	87,340	-	49,661	983,498	57,126	87,843	29,125	-	1,294,593
Residents in Turkey	84,058	-	48,287	959,901	48,912	86,525	1,898	-	1,229,581
Residents abroad	3,282	-	1,374	23,597	8,214	1,318	27,227	-	65,012
Public sector deposits	1,929	-	-	-	10,260	-	-	-	12,189
Commercial deposits	102,427	-	85,890	572,274	40,350	100,537	50,371	-	951,849
Other institutions deposits	373	-	293	12,111	-	-	-	-	12,777
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	1,331	-	-	-	-	-	-	-	1,331
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	51	-	-	-	-	-	-	-	51
Foreign Banks	1,280	-	-	-	-	-	-	-	1,280
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	212,383	-	180,517	2,661,488	211,652	280,443	103,004	-	3,649,487

a.2) December 31, 2016:

	7 Day Call		Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
	Demand	Accounts							
Saving deposits	16,765	-	62,213	1,203,363	55,669	120,400	12,798	-	1,471,208
Foreign currency deposits	71,218	-	89,106	1,148,130	110,613	63,278	3,267	-	1,485,612
Residents in Turkey	69,152	-	87,924	1,109,410	104,081	61,141	1,577	-	1,433,285
Residents abroad	2,066	-	1,182	38,720	6,532	2,137	1,690	-	52,327
Public sector deposits	732	-	-	48,246	-	-	-	-	48,978
Commercial deposits	69,860	-	119,448	627,860	94,148	34,808	54,134	-	1,000,258
Other institutions deposits	390	-	2,233	29,402	13,907	13,900	-	-	59,832
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	1,616	-	-	-	-	-	-	-	1,616
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	52	-	-	-	-	-	-	-	52
Foreign Banks	1,564	-	-	-	-	-	-	-	1,564
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	160,581	-	273,000	3,057,001	274,337	232,386	70,199	-	4,067,504

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	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
	Saving deposits	292,397	299,418	1,068,190
Foreign currency saving deposits	83,261	68,964	628,015	739,598
Other deposits in the form of saving deposits	735	602	15,649	13,062
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	376,393	368,984	1,711,854	1,910,490

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

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

	September 30, 2017	December 31, 2016
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	2,580	2,673
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:

	September 30, 2017		December 31, 2016	
	TRY	FC	TRY	FC
Forward Transactions	2,855	111	3,425	8
Swap Transactions	-	31	-	306
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	2,855	142	3,425	314

3. Information on borrowings:

a) Information on banks and other financial institutions:

	September 30, 2017		December 31, 2016	
	TRY	FC	TRY	FC
Credits from Central Bank of the Republic of Turkey	-	380,915	-	80,686
From Domestic Banks and Institutions	15,805	20,212	22,422	36,495
From Foreign Banks, Institutions and Funds	-	108,905	-	244,155
Total	15,805	510,032	22,422	361,336

b) Maturity analysis of borrowings:

	September 30, 2017		December 31, 2016	
	TRY	FC	TRY	FC
Short-term	15,805	432,936	22,422	251,351
Medium and long-term	-	77,096	-	109,985
Total	15,805	510,032	22,422	361,336

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

Bank diversifies its funding resources by customer deposits and domestic borrowings. 45% of bank deposits and 36% 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:

	September 30, 2017		December 31, 2016	
	TRY	FC	TRY	FC
From domestic transactions	-	-	373,315	-
Financial institutions and organizations	-	-	373,313	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	2	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	-	-	373,315	-

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

	September 30, 2017		December 31, 2016	
	Nominal	Carrying Value	Nominal	Carrying Value
Financial Assets Available for Sale	-	-	268,377	373,312
Held to Maturity Investments	-	-	2	3
Financial assets held for trading	-	-	-	-
Total	-	-	268,379	373,315

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

None.

6. Explanations on lease obligations (Net):

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

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

- b) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. In 2017, operational lease expenses amounting to TRY 14,910 have been recorded in the profit and loss accounts (December 31, 2016: TRY 19,268). The lease periods vary between 5 and 10 years.

- c) Explanations on the less or 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:

As of 30 September 2017, the bank has made provision in accordance with the amendments published in the Official Gazette No. 29840 dated September 27, 2016 and published in the Official Gazette No. 29918 dated December 14, 2016 made by the BRSA to the regulation of "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be reserved". The current period effect of this change has been TL 19.753.

	September 30, 2017	December 31, 2016
General Provisions		
Provisions for First Group Loans and Receivables	7,424	19,569
- Additional provision for extended loans	20	661
Provisions for Second Group Loans and Receivables	7,973	10,510
- Additional provision for extended loans	846	6,178
Provisions for Non-cash Loans	2,240	4,403
Total	18,503	41,321

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 15 (December 31, 2016: TRY 1) on the foreign currency indexed loans are netted off from loans on the balance sheet.

c) The specific provisions of TRY 8,511 (December 31, 2016: TRY 7,213) were provided for unindemnified non cash loans.

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

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

d.1) Table of provision for employee of benefits:

	September 30, 2017	December 31, 2016
Employee termination benefit provision	10,771	9,268
Unused vacation provision	3,379	3,078
Total of provision for employee benefits	14,150	12,346

In accordance with TAS 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 dated March 12, 2013 published in Turkish Trade Registry Gazette, as per TAS 19 actuarial gain that is recorded under shareholders' equity amounting to TRY 844 as of September 30, 2017 (December 31, 2016: TRY 1,119 gain).

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

e) Information on other provisions:

e.1) Provisions for possible losses: None.

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

	September 30, 2017	December 31, 2016
Specific provisions provided for unindemnified non cash loans	8,511	7,213
Other provisions (*)	8,662	7,449
Total	17,173	14,662

(*) Other provisions include TRY 828 of bonus and premium provisions, TRY 302 of provision for other assets, TRY 1,991 of litigation provision, TRY 5,541 of loan free provision. (December 31, 2016: TRY 4,769 of bonus and premium provisions, TRY 394 of provision for other assets, TRY 2,286 of litigation provision).

9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) As of September 30, 2017, remaining tax liability after prepaid taxes are netted off:

	September 30, 2017	December 31, 2016
Current Period Tax Payable	-	4,882
Prepaid Tax	(4,575)	(5,986)
Total	(4,575)	(1,104)

a.2) Explanations on taxes payable:

	September 30, 2017	December 31, 2016
Taxation on Securities	4,810	5,346
BITT	2,983	4,240
Corporate Tax Payable	-	-
Payroll Tax	1,389	1,378
Property Tax	503	510
Value Added Tax Payable	88	343
Stamp Tax	44	43
Other	16	81
Total	9,833	11,941

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

a.3) Information on premiums:

	September 30, 2017	December 31, 2016
Social Security Premiums-Employer	1,164	840
Social Security Premiums-Employee	580	539
Bank Social Aid Pension Fund Premium-Employer	77	73
Bank Social Aid Pension Fund Premium-Employee	39	36
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	-	-
Unemployment Insurance-Employer	-	-
Other	-	-
Total	1,860	1,488

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

10. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

As of September 30, 2017 the nominal value of the Bank's capital is amounting to TRY 650,000 and consists of 6,500 million shares

	September 30, 2017	December 31, 2016
Common stock (*)	650,000	650,000
Preferred stock	-	-

(*) Nominal Capital

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

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

g) Information on preferred shares: None.

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

h) Information on marketable securities value increase fund:

	September 30, 2017	December 31, 2016
Valuation Difference	(28,733)	(27,512)
Foreign Exchange Difference	-	-
Total	(28,733)	(27,512)

III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments**1. Information on off-balance sheet liabilities:**

a) Nature and amount of irrevocable loan commitments:

	September 30, 2017	December 31, 2016
Loan granting commitments	42,639	66,907
Payment commitments for checks	106,156	108,953
Forward asset purchase and sales commitments	9,260	60,067
Other irrevocable commitments	18,720	6,432
Total	176,775	242,359

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:

	September 30, 2017	December 31, 2016
Bank acceptance loans	7,147	6,465
Letters of credit	256,241	234,477
Other guarantees and collaterals	148,825	141,687
Total	412,213	382,629

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

	September 30, 2017	December 31, 2016
Definite letter of guarantess	1,577,066	1,465,493
Temporary letter of guarantees	280,444	300,238
Other letter of guarantees	122,982	125,115
Total	1,980,492	1,890,846

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

c) Total amount of non-cash loans:

	September 30, 2017	December 31, 2016
Non-cash loans given against achieving cash loans	139,198	139,872
With maturity of 1 year or less than 1 year	100,981	114,780
With maturity of more than 1 year	29,217	25,092
Other non-cash loans	2,253,507	2,133,603
Total	2,392,705	2,273,475

IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	September 30, 2017		September 30, 2016	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	125,638	6,739	95,793	5,179
Medium and long term loans	177,381	11,527	226,040	18,833
Interest on non-performing loans	4,042	-	3,316	-
Total	307,061	18,266	325,149	24,012

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

b) Information on interest received from banks:

	September 30, 2017		September 30, 2016	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	29	-	-
Domestic banks	2	2,989	126	881
Foreign banks	-	248	3	15
Branches and head office abroad	-	-	-	-
Total	2	3,266	129	896

c) Interest received from marketable securities portfolio:

	September 30, 2017		September 30, 2016	
	TRY	FC	TRY	FC
Available-for-sale securities	77,172	-	51,022	-
Held-to-maturity securities	178	-	723	-
Trading securities	-	-	2	-
Financial assets at fair value through profit and loss	-	-	-	-
Total	77,350	-	51,747	-

d) Information on interest income received from associates and subsidiaries: None.

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IV. Explanations and Disclosures Related to the Statement of Income (continued)**2. a) Information on interest on funds borrowed:**

Interest on funds borrowed (*)	September 30, 2017		September 30, 2016	
	TRY	FC	TRY	FC
Banks	964	3,972	825	3,449
The Central Bank of Turkey	-	-	-	-
Domestic banks	964	421	825	277
Foreign banks	-	3,351	-	3,172
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	964	3,972	825	3,449

(*) Includes fees and commission expenses for borrowings.

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

Account Name	September 30, 2017							Accumulating Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
TRY									
Bank deposits	-	15	-	-	-	-	-	-	15
Saving deposits	-	3,734	112,261	6,762	8,442	1,510	-	-	132,709
Public sector deposits	-	-	848	709	-	-	-	-	1,557
Commercial deposits	-	8,940	57,404	4,965	5,747	4,347	-	-	81,403
Other deposits	-	127	4,941	1,166	-	-	-	-	6,234
7 days call accounts	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-
Total	-	12,816	175,454	13,602	14,189	5,857	-	-	221,918
Foreign Currency									
Foreign currency deposits	-	1,611	29,215	1,979	2,588	26	-	-	35,419
Bank deposits	-	-	-	-	-	-	-	-	-
7 days call accounts	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-
Total	-	1,611	29,215	1,979	2,588	26	-	-	35,419
Grand Total	-	14,427	204,669	15,581	16,777	5,883	-	-	257,337

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

September 30, 2016									
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	-	29	-	-	-	-	-	-	29
Saving deposits	-	3,661	102,356	15,204	10,128	1,815	-	-	133,164
Public sector deposits	-	30	905	279	-	-	-	-	1,214
Commercial deposits	-	6,172	43,216	6,843	5,122	6,540	-	-	67,893
Other deposits	-	4,963	5,071	59	-	-	-	-	10,093
7 days call accounts	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-
Total	-	14,855	151,548	22,385	15,250	8,355	-	-	212,293
Foreign Currency									
Foreign currency deposits	-	757	26,473	2,313	1,362	17	-	-	30,922
Bank deposits	-	-	134	-	-	-	-	-	134
7 days call accounts	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-
Total	-	757	26,607	2,313	1,362	17	-	-	31,056
Grand Total	-	15612	178,155	24,698	16,612	8,372	-	-	243,449

3. **Information on Dividend Income:** None.4. **Information on net trading income:**

	September 30, 2017	September 30, 2016
Income	358,725	423,863
Gains on capital market operations	54	16
Gains on derivative financial instruments	17,547	33,372
Foreign exchange gains	341,124	390,475
Losses (-)	(356,705)	(424,176)
Losses on capital market operations	-	-
Losses on derivative financial instruments	(16,753)	(42,448)
Foreign exchange losses	(339,952)	(381,728)
Total	2,020	(313)

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IV. Explanations and Disclosures Related to the Statement of Income (continued)**5. Information on other operating income:**

	September 30, 2017	September 30, 2016
Reversal of specific provisions (cash)	11,334	12,559
Reversal of general loan loss provisions (*)	23,130	5,062
Reversal of unindemnified non-cash loan provision	768	1,568
Income from sales of assets	2,669	1,686
Income of previous year	402	1,555
Provisions for expenditure collected from customers	137	24
Reversal of free provisions	4,632	11
Provisions for communication expense collected from customers	72	22
Other	297	385
Total	43,441	22,872

(*) As of 30 September 2017, the bank has made provision in accordance with the amendments published in the Official Gazette No. 29840 dated September 27, 2016 and published in the Official Gazette No. 29918 dated December 14, 2016 made by the BRSA to the regulation of "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be reserved". The current period effect of this change has been TL 19.753.

6. Provision for impairment of loans and other receivables:

	September 30, 2017	September 30, 2016
Specific provisions for loans and other receivables	44,046	47,578
III. Group Loans and Receivables	9,089	8,441
IV. Group Loans and Receivables	13,934	14,605
V. Group Loans and Receivables	21,023	24,532
General loan loss provision expenses	311	8,445
Marketable securities impairment losses	-	-
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	-	-
Impairment provision expense on investments	-	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	-
Other	6,161	2,383
Total	50,518	58,406

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IV. Explanations and Disclosures Related to the Statement of Income (continued)**7. Information on other operating expenses:**

	September 30, 2017	September 30, 2016
Personnel expenses	67,026	59,940
Reserve for employee termination benefits	1,227	1,506
Taxes and duties	3,961	3,316
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	3,271	3,257
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	3,975	4,603
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	1,626	655
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	41,531	37,432
Rent expenses	14,910	14,272
Maintenance expenses	6,441	4,788
Advertisement expenses	391	311
Other expenses (*)	19,789	18,061
Loss on sales of assets	85	-
Other (**)	9,797	10,525
Total	132,499	121,234

(*) Included in other operating expenses; vehicle expenses are TRY 4,042, communication expenses are TRY 3,152, heating-lightening expenses are TRY 1,147, stationery expenses are TRY 569, cleaning expenses are TRY 773, non-deductible are expenses TRY 483, computer usage expenses are TRY 2,253, subcontractor company expenses are TRY 2,682, expertise expenses are TRY 675, common expenses are TRY 866, insurance expenses are TRY 738, representation expenses are TRY 1,274, other expenses are TRY 1,135 (September 30, 2016; vehicle expenses are TRY 3,574, communication expenses are TRY 2,892, heating-lightening expenses are TRY 1,095, stationery expenses are TRY 595, cleaning expenses are TRY 741, non-deductible expenses are TRY 548, computer usage expenses are TRY 2,216, subcontractor company expenses are TRY 2,592, expertise expenses are TRY 1,025, common expenses are TRY 750, insurance expenses are TRY 596, representation expenses are TRY 375, and other expenses are TRY 1,062).

(**) Included in other; assurance and financial consultancy expenses are TRY 2,278, free provisions are TRY 1,736, Saving Deposit Insurance Fund is TRY 1,749 and other expenses are TRY 4,034. (September 30, 2016: assurance and financial consultancy expenses are TRY 2,130, free provisions are TRY 5,209, Saving Deposit Insurance Fund is TRY 1,763 and other expenses are TRY 1,423).

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

As of September 30, 2017, current tax expense is none. (September 30, 2016: 5,940) and TRY 4,694 deferred tax income (September 30, 2016: TRY 3,714 deferred tax income).

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

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

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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:**

	September 30, 2017	September 30, 2016
Other fees and commissions received		
Expertise fees collected from customers	851	1,218
Transfer commissions	37	404
Cheque expenses	168	225
Insurance commission	182	140
Information expenses	169	62
Safe-deposit commissions	51	52
Bill of credit commissions	36	41
Credit cards commissions and fees	10	9
Collection item commissions	11	6
Letter of credit commissions	4	6
Other banking operations income (*)	3,269	3,978
Total	4,788	6,141

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

	September 30, 2017	September 30, 2016
Other fees and commissions given		
Commissions given to banks	580	425
EFT commissions	231	219
Bond exchange transaction fee	65	128
Transfer commissions	124	116
Credit card commissions	46	34
Settlement and custody commission	16	23
ATM commission	8	8
Other	97	32
Total	1,167	985

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) September 30, 2017:**

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	-	-	132	14,451	-	51,223
Balance at end of period	-	-	147	40,227	-	47,306
Interest and commission income	-	-	-	-	-	618

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 147.

b) December 31, 2016:

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	-	-	112	63	-	18,459
Balance at end of period	-	-	132	14,451	-	51,223
Interest and commission income (*)	-	-	-	-	103	375

(*) September 30, 2016 amounts are used for income statement accounts.

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 132.

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

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	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Deposits						
Balance at beginning of period	-	-	1,333	844	81,827	19,194
Balance at end of period	-	-	1,279	1,333	72,630	81,827
Interest on deposits (*)	-	-	-	-	7,196	4,339

(*) Interest expense on deposits represents September 30, 2016.

In addition, the Bank has “Funds Borrowed” at an amount of TRY 35,988 used from risk group of the Bank (December 31, 2016: TRY 71,478) and TRY 1,751 (September 30, 2016: TRY 1,776) interest expense was incurred from funds borrowed in 2016.

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

d) As of September 30, 2017, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 8,839 (September 30, 2016: TRY 5,339).

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
Banks and other receivables	147	0.04
Non-cash loans	87,533	3.42
Deposits	73,909	2.03
Borrowings	35,988	6.84

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.

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

- 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 1.32%. Details of these loans are explained in 1a above.

VI. Explanations and Notes Related to Subsequent Events

None.

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SECTION SIX

INDEPENDENT AUDITOR'S REVIEW REPORT

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

The unconsolidated financial statements of the Bank for the period ended September 30, 2017 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Deloitte Touche Tohmatsu Limited).

The independent auditor's limited review report dated November 14, 2017 is presented preceding the unconsolidated financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.

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SECTION SEVEN (*)

INFORMATION ON INTERIM ACTIVITY REPORT

Message from CEO

The Turkish economy has displayed positive developments in the first three quarters of 2017. Government incentives, tax deductions and KGF (Credit Guarantee Fund) applications have an important role in this growth. According to the Announced Medium Term Program the expected growth ratio is %5.5.

The assets of the banking sector have been recorded as 2.99 trillion TL as of August. The net profit of the sector is 33.3 billion TL. The capital adequacy ratio is recorded as 17.18% as of the end of August. There has been a rapid rise in loans as of early 2017, with the impact of KGF (Credit Guarantee Fund) applications. Loans are recorded as 1.95 trillion liras, while deposits are recorded as 1.6 trillion liras. The loan/deposit ratio on the other hand has been marked as 122%. The ratio of the non-performing loans to cash loans is recorded as 3.12%.

T-Bank achieved 4.9 million TL net profit in the third quarter of 2017, while its total assets are recorded as 5.5 million TL, loans as 3.6 million TL and the total deposits as 3.6 million TL. The capital adequacy ratio of the bank as of the third quarter of the year is 15.12%, which is above the average of the banking sector.

T-Bank has provided both individual and corporate clients with adequate services with its effective network of branches. By continuing to diversify its customer portfolio in the following period, the bank aims to increase its profit and strengthen its position in the Turkish banking sector.

Message of the Chairman of the Board of Directors

The Turkish economy, which had grown by 5.2% in the first quarter of 2017, grew by %5.1 in the second quarter hence in the first half of 2017 The Turkish Economy grew by %5.1. According to the Announced Medium Term Program expected growing ratio is %5.5.

As for money markets, we observe an increase in the exchange rate and interest rate starting from January 2017. The referendum in April gave some relief to the markets. Volatility completely declined in summer. So The Central Bank of Turkey stricted the monetary policy and increased interest rates at the beginning of the year. GLP (Late Liquidity Window) interest rate was raised from %10 (in January) to %12.25 (April). Foreign exchange currency liquidity was tried to relaxed by foreign currency swap application. The Bank also raised the average cost of funding over %11. In recent months The Central Bank of Turkey has not made any changes in interest rates. Meanwhile, rapid increase in loans due to the applications of KGF (Credit Guarentee Fund) led to a rapid increase in deposit interest rates as well as the demand for deposits. In September, a movement started in money markets because of geopolitical risks and expectations that The US Central Bank will make a new increase in interest rates The dollar/TL parity ended September at 3.56. The Central Bank of Turkey continued its strict monetary policy, while the average cost of funding rose to %12. Two year bond interest rates were %11.60 at the end of the September and ten-year bond rates were %11. Meanwhile, deposit interest rates slightly declined due to ending of KGF (Credit Guarentee Fund) applications. The amount of credit used in KGF (Credit Guarentee Fund) reached TRY 210 billions as of September.

The net profit of T-Bank for the third quarter of 2017 is recorded as 4.9 million TL. The credits in the balance sheet of the bank is 3.6 million TL and the deposits are 3.6 million TL. The capital adequacy ratio of T-Bank is 15.12% that is above the target stipulated by the Central Bank of Turkey.

Changes in the Articles of Association during the period:

There is no change in the Articles of Association during the period.

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Information on Interim Activity Report (continued)

Assessment of Financial Position:

In the third quarter of 2017; assets of Turkland Bank A.Ş. reached 5.525 million TRY, loans reached 3.583 million TRY, guarantee and bails are 2.393 million TRY.

In the third quarter of 2017, securities portfolio reached 816 million TRY.

In the third quarter of 2017, deposit volume reached 3,649 million TRY.

In the third quarter of 2016, the Bank's net profit was 5,8 million TRY and in the third quarter of 2017 net profit was 4,9 million TRY.

Capital adequacy ratio of the Bank was 15.12% and above legal requirement which is 8%.

Non-performing loans in total loan portfolio was 7.3% and specific provision for non-performing loans was 45.5%.

Summary Financial Highlights

	September 30, 2017	December 31, 2016
Total Assets	5,525,217	5,755,461
Loans (net)	3,582,885	3,629,160
Loans (gross)	3,705,244	3,718,807
Marketable Securities (Net)	815,891	757,860
Banks/Money Market Placements	359,884	560,328
Deposits	3,649,487	4,067,504
Borrowings	525,837	383,758
Equity	759,462	756,021
Commitments and Contingencies	2,392,705	2,273,475

	September 30, 2017	September 30, 2016
Net Interest Income	118,262	145,799
Net Commission Income	19,526	19,290
Profit Before Taxes	242	8,018
Net Profit	4,936	5,792

Summary Financial Ratios (%)

	September 30, 2017	December 31, 2016
Capital Adequacy Ratio	15.12	15.96
Loans/Deposits	98.18	89.22
Loans/Total Assets	64.85	63.06
Liquid Assets/Total Assets	22.54	23.78
Non-performing Loans (net)/Total Loans (net)	4.09	4.14
Non-performing Loans (gross)/Total Loans (gross)	7.26	6.45
Non-performing Loans (net)/Total Assets	2.65	2.61
Specific Provisions/Non-performing Loans	45.51	37.35

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Information on Interim Activity Report (continued)

Turkland Bank at the end of the third quarter of 2017

T-Bank is presented in one of Turkey's leading financial and industrial centres with its 33 branch offices and a staff of 594 employees.

While the bank mainly focuses on small and medium-sized enterprises (SME), it also provides various other services for its customers in such areas as business financing, investments as well as asset and cash-flow management.

T-Bank's majority shareholder has strong ties with correspondentbanks in Middle East and North Africa, which allows to expand the range of services offered to customers in the region. T-Bank is also well-connected with global banks.