

TURKLAND BANK ANONİM ŐİRKETİ

**INDEPENDENT AUDITOR'S REVIEW REPORT,
UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD ENDED
SEPTEMBER 30, 2013**

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

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

Turkland Bank Anonim Şirketi

Independent auditor's limited review report for the period ended September 30, 2013

To the Board of Directors of Turkland Bank Anonim Şirketi

We have reviewed the accompanying balance sheet of Turkland Bank Anonim Şirketi ("the Bank") as at September 30, 2013 and the related statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent auditors our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of the Bank as of September 30, 2013, and of the results of its operations and its cash flows, for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

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

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

Ayşe Zeynep Deldağ, Partner

İstanbul, Turkey
11 November 2013

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

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF TURKLANDBANK A.Ş.
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013**

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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

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

October 31, 2013

Nehme SABBAGH	A. Dinçer ALPMAN	Mehmet ÖZGÜNER	Gülçin SU
Chairman of the Board of Directors	General Manager	Executive Vice President	Manager Financial Affairs
Mehmet Behçet PERİM	Mohamed Ali BEYHUM	Amin Rasheed Sa’id HUSSEINI	
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

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

(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 has been used by Arab Bank (Switzerland) Ltd (ABS). Capital commitments have been paid by shareholders and according to the BRSA decision dated October 20, 2011 numbered 22244 it has been transferred to the capital accounts.

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

For the second installment of the capital increase; BankMed SAL, shareholder of the Bank by 50%, has paid in cash TRY 50 million corresponding to its share for the capital increase in October 4, 2013, Arab Bank PLC, shareholder of the Bank by 28.3%, has paid in cash TRY 28.3 million corresponding to its share for the capital increase and Arab Bank (Switzerland), shareholder of the Bank by 21.7%, has paid in cash TRY 21.7 million corresponding to its share for the capital increase in October 21, 2013. The paid amount has been recorded in suspense accounts as the approval from BRSA is awaiting as the date payment.

According to the Board of Directory decision dated September 28, 2013, it has been decided to increase the Bank's paid in capital from TRY 500 million to TRY 650 million.

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, 2013, 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	113,333.32	%28.3	113,333.32	28,333.33
ARAB BANK (Switzerland)	86,666.67	%21.7	86,666.67	21,666.67
BANKMED, SAL	199,999.98	%50.0	199,999.98	50,000.00
OTHER	<1	%0	<1	-
Total	400,000.00	%100	400,000.00	100,000.00

(*)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 paid amount has been recorded in suspense accounts as the approval from BRSA is awaiting as the date payment.

As of September 30, 2013 the nominal value of the Bank's capital is amounting to TRY 400,000 and consists of 4,000 million shares.

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

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

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

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, 2013:

Name of Shareholders	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares(*)
ARAB BANK PLC	113,333.32	%28.3	113,333.32	28,333.33
ARAB BANK (Switzerland)	86,666.67	%21.7	86,666.67	21,666.67
BANKMED, SAL	199,999.98	%50.0	199,999.98	50,000.00

(*)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 paid amount has been recorded in suspense accounts as the approval from BRSA is awaiting as the date payment

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

The Bank has 27 branches and 538 personnel. The Bank has no subsidiaries in the financial sector that needs to be consolidated (December 31, 2012: 27 branches, 524 personnel).

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

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

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FINANCIAL STATEMENTS

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TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS FOR THE PERIODS ENDED SEPTEMBER
30, 2013 AND DECEMBER 31, 2012

(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 30.09.2013			Audited Prior Period 31.12.2012		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	116,563	333,696	450,259	91,249	199,347	290,596
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	116	2	118	182	5	187
2.1 Financial assets held for trading		116	2	118	182	5	187
2.1.1 Public sector debt securities		115	-	115	182	-	182
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		1	2	3	-	5	5
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	553	243,337	243,890	13	97,513	97,526
IV. MONEY MARKET PLACEMENTS		-	-	-	152,025	-	152,025
4.1 Interbank money market placements		-	-	-	72,010	-	72,010
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	80,015	-	80,015
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	458,638	2	458,640	278,948	2	278,950
5.1 Share certificates		75	-	75	75	-	75
5.2 Public sector debt securities		458,563	2	458,565	278,873	2	278,875
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-5	2,042,975	334,932	2,377,907	1,750,867	266,043	2,016,910
6.1 Loans and receivables		2,009,041	334,932	2,343,973	1,717,791	266,043	1,983,834
6.1.1 Loans to risk group of the Bank		21,175	-	21,175	6,954	-	6,954
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		1,987,866	334,932	2,322,798	1,710,837	266,043	1,976,880
6.2 Non-performing loans		76,088	-	76,088	68,544	-	68,544
6.3 Specific provisions (-)		(42,154)	-	(42,154)	(35,468)	-	(35,468)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	I-6	83,926	-	83,926	70,959	-	70,959
8.1 Public sector debt securities		83,926	-	83,926	70,959	-	70,959
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	I-9	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	I-11	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		29,323	-	29,323	11,379	-	11,379
XV. INTANGIBLE ASSETS (Net)		21,445	-	21,445	1,037	-	1,037
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		21,445	-	21,445	1,037	-	1,037
XVI. INVESTMENT PROPERTY (Net)	I-12	-	-	-	-	-	-
XVII. TAX ASSET	I-14	9,538	-	9,538	2,758	-	2,758
17.1 Current tax asset		2,223	-	2,223	-	-	-
17.2 Deferred tax asset		7,315	-	7,315	2,758	-	2,758
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-13	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-15	40,635	317	40,952	43,679	244	43,923
TOTAL ASSETS		2,803,712	912,286	3,715,998	2,403,096	563,154	2,966,250

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

TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS FOR THE PERIODS ENDED SEPTEMBER 30, 2013 AND
DECEMBER 31, 2012

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

			Reviewed Current Period 30.09.2013			Audited Current Period 31.12.2012		
		Note Ref. (Section Five)	TRY	FC	Total	TRY	FC	Total
I.	DEPOSİTS	II-1	1,533,163	1,038,017	2,571,180	1,366,022	783,291	2,149,313
1.1	Deposits from risk group of the Bank		28,045	241	28,286	1,370	142	1,512
1.2	Other		1,505,118	1,037,776	2,542,894	1,364,652	783,149	2,147,801
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	328	8	336	-	203	203
III.	FUNDS BORROWED	II-3	25,663	163,952	189,615	24,704	107,791	132,495
IV.	MONEY MARKET BALANCES		370,584	-	370,584	209,986	-	209,986
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements		370,584	-	370,584	209,986	-	209,986
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		22,959	3,004	25,963	10,790	1,252	12,042
VIII.	OTHER LIABILITIES	II-4	62,068	1,784	63,852	49,193	1,613	50,806
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	II-5	-	-	-	-	-	-
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-6	-	-	-	-	-	-
11.1	Fair value hedge		-	-	-	-	-	-
11.2	Cash flow hedge		-	-	-	-	-	-
11.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	II-7	44,369	895	45,264	36,148	787	36,935
12.1	General loan loss provisions		27,806	-	27,806	21,994	-	21,994
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		8,339	-	8,339	7,051	-	7,051
12.4	Insurance technical reserves (Net)		-	-	-	-	-	-
12.5	Other provisions		8,224	895	9,119	7,103	787	7,890
XIII.	TAX LIABILITY	II-8	6,671	-	6,671	7,866	-	7,866
13.1	Current tax liability		6,671	-	6,671	7,866	-	7,866
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-9	442,533	-	442,533	366,604	-	366,604
16.1	Paid-in capital		400,000	-	400,000	300,000	-	300,000
16.2	Supplementary capital		(3,100)	-	(3,100)	34,255	-	34,255
16.2.1	Share premium		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities value increase fund		(28,531)	-	(28,531)	8,824	-	8,824
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.)		-	-	-	-	-	-
16.2.8	Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9	Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		25,431	-	25,431	25,431	-	25,431
16.3	Profit reserves		32,349	-	32,349	19,640	-	19,640
16.3.1	Legal reserves		1,602	-	1,602	967	-	967
16.3.2	Statutory reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		23,696	-	23,696	15,927	-	15,927
16.3.4	Other profit reserves		7,051	-	7,051	2,746	-	2,746
16.4	Profit or loss		13,284	-	13,284	12,709	-	12,709
16.4.1	Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2	Current year income/ (loss)		13,284	-	13,284	12,709	-	12,709
16.5	Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			2,508,338	1,207,660	3,715,998	2,071,313	894,937	2,966,250

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS FOR THE PERIODS ENDED SEPTEMBER 30, 2013 AND
DECEMBER 31, 2012

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section Five)	Reviewed Current Period 30.09.2013			Audited Prior Period 31.12.2012		
		TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		6,575,681	602,996	7,178,677	6,280,576	408,773	6,689,349
I. GUARANTEES	III-1	923,753	543,735	1,467,488	779,826	299,083	1,078,909
1.1 Letters of guarantee		923,669	260,313	1,183,982	779,664	158,827	938,491
1.1.1 Guarantees subject to State Tender Law		24,759	123,468	148,227	30,542	6,408	36,950
1.1.2 Guarantees given for foreign trade operations		-	66,106	66,106	-	34,789	34,789
1.1.3 Other letters of guarantee		898,910	70,739	969,649	749,122	117,630	866,752
1.2 Bank loans		-	7,257	7,257	-	5,372	5,372
1.2.1 Import letter of acceptance		-	7,257	7,257	-	5,372	5,372
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		84	144,783	144,867	-	52,105	52,105
1.3.1 Documentary letters of credit		84	144,783	144,867	-	52,105	52,105
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		-	131,382	131,382	162	82,779	82,941
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	5,624,743	31,749	5,656,492	5,500,750	63,208	5,563,958
2.1 Irrevocable commitments		218,803	31,749	250,552	123,188	63,208	186,396
2.1.1 Forward asset purchase and sales commitments		1,528	20,492	22,020	6,879	34,194	41,073
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		117,806	-	117,806	32,554	-	32,554
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		85,309	-	85,309	81,885	-	81,885
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10 Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		14,160	11,257	25,417	1,870	29,014	30,884
2.2 Revocable commitments		5,405,940	-	5,405,940	5,377,562	-	5,377,562
2.2.1 Revocable loan granting commitments		5,405,940	-	5,405,940	5,377,562	-	5,377,562
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		27,185	27,512	54,697		46,482	46,482
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		27,185	27,512	54,697	-	46,482	46,482
3.2.1 Forward foreign currency buy/sell transactions		679	680	1,359	-	-	-
3.2.1.1 Forward foreign currency transactions-buy		340	340	680	-	-	-
3.2.1.2 Forward foreign currency transactions-sell		339	340	679	-	-	-
3.2.2 Swap transactions related to foreign currency, and interest rates		-	-	-	-	46,482	46,482
3.2.2.1 Foreign currency swaps-buy		-	-	-	-	23,142	23,142
3.2.2.2 Foreign currency swaps-sell		-	-	-	-	23,340	23,340
3.2.2.3 Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4 Interest rate swaps-sell		-	-	-	-	-	-
3.2.3 Foreign currency, interest rate and securities options		-	-	-	-	-	-
3.2.3.1 Foreign currency options-buy		-	-	-	-	-	-
3.2.3.2 Foreign currency options-sell		-	-	-	-	-	-
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		26,506	26,832	53,338	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		23,953,529	2,560,690	26,514,219	7,371,545	1,384,508	8,756,053
IV. ITEMS HELD IN CUSTODY		436,679	55,384	492,063	442,251	69,280	511,531
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		12,343	3,254	15,597	26,292	5,467	31,759
4.3 Checks received for collection		419,564	42,450	462,014	392,655	51,778	444,433
4.4 Commercial notes received for collection		4,772	9,071	13,843	23,304	11,683	34,987
4.5 Other assets received for collection		-	593	593	-	340	340
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	16	16	-	12	12
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		23,516,850	2,505,306	26,022,156	6,929,294	1,315,228	8,244,522
5.1 Marketable securities		661	-	661	-	-	-
5.2 Guarantee notes		7,592	16,589	24,181	36,482	23,602	60,084
5.3 Commodities		1,646	-	1,646	1,646	-	1,646
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		2,640,174	268,973	2,909,147	2,117,686	301,444	2,419,130
5.6 Other pledged items		20,866,777	2,219,744	23,086,521	4,773,480	990,182	5,763,662
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES							
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		30,529,210	3,163,686	33,692,896	13,652,121	1,793,281	15,445,402

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF INCOME FOR THE PERIODS
ENDED SEPTEMBER 30, 2013 AND 2012

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

III. STATEMENT OF INCOME

	Note Ref.(Section Five)	Reviewed Current Period 01.01-30.09.2013	Reviewed Current Period 01.07-30.09.2013	Audited Prior Period 01.01-30.09.2012	Audited Prior Period 01.07-30.09.2012
I. INTEREST INCOME	IV-1	197,206	66,716	196,607	64,140
1.1 Interest on loans		169,909	57,139	173,047	60,428
1.2 Interest received from reserve deposits		-	-	-	-
1.3 Interest received from banks		350	194	329	62
1.4 Interest received from money market placements		123	11	3,522	635
1.5 Interest received from marketable securities portfolio		25,487	8,649	19,247	2,756
1.5.1 Held-for-trading financial assets		4	3	17	5
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		22,208	7,637	15,440	1,347
1.5.4 Investments held-to-maturity		3,275	1,009	3,790	1,404
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		1,337	723	462	259
II. INTEREST EXPENSE	IV-2	(110,813)	(42,108)	(117,003)	(40,842)
2.1 Interest on deposits		(95,335)	(35,508)	(105,274)	(36,793)
2.2 Interest on funds borrowed		(4,933)	(1,736)	(5,856)	(2,093)
2.3 Interest on money market borrowings		(10,075)	(4,864)	(5,865)	(1,956)
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		(470)	-	(8)	-
III. NET INTEREST INCOME (I - II)		86,393	24,608	79,604	23,298
IV. NET FEES AND COMMISSIONS INCOME		16,627	5,980	16,971	5,135
4.1 Fees and commissions received		17,481	6,311	17,639	5,368
4.1.1 Non-cash loans		8,545	3,325	8,511	2,721
4.1.2 Other	IV-9	8,936	2,986	9,128	2,647
4.2 Fees and commissions paid		(854)	(331)	(668)	(233)
4.2.1 Non-cash loans		(39)	(13)	(38)	(12)
4.2.2 Other	IV-9	(815)	(318)	(630)	(221)
V. DIVIDEND INCOME		-	-	7	-
VI. NET TRADING INCOME	IV-3	5,471	140	1,394	911
6.1 Securities trading gains/ (losses)		6,458	3	977	561
6.2 Gain/(losses) from derivative financial instruments		(2,208)	(2,248)	(730)	(704)
6.3 Foreign exchange gains/ (losses)		1,221	2,385	1,147	1,054
VII. OTHER OPERATING INCOME	IV-4	10,436	736	6,862	1,893
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		118,927	31,464	104,838	31,237
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-5	(17,019)	(6,292)	(11,126)	(3,866)
X. OTHER OPERATING EXPENSES (-)	IV-6	(83,842)	(27,333)	(67,667)	(23,146)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		18,066	(2,161)	26,045	4,225
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII. PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD		-	-	-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)		18,066	(2,161)	26,045	4,225
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-7	(4,782)	(22)	(6,385)	(965)
16.1 Provision for current income taxes		-	-	(8,045)	(2,582)
16.2 Provision for deferred taxes		(4,782)	(22)	1,660	1,617
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		13,284	(2,183)	19,660	3,260
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-8	13,284	(2,183)	19,660	3,260

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF PROFIT LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2013 AND 2012

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Reviewed Current Period 01.01-30.09.2013	Reviewed Prior Period 01.01-30.09.2012
I. Additions to marketable securities revaluation differences for available for sale financial assets	(40,240)	14,236
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	-	-
IX. Deferred tax of valuation differences	9,339	(2,658)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	(30,901)	11,578
XI. Profit/Loss	6,831	18,721
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(6,453)	(939)
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	13,284	19,660
XII. Total Profit/Loss accounted for in the period (X±XI)	(24,070)	30,299

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Note (Section Five)	Paid-in Capital	Effect Of Inflation Accounting On Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordina ry Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible And Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
I. Prior Period – 01.01-30.09.2012		300,000	25,431	-	-	789	-	12,543	2,746	3,561	-	(6,989)	-	-	-	-	338,081	-	338,081
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The effects of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		300,000	25,431	-	-	789	-	12,543	2,746	3,561	-	(6,989)	-	-	-	-	338,081	-	338,081
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	10,639	-	-	-	-	10,639	-	10,639
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Period net income/(loss)		-	-	-	-	-	-	-	-	19,660	-	-	-	-	-	-	19,660	-	19,660
XX. Profit distribution		-	-	-	-	178	-	3,383	-	(3,561)	-	-	-	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	178	-	3,383	-	(3,561)	-	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (III+IV+V+.....+XVIII+XIX+XX)		300,000	25,431	-	-	967	-	15,926	2,746	19,660	-	3,650	-	-	-	-	368,380	-	368,380

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

v. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Note (Section Five)	Paid-in Capital	Effect Of Inflation Accounting On Capital and Other Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible And Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity	
I.	Current Period – 01.01-30.09.2013																			
	Prior period balance – 31.12.2012	300,000	25,431	-	-	967	-	15,927	2,746	12,709	-	8,824	-	-	-	-	366,604	-	366,604	
	Changes in the period	-	-	-	-	-	-	-	-	(12,709)	12,709	-	-	-	-	-	-	-	-	
II.	Increase/Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	(37,355)	-	-	-	-	(37,355)	-	(37,355)	
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	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	-	100,000	
12.1	Cash	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	-	100,000	
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Period net income/(loss)	-	-	-	-	-	-	-	-	13,284	-	-	-	-	-	-	13,284	-	13,284	
XVIII.	Profit distribution	-	-	-	-	635	-	7,769	4,305	-	(12,709)	-	-	-	-	-	-	-	-	
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.2	Transfers to reserves	-	-	-	-	635	-	7,769	4,305	-	(12,709)	-	-	-	-	-	-	-	-	
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Closing Balance																				
(I+II+III+...+XVI+XVII+XVIII)		400,000	25,431	-	-	1,602	-	23,696	7,051	13,284	-	(28,531)	-	-	-	-	442,533	-	442,533	

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Reviewed Current Period 01.01-30.09.2013	Reviewed Prior Period 01.01-30.09.2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	(2,167)	68,535
1.1.1	Interest received	153,806	213,824
1.1.2	Interest paid	(103,200)	(111,357)
1.1.3	Dividend received	-	7
1.1.4	Fees and commissions received	18,730	17,608
1.1.5	Other income	11,309	9,380
1.1.6	Collections from previously written off loans	18,319	6,014
1.1.7	Payments to personnel and service suppliers	(49,850)	(41,271)
1.1.8	Taxes paid	(1,403)	(5,402)
1.1.9	Others	(49,878)	(20,268)
1.2	Changes in operating assets and liabilities	155,842	(139,521)
1.2.1	Net (increase) decrease in financial assets held for trading	60	(2)
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	(132,685)	(80,460)
1.2.4	Net (increase) decrease in loans	(370,181)	(462,996)
1.2.5	Net (increase) decrease in other assets	739	(1,074)
1.2.6	Net increase (decrease) in bank deposits	174,313	(43,327)
1.2.7	Net increase (decrease) in other deposits	399,781	398,227
1.2.8	Net increase (decrease) in funds borrowed	57,878	54,016
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	25,937	(3,905)
I.	Net cash provided from banking operations	153,675	(70,986)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	(256,131)	3,368
2.1	Cash paid for purchase of jointly controlled entities, associates and subsidiaries	-	-
2.2	Cash obtained from sale of jointly controlled entities, associates and subsidiaries	-	-
2.3	Fixed assets purchases	(2,126)	(4,150)
2.4	Fixed assets sales	1,596	937
2.5	Cash paid for purchase of financial assets available for sale	(326,680)	(176,539)
2.6	Cash obtained from sale of financial assets available for sale	110,010	201,748
2.7	Cash paid for purchase of investment securities	(60,956)	(64,000)
2.8	Cash obtained from sale of investment securities	45,700	45,732
2.9	Others	(23,675)	(360)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	100,000	-
3.1	Cash obtained from funds borrowed and securities issued	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Issued capital instruments	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance leases	-	-
3.6	Other	100,000	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	23,797	(5,377)
V.	Net increase / (decrease) in cash and cash equivalents	21,341	(72,995)
VI.	Cash and cash equivalents at beginning of the period	358,938	241,771
VII.	Cash and cash equivalents at end of the period	380,279	168,776

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

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

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

The accounting policies adopted in the preparation of the Bank’s financial statements are consistent with the accounting policies adopted for financial statements dated December 31, 2012 and changes of TAS/TFRS that is effective from January 1, 2013 have an immaterial effect on the accounting policies, financial position and performance of the Bank. These accounting policies and valuation principles are explained in Notes II to XXII. Changes in TAS and TFRS are issued but not yet effective as the date of the financial statements with the exception of TFRS 9 Financial Instruments Standards do not have any effect on the accounting policies, financial position and performance of the Bank. The bank is assessing the impact of TFRS 9 Financial Instruments Standard.

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

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs, and 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 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.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED SEPTEMBER 30, 2013

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

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

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 19.64% 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 14.60% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 6.56% of the total assets and these assets provide liquidity with low risk and yield.

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

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

III. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

IV. Explanations on Interest Income and Expenses

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

V. Explanations on Fees and Commission Income and Expenses

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

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

VI. Explanations on Financial Assets

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

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

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

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

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

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value Through Profit and Loss

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

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

Held to Maturity Investments

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

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

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

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

VI. Explanations on Financial Assets (continued)

Financial Assets Available for Sale

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

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

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

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

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

Loans and receivables

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

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".

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

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

VII. Explanations on Impairment of Financial Assets (continued)

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

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

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

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

As of September 30, 2013 the ratios determined for the non-cash loans are within the required levels and accordingly standard rates determined in the regulation have been used for the non-cash loans.

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

As of September 30, 2013 the ratios determined above for consumer loans remains below 20% therefore general provisions for such consumer loans are set aside using standard rates specified in the regulations.

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

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

VII. Explanations on Impairment of Financial Assets (continued)

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

VIII. Explanations on Offsetting of Financial Assets and Liabilities

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

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

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

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

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

As of September 30, 2013, the Bank does not have any of reverse repo transactions. (December 31, 2012: TRY 80,015).

As of September 30, 2013, the Bank does not have any marketable securities subject to lending transaction.(December 31, 2012: 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, 2013 (December 31, 2012: 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.

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED SEPTEMBER 30, 2013

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

XI. Explanations on Goodwill and Other Intangible Assets

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

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

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

	%
Intangible assets	7-33

XII. Explanations on Tangible Fixed Assets

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

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

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

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

Normal maintenance and repair cost of the properties are expensed.

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

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.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

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

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 34. The total amount of those cases consists of TRY 521, USD 1,604 Thousand and EUR 193 Thousand. There is a provision of TRY 851 in the accompanying financial statements for these cases (December 31, 2012: TRY 582).

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. All actuarial gains and losses are recognized in the income statement.

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

Defined Contribution Plans

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

Short-term Employee Benefits

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

XVI. Explanations on Taxation

Corporate tax:

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

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

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XVI. Explanations on Taxation (continued)

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. The Bank has no corporate tax provision in current period (December 31, 2012: 9,455).

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 charge stated under the tax provision amounted to TRY 4,782 in the income statement (December 31, 2012: TRY 4,305 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.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio : The capital adequacy ratio is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” (the “Regulation”), “Regulation on Credit Risk Mitigation Techniques”, “Regulation on calculation of Risk-Weighted Amounts of Securitizations” published in the Official Gazette No. 28337 dated September 28, 2012 (“Regulation”) and “regulation regarding “Regulation on Equity of Banks” published in the Official Gazette dated November 1, 2006 numbered 2633. The Bank’s capital adequacy ratio in accordance with the related communiqué is 14.19 % as of September 30, 2013. (December 31, 2012: 15.18%).

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

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

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

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

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

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

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

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

Information related to the capital adequacy ratio:

	Risk Weight							
	0%	10%	20%	%50	75%	100%	150%	200%
The amount subject to credit risk								
Risk Types								
Contingent and Non-Contingent Receivables on Sovereigns	974,033	-	-	1,018	-	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	712	-	-	-	-	6,910	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	5,153	-	134,141	327,096	-	1,407	-	-
Contingent and Non-Contingent Corporate Receivables	53,648	-	-	-	-	1,944,421	-	-
Contingent and Non-Contingent Retail Receivables	10,919	-	-	-	208,444	100,029	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	511,689	-	88,613	-	-
Past Due Receivables	46	-	-	1,851	-	26,616	5,421	-
Receivables defined in high risk category by BRSA	589	-	-	-	-	1	19,157	54,085
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-	-
Other Receivables	2,144,722	-	-	-	-	35,287	-	-

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

Summary information related to the capital adequacy ratio:

	September 30, 2013	December 31, 2012
Required Capital Liabilities for Credit Risk (Main related with Credit Risk *0.08) (RCLCR)	236,185	187,401
Required Capital Liabilities for Market Risk (RCLMR)	109	80
Required Capital Liabilities for Operational (RCLOR)	15,845	12,789
Shareholders' Equity	447,086	380,128
Shareholders' Equity/((RCLCR +RCLMR+RCLOR)*12,5*100)	14.19	15.18

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

Information related to the components of shareholders' equity:

	September 30, 2013	December 31, 2012
CORE CAPITAL		
Paid up Capital	400,000	300,000
Nominal capital	500,000	300,000
Capital commitments (-)	(100,000)	-
Inflation adjustment to share capital	25,431	25,431
Share premium	-	-
Cancellation profits	-	-
Legal reserves, status reserves and extraordinary reserves	32,349	19,640
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	13,284	12,709
Current period net profit	13,284	12,709
Prior years' profits	-	-
Provision for possible losses up to 25% of the Core Capital	-	-
Profit on disposal of associates, subsidiaries and immovables	-	-
Primary subordinated debts up to 15% of the Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Current period loss (net)	-	-
Prior years' losses	-	-
Leasehold improvements (-)	(1,804)	(2,523)
Intangible assets (-)	(21,445)	(1,037)
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	447,815	354,220
SUPPLEMENTARY CAPITAL		
General loan loss reserves	27,806	21,994
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	-	-
45% value increase of available for sale financial assets and associates and subsidiaries	(28,531)	3,971
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	-	-
Total Supplementary Capital	(725)	25,965
CAPITAL	447,090	380,185
DEDUCTIONS FROM THE CAPITAL		
Investments in Unconsolidated Financial Institutions (Domestic, Foreign) and Banks	(4)	(57)
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and Debt Instruments That Have Primary Secondary Subordinated Loan Nature Purchased From Them	-	-
Investment in Financial Institutions (Domestic, Foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	-	-
Loans extended as contradictory to the articles 50 and 51 of the law	-	-
The net book value of Bank's Immovables that are 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	(4)	(3)
Securitisation positions deducted from equity	-	-
Other	-	(54)
Total Shareholders' Equity	447,086	380,128

Explanations on Internal Capital Management

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

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

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TURKLAND BANK ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED SEPTEMBER 30, 2013

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II. Explanations Related to Market Risk

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” which was published in the Official Gazette on September 28, 2012 numbered 28337 and “Regulation Regarding Banks’ Shareholders’ Equity”.

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

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

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

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

Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	1.00
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
Standard Method For Specific Risk of Necessary Capital Requirement on Securitization Positions	-
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	101.00
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Capital Requirement to be Employed For Counterparty Risk - Standard Method	6.58
(VIII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	108.58
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	1,357.25

For counterparty credit risks, limits are set by Board of Directors. Counterparty credit risk is managed by the Financial Institutions Department of the Bank by taking into account the counterparty’s financial reports, general overview, rating, current and expected transaction volumes with the Bank. The Bank controls and reports the limits daily in accordance with the limits set by the Board of Directors. Limit updates are made on a regular basis according to market conditions and taken into account in the calculation of economic capital limit. Within the scope Regulation on the Internal Systems of Banks and Regulation on Measurement and Assessment of Capital Adequacy of Bank’s, published in the Official Gazette No. 28337 dated 28 September 2012, “Counterparty Credit Risk Management Policy” is formed, then approved by the Board of Directors and published in the Bank.

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II. Explanations Related to Market Risk (continued)

Other price risks:

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

III. Explanations Related to Currency Risk

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

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

The announced current foreign exchange buying rates of the Bank at September 30, 2013 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	September 23, 2013	September 25, 2013	September 25, 2013	September 26, 2013	September 28, 2013	September 30, 2013
USD	1.9823	1.9985	2.0009	2.0085	2.0283	2.0278
CHF	2.1762	2.1933	2.1966	2.2096	2.2457	2.2424
GBP	3.1812	3.1958	3.2150	3.2206	3.2690	3.2730
100 JPY	0.0201	0.0203	0.0203	0.0203	0.0207	0.0208
EURO	2.6761	2.6952	2.7014	2.7129	2.7483	2.7434

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before September 30, 2013 are as follows:

	Monthly Average Foreign Exchange Rate
USD	2.0175
CHF	2.1866
GBP	3.2001
100 JPY	0.0204
EURO	2.6946

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III. Explanations Related to Currency Risk (continued)

September 30, 2013	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 (**)	143,699	162,679	-	27,318	333,696
Banks	88,505	153,620	139	1,073	243,337
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	2	-	-	2
Loans (*)	283,885	372,135	-	1,648	657,668
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	9	304	-	4	317
Total Assets	516,098	688,740	139	30,043	1,235,020
Liabilities					
Bank Deposits	1,994	33,690	-	50	35,734
Foreign Currency Deposits	370,323	631,729	-	231	1,002,283
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	141,888	20,418	-	1,646	163,952
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	1,041	1,963	-	-	3,004
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	85	2,594	-	-	2,679
Total Liabilities	515,331	690,394	-	1,927	1,207,652
Net Balance Sheet Position	767	(1,654)	139	28,116	27,368
Net Off-Balance Sheet Position					
Financial Derivative Assets (***)	(1,757)	1,406	-	(26,996)	(27,347)
Financial Derivative Liabilities (***)	4,004	6,324	-	-	10,328
Non-Cash Loans	(5,761)	(4,918)	-	(26,996)	(37,675)
	144,706	415,182	1,210	12,942	574,040
December 31, 2012					
Total Assets(*) (****)	302,294	587,022	182	1,206	890,704
Total Liabilities	275,135	618,966	1	632	894,734
Net Balance Sheet Position	27,159	(31,944)	181	574	(4,030)
Net Off-Balance Sheet Position	(27,584)	31,924	-	-	4,340
Financial Derivative Assets (***)	4,715	37,793	-	-	42,508
Financial Derivative Liabilities (***)	(32,299)	(5,869)	-	-	(38,168)
Non-Cash Loans	75,832	219,703	-	3,548	299,083

(*) Foreign currency indexed loans amounting to TRY 322,736 (December 31, 2012: TRY 327,555) are included in the loan portfolio.

(**) Other reserve deposits amounting to TRY 26,698 as of September 30, 2013 consists of gold reserve deposits.

(***) It includes also 9,989 TRY and 10,503 TRY forward asset purchase & sale commitments (December 31, 2012: TRY 19,366 and TRY 14,828, respectively).

(****) TRY 2 asset from derivative financial instruments and TRY 8 liability from derivative financial instruments are not included (December 31, 2012: TRY5 asset from derivative financial instruments and TRY 203 liability from derivative financial instruments are not included).

Foreign currency sensitivity:

The Bank holds EUR and USD currencies positions mainly.

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

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III. Explanations Related to Currency Risk (continued)

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
USD	% 10 increase	(26)	(2)	(26)	-
USD	% 10 decrease	26	2	26	-
EURO	% 10 increase	(99)	(42)	(99)	-
EURO	% 10 decrease	99	42	99	-
OTHER	% 10 increase	5.525	-	5.525	-
OTHER	% 10 decrease	(5.525)	-	(5.525)	-

IV. 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.

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, 2013							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	450,259	450,259
Banks	235,943	-	-	-	-	7,947	243,890
Financial Assets at Fair Value Through Profit and Loss	-	-	89	-	26	3	118
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	31,575	148,881	276,017	2,091	1	75	458,640
Loans (*)	1,864,160	28,213	112,399	328,020	11,098	83	2,343,973
Held-To-Maturity Investments	1,415	8,658	20,219	53,634	-	-	83,926
Other Assets (**)	-	-	-	-	-	135,192	135,192
Total Assets	2,133,093	185,752	408,724	383,745	11,125	593,559	3,715,998
Liabilities							
Bank Deposits	-	30,503	-	-	-	5,373	35,876
Other Deposits	1,834,960	518,060	60,694	252	-	121,338	2,535,304
Money Market Borrowings	370,584	-	-	-	-	-	370,584
Sundry Creditors	-	-	-	-	-	25,963	25,963
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	12,772	39,900	111,691	25,252	-	-	189,615
Other Liabilities (***)	1,039	441	-	-	-	557,176	558,656
Total Liabilities	2,219,355	588,904	172,385	25,504	-	709,850	3,715,998
Balance Sheet Long Position	-	-	236,339	358,241	11,125	-	605,705
Balance Sheet Short Position	(86,262)	(403,152)	-	-	-	(116,291)	(605,705)
Off-Balance Sheet Long Position	-	-	-	-	-	680	680
Off-Balance Sheet Short Position	-	-	-	-	-	(679)	(679)
Total Position	(86,262)	(403,152)	236,339	358,241	11,125	(116,290)	1

(*) 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 29,323, intangible assets amounting to TRY 21,445, tax asset amounting to TRY 9,538, settlement account amounting to TRY 31,682, prepaid expenses amounting to TRY 5,503, net non-performing loans amounting to 33,934 and other assets amounting to TRY 3,767.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 442,533, TRY 6,671 tax liabilities, TRY 45,264 provisions, and TRY 56,529 clearing account, TRY 2,786 unearned revenue, 3,393 other liabilities.

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IV. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
September 30, 2013				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey	-	-	-	-
Banks	0,24	0,25	-	7,86
Financial Assets At Fair Value Through Profit And Loss	-	-	-	9,42
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	-	6,60	-	3,81
Loans	6,20	5,97	-	11,10
Held-To-Maturity Investments	-	-	-	7,28
Liabilities				
Bank Deposits	-	2,07	-	-
Other Deposits	3,29	3,39	-	8,58
Money Market Borrowings	-	-	-	6,43
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3,00	3,67	-	6,01

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, 2012							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	-	-	-	-	-	290,596	290,596
Banks	95,051	-	-	-	-	2,475	97,526
Financial Assets at Fair Value Through Profit and Loss	5	93	59	-	30	-	187
Money Market Placements	152,025	-	-	-	-	-	152,025
Available-For-Sale Financial Assets	67,611	33,292	137,982	39,986	4	75	278,950
Loans (*)	1,493,242	78,495	187,858	221,809	2,324	106	1,983,834
Held-To-Maturity Investments	-	32,491	23,055	15,413	-	-	70,959
Other Assets (**)	-	-	-	-	-	92,173	92,173
Total Assets	1,807,934	144,371	348,954	277,208	2,358	385,425	2,966,250
Liabilities							
Bank Deposits	21,331	-	-	-	-	824	22,155
Other Deposits	1,090,992	748,520	120,186	-	-	167,460	2,127,158
Money Market Borrowings	209,986	-	-	-	-	-	209,986
Sundry Creditors	-	-	-	-	-	12,042	12,042
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	19,322	42,625	52,569	17,924	-	55	132,495
Other Liabilities (***)	699	309	-	-	-	461,406	462,414
Total Liabilities	1,342,330	791,454	172,755	17,924	-	641,787	2,966,250
Balance Sheet Long Position	465,604	-	176,199	259,284	2,358	-	903,445
Balance Sheet Short Position	-	(647,083)	-	-	-	(256,362)	(903,445)
Off-Balance Sheet Long Position	-	-	-	-	-	43,669	43,669
Off-Balance Sheet Short Position	-	-	-	-	-	(43,886)	(43,886)
Total Position	465,604	(647,083)	176,199	259,284	2,358	(256,579)	(217)

(*) 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 11,379, intangible assets amounting to TRY 1,037, tax asset amounting to TRY 2,758, clearing account amounting to TRY 24,691, prepaid expenses amounting to TRY 2,169, system improvement investments amounting to 14,899, net non performing loans amounting to 33,076 and other assets amounting to TRY 2,164.

(***) The other liabilities line in the non-interest bearing column consists of shareholders' equity amounting to TRY 366,604 tax liability amounting to TRY 7,866, provisions amounting to TRY 36,935, clearing account amounting to TRY 47,096 and other liabilities amounting to TRY 2,905.

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IV. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
December 31, 2012				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0,13	0,25	-	7,18
Financial Assets at Fair Value Through Profit and Loss	-	-	-	8,80
Money Market Placements	-	-	-	9,72
Available-For-Sale Financial Assets	-	5,08	-	5,07
Loans	7,54	6,96	-	15,48
Held-To-Maturity Investments	-	-	-	8,48
Liabilities				
Bank Deposits	-	2,55	-	6,68
Other Deposits	4,43	4,37	-	10,52
Money Market Borrowings	-	-	-	5,90
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4,43	3,86	-	8,19

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

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

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

	Unit of Currency	Applicable Shock (+ / -base point)*	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
1	TRY	500 (400)	(40,737) 37,637	(%9) %8
2	EURO	200 (200)	(637) 809	%0 %0
3	USD	200 (200)	(2,030) 2,196	%0 %0
Total (For Negative Shock)			40,642	%9
Total (For Positive Shock)			(43,404)	(%10)

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

Interest rate sensitivity:

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

- Net profit would change by TRY 4,868. The change in profit mainly is related to loans and deposits (December 31, 2012: TRY 1,457).
- Possible changes in the interest rates effects the equity as a result of the revaluation of the available-for-sale assets decreasing the equity by TRY 122.

V. Equity Position Risk

The bank has no outstanding stock position.

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VI. Explanations Related to Liquidity Risk

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

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities:

September 30, 2013	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 (****)	136,391	218,669	60,062	29,052	6,085	-	-	450,259
Banks	7,947	235,943	-	-	-	-	-	243,890
Financial Assets at Fair Value Through Profit and Loss	-	-	3	89	-	26	-	118
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	-	41,287	135,571	281,707	75	458,640
Loans (***)	83	1,864,160	28,213	112,399	328,020	11,098	-	2,343,973
Held-To-Maturity Investments	-	-	6,219	20,219	56,073	1,415	-	83,926
Other Assets	-	31,682	-	-	-	-	103,510	135,192
Total Assets	144,421	2,350,454	94,497	203,046	525,749	294,246	103,585	3,715,998
Liabilities								
Bank Deposits	5,373	-	30,503	-	-	-	-	35,876
Other Deposits	121,338	1,834,960	518,060	60,694	252	-	-	2,535,304
Funds Provided From Other Financial Institutions	-	12,772	39,900	111,691	25,252	-	-	189,615
Money Market Borrowings	-	370,584	-	-	-	-	-	370,584
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	25,963	-	-	-	-	-	25,963
Other Liabilities (**)	-	70,417	441	-	-	-	487,798	558,656
Total Liabilities	126,711	2,314,696	588,904	172,385	25,504	-	487,798	3,715,998
Liquidity Gap	17,710	35,758	(494,407)	30,661	500,245	294,246	(384,213)	-
December 31, 2012								
Total Assets	111,888	1,869,567	177,287	239,799	380,114	120,045	67,550	2,966,250
Total Liabilities	168,284	1,409,392	791,454	172,755	17,924	-	406,441	2,966,250
Liquidity Gap	(56,396)	460,175	(614,167)	67,044	362,190	120,045	(338,891)	-

- (*) 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.

VII. Securitization Positions

None.

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VIII. Explanations on Credit Risk Mitigation Techniques

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

Collateral on the basis of risk classes

Risk Types	Amount	Financial Collateral	Other / Physical Collateral	Guaranties and Credit Derivatives
Contingent and Non-Contingent Receivables on Sovereigns	975,051	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	7,622	712	-	-
Contingent and Non-Contingent Receivables on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables on International Organizations	-	-	-	-
Contingent and Non-Contingent Receivables on Banks and Capital Market Intermediary	467,797	5,187	-	-
Contingent and Non-Contingent Corporate Receivables	1,998,069	66,186	-	-
Contingent and Non-Contingent Retail Receivables	319,392	13,285	-	-
Contingent and Non-Contingent Receivables Secured by Property	600,302	-	-	-
Past Due Receivables	33,934	46	-	-
Receivables defined in high risk category by BRSA	73,832	682	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-
Investment similar to collective investment funds	-	-	-	-
Other Receivables	2,180,009	-	-	-
Total	6,656,008	86,098	-	-

IX. Risk Management Objectives and Policies

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

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

Objective of risk policies: In line with "Regulation on Internal Systems of Banks (published in the Official Gazette dated September 28, 2012 numbered 28337)", sustaining the Bank's operations in accordance with the Banks's strategic plans, mission, targets, profitability and productivity principles by determining Bank's risk strategy and maximum risk level in line with the volume, qualification and complexity of the Bank's operations by taking into consideration the Bank's past experience and performance. Moreover, ensuring to conserve the interests of depositors and the Bank's shareholder's interest at a maximum level.

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

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IX. Risk Management Objectives and Policies (Continued)

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

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

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

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

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

Concentration risk is the risk within credit risk that is exposed according to individual debtor and debtor groups, to debtor groups that indicate similar characteristics in terms of economic and regional sector qualities, on the basis of the assets subject to the collateral securities that show similar price pattern behavior; 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 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 are also explained in Deposit Policy.

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

Structure and organization of the risk management system, Risk Management Department depends on the Board of Directors in terms of function and responsibilities. Commitment to the Board of Directors is made through Audit Committee.

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IX. Risk Management Objectives and Policies (Continued)

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

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

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

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	7,468	18,813	6,628	16,928
Balances with the Central Bank of Turkey	109,095	314,883	84,621	182,419
Other	-	-	-	-
Total	116,563	333,696	91,249	199,347

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

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Unrestricted demand deposits	109,095	1,015	84,621	1,236
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
FC Reserve deposits (*)	-	313,868	-	181,183
Total	109,095	314,883	84,621	182,419

(*) FC Reserve deposits amounting to TRY 26,698 as of September 30, 2013 consists of gold reserve deposits.

c) Explanations related to reserve deposits:

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

FC reserve deposits rates:

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

TRY reserve deposits rates:

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

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

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

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

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

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 115 (December 31, 2012: TRY 182).

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

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Forward Transactions	1	2	-	-
Swap Transactions	-	-	-	5
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1	2	-	5

3. a) Information on banks:

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Banks				
Domestic	73	235,705	13	95,097
Foreign	480	7,632	-	2,416
Branches and head office abroad	-	-	-	-
Total	553	243,337	13	97,513

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

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

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	19,603	-	34,242	-
Other	-	-	-	-
Total	19,603	-	34,242	-

Available-for-sale securities given as collateral for Interbank money market and open market transactions are TRY 771 (December 31, 2012: TRY 968) and TRY 18,832, respectively. (December 31, 2012: TRY 33,274)

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

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

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	327,918	-	170,139	-
Other	-	-	-	-
Total	327,918	-	170,139	-

Net book value of unrestricted financial assets available-for-sale is TRY 111,119 (December 31, 2012: TRY 74,569) and included in this amount there are unquoted stocks amounting TRY 75 (December 31, 2012: TRY 75).

b) Information on financial assets available for sale portfolio:

	September 30, 2013	December 31, 2012
Debt securities	458,565	278,875
Quoted on a stock exchange	458,565	278,875
Not quoted	-	-
Share certificates	75	75
Quoted on a stock exchange	-	-
Not quoted	75	75
Impairment provision (-)	-	-
Total	458,640	278,950

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 75 which is recorded investment at cost since its fair value cannot be reliably estimated (December 31, 2012: TRY 75).

5. Information on loans:

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

	September 30, 2013		December 31, 2012	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	68	867	59	71
Corporate shareholders	68	867	59	71
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	21,655	13,354	-	3,124
Loans granted to employees	1,214	1,405	845	1,175
Total	22,937	15,626	904	4,370

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

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled	Other	Loans and Other Receivables	Restructured or Rescheduled	Other
Non-specialized loans	2,182,431	7,198	-	68,684	85,660	-
Discount notes	1,504,391	1,714	-	50,051	74,652	-
Export loans	334,054	5,484	-	-	11,000	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	116,181	-	-	-	-	-
Foreign loans	108	-	-	-	-	-
Consumer loans	58,673	-	-	17,424	8	-
Credit cards	-	-	-	-	-	-
Precious metals loans	-	-	-	-	-	-
Other	169,024	-	-	1,209	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	2,182,431	7,198	-	68,684	85,660	-

- c) Loans according to their maturity structure:

Number of Changes for the Payment Plan Extension	Standard Loans and Other Receivables	Watching Loans and Other Receivables
1 or 2 times extended	7,198	84,511
3, 4 or 5 times extended	-	1,081
5 Over the extended	-	68
Total	7,198	85,660

	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	-	375
6 – 12 Month	-	17,490
1 – 2 Year	5,484	23,800
2 – 5 Year	1,714	10,097
5 Years and Over	-	33,898
Total	7,198	85,660

As of September 30, 2013, in accordance with “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” (published in the Official Gazette on May 28, 2011, numbered 27947) the bank calculated general loan loss provision for standard loan, which the payments are rescheduled, amounting to TRY 336 and for watch list-loans, which the payments are rescheduled, amounting to TRY 4,029. (December 31, 2012: TRY 116 and TRY 2,240)

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

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	5,080	68,941	74,021
Housing Loans	1,212	7,795	9,007
Car Loans	-	1,445	1,445
General Purpose Loans	3,585	59,701	63,286
Other	283	-	283
Consumer Loans –Indexed to FC	-	47	47
Housing Loans	-	28	28
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	19	19
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	692	249	941
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	692	249	941
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Real Persons) (*)	1,096	-	1,096
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	6,868	69,237	76,105

(*) Overdraft Accounts includes TRY 226 personnel loans.

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

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	28,656	395,457	424,113
Business Loans	18,076	61,604	79,680
Car Loans	3,084	4,713	7,797
General Purpose Loans	7,496	94,843	102,339
Other	-	234,297	234,297
Commercial loans with installment facility - Indexed to FC	2,898	159,903	162,801
Business Loans	-	-	-
Car Loans	2,884	44,854	47,738
General Purpose Loans	14	34,585	34,599
Other	-	80,464	80,464
Commercial loans with installment facility –FC	101	-	101
Business Loans	101	-	101
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)	15,900	-	15,900
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	47,555	555,360	602,915

f) Domestic and foreign loans:

	September 30, 2013	December 31, 2012
Domestic loans	2,343,865	1,983,627
Foreign loans	108	207
Total	2,343,973	1,983,834

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	September 30, 2013	December 31, 2012
Specific provisions		
Loans and receivables with limited collectability	2,130	-
Loans and receivables with doubtful collectability	6,311	4,002
Uncollectible loans and receivables	33,713	31,466
Total	42,154	35,468

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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, 2013			
(Gross amount before specific provision) (*)	-	1,077	785
Restructured Loans and Other Receivables	-	1,077	785
Rescheduled Loans and Other Receivables	-	-	-
December 31, 2012			
(Gross amount before specific provision)	-	-	1,000
Restructured Loans and Other Receivables	-	-	1,000
Rescheduled Loans and Other Receivables	-	-	-

(*) As of September 30, 2013 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 977 (December 31, 2012: TRY 770).

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, 2012 balance	-	16,121	52,423
Additions (+)	23,997	1,802	64
Transfers from other categories of non-performing loans (+)	-	10,324	5,810
Transfers to other categories of non-performing loans (-)	(10,324)	(5,810)	-
Collections (-)	(4,905)	(9,603)	(3,811)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
September 30, 2013 balance	8,768	12,834	54,486
Specific provision (-)	(2,130)	(6,311)	(33,713)
Net Balances on Balance Sheet	6,638	6,523	20,773

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, 2013 (Net)			
Loans to Real Persons and Legal Entities (Gross)	8,768	12,834	54,486
Specific provision (-)	(2,130)	(6,311)	(33,713)
Loans to Real Persons and Legal Entities (Net)	6,638	6,523	20,773
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2012 (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	16,121	52,423
Specific provision (-)	-	(4,002)	(31,466)
Loans to Real Persons and Legal Entities (Net)	-	12,119	20,957
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

6. Information on held-to-maturity investments:

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

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	22,748	-	26,542	-
Other	-	-	-	-
Total	22,748	-	26,542	-

Held-to-maturity investments given as collateral for open market transactions in Central Bank and Interbank Markets are TRY 5,062, and TRY 17,686 are kept as collateral in Takasbank for to make transaction in Stock Exchange as of September 30, 2013 (December 31, 2012: TRY 9,902, TRY 16,640).

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

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Treasury Bills	54,766	-	39,665	-
Bond, Treasury bill and similar securities	-	-	-	-
Other	-	-	-	-
Total	54,766	-	39,665	-

Book value of held to maturity investments classified as unrestricted financial assets is TRY 6,412. (December 31, 2012: TRY 4,752).

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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, 2013	December 31, 2012
Treasury bills	83,926	70,959
Bond, bills and other similar securities government bonds	-	-
Other public sector debt securities	-	-
	-	-
Total	83,926	70,959

c) Information on held-to-maturity investments:

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	83,926	-	70,959	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	-	-
Total	83,926	-	70,959	-

d) Movement of held-to-maturity investments:

	September 30, 2013	December 31, 2012
Beginning balance	70,959	53,738
Foreign currency differences on monetary assets(*)	(2,288)	(463)
Purchases during year	60,955	67,307
Disposal through sales and redemptions	(45,700)	(49,623)
Closing Balance	83,926	70,959

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

7. Information on associates (Net):

The Bank has no associates in the current period

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on jointly controlled entities:

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

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

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

12. Investment Property (Net):

None.

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

13. Information on assets held for sale and discontinued operations:

None.

14. Explanations on deferred tax assets:

- a) Deferred tax asset calculated on the other temporary differences is TRY 7,315. (December 31, 2012: TRY 2,758 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.

15. Information on other assets:

- a) Breakdown of other assets:

	September 30, 2013	December 31, 2012
Settlement Accounts	31,682	24,691
Prepaid Expenses	5,503	2,169
Advances Given	775	243
Real Rotate Transfer Cost	493	549
System Investments(*)	-	14,899
Other	2,499	1,372
Total	40,952	43,923

(*) System Investments amounting to TRY 14,899 as of December 31,2012 has been classified to intangible asset with the finalization on April 2013 IT system transition.

- 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, 2013 :

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	10,889	-	23,217	668,153	67,467	79,829	1,296	-	850,851
Foreign currency deposits	50,690	-	35,260	792,829	101,078	20,941	1,485	-	1,002,283
Residents in Turkey	48,558	-	25,725	762,711	89,953	12,629	595	-	940,171
Residents abroad	2,132	-	9,535	30,118	11,125	8,312	890	-	62,112
Public sector deposits	15,116	-	-	-	-	-	-	-	15,116
Commercial deposits	44,419	-	48,831	343,197	28,693	84,943	7,013	-	557,096
Other institutions deposits	224	-	498	63,381	45,847	-	8	-	109,958
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	5,373	-	-	-	30,503	-	-	-	35,876
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	21	-	-	-	-	-	-	-	21
Foreign Banks	5,352	-	-	-	30,503	-	-	-	35,855
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	126,711	-	107,806	1,867,560	273,588	185,713	9,802	-	2,571,180

a.2) December 31, 2012:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	13,746	-	15,183	716,652	113,849	592	401	-	860,423
Foreign currency deposits	62,152	-	11,509	592,331	90,645	11,871	18	-	768,526
Residents in Turkey	50,880	-	9,536	525,706	85,666	5,407	18	-	677,213
Residents abroad	11,272	-	1,973	66,625	4,979	6,464	-	-	91,313
Public sector deposits	5,031	-	-	-	-	-	-	-	5,031
Commercial deposits	86,392	-	21,590	247,659	54,665	52,754	8,142	-	471,202
Other institutions deposits	139	-	358	21,472	-	-	7	-	21,976
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	824	-	7,001	-	14,330	-	-	-	22,155
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	34	-	7,001	-	-	-	-	-	7,035
Foreign Banks	790	-	-	-	14,330	-	-	-	15,120
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	168,284	-	55,641	1,578,114	273,489	65,217	8,568	-	2,149,313

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, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Saving deposits	191,758	114,937	650,506	739,755
Foreign currency saving deposits	45,180	31,459	359,969	416,526
Other deposits in the form of saving deposits	373	122	7,846	5,115
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	237,311	146,518	1,018,321	1,161,396

(*) According to the BRSA's circular no 1584 dated February 23, 2005, accruals are included in the saving deposit amount. As per the decision published in the Official Gazette no. 28560 dated February 15, 2013, the deposit insurance limit has been increased from TL 50,000 thousands to TL 100,000 thousands.

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

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

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

	September 30, 2013	December 31, 2012
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	1,690	1,625
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, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Forward Transactions	3	8	-	-
Swap Transactions	325	-	-	203
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	328	8	-	203

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

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
From Domestic Banks and Institutions	18,653	26,659	11,151	23,765
From Foreign Banks, Institutions and Funds	7,010	137,293	13,553	84,026
Total	25,663	163,952	24,704	107,791

b) Maturity analysis of borrowings:

	September 30, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Short-term	25,663	140,417	24,704	61,958
Medium and long-term	-	23,535	-	45,833
Total	25,663	163,952	24,704	107,791

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

4. 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.

5. 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) The explanation on modifications in agreements and new obligations resulting from such modifications: None.

- c) Explanation on finance lease payables: None (December 31,2012: None.)

- d) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. In the first nine months of 2013, operational lease expenses amounting to TRY 7,393 have been recorded in the profit and loss accounts (December 31,2012: TRY 8,976). The lease periods vary between 5 and 10 years.

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

6. Information on derivative financial liabilities for hedging purposes:

None.

7. Information on provisions:

- a) Information on general provisions:

	September 30, 2013	December 31, 2012
General Provisions		
Provisions for First Group Loans and Receivables	19,311	16,506
- Additional Provision for Extended Period	336	116
Provisions for Second Group Loans and Receivables	1,304	1,215
- Additional Provision for Extended Period	4,029	2,240
Provisions for Non-cash Loans	2,826	1,917
Total	27,806	21,994

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 79 (December 31, 2012: TRY 3,874) on the foreign currency indexed loans are netted off from loans on the balance sheet.

- c) The specific provisions of TRY 2,922 (December 31, 2012: TRY 1,812) were provided for unindemnified non cash loans.

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

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

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

	September 30, 2013	December 31, 2012
Employee termination benefit provision	5,686	4,898
Unused vacation provision	2,653	2,153
Total of provision for employee benefits	8,339	7,051

In accordance with TAS No:19 “Turkish Accounting Standard on Employee Benefits”; total benefit is calculated for each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement.

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, 2013	December 31, 2012
Specific provisions provided for unindemnified non cash loans	2,922	1,812
Other provisions (*)	6,197	6,078
Total	9,119	7,890

(*) Other provisions include TRY 4,714 of the bonus provision, TRY 632 of other provisions, TRY 851 of litigation provision. (December 31, 2012: TRY 4,895 bonus provision, TRY 601 of other provision, TRY 582 of legal claim provision).

8. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Information on corporate tax:

As of September 30, 2013, remaining tax liability after prepaid taxes are netted off;

	September 30, 2013	December 31, 2012
Current Period Tax Payable	-	9,455
Prepaid Tax	-	(8,052)
Total	-	1,403

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

a.2) Explanations on taxes payable:

	September 30, 2013	December 31, 2012
BITT	2,150	1,952
Taxation on Securities	2,113	2,319
Payroll Tax	977	868
Property Tax	277	219
Value Added Tax Payable	84	173
Stamp Tax	30	30
Corporate Tax Payable	-	1,403
Other	59	42
Total	5,690	7,006

a.3) Information on premiums:

	September 30, 2013	December 31, 2012
Social Security Premiums-Employee	357	322
Social Security Premiums-Employer	551	472
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	24	22
Unemployment Insurance-Employer	49	44
Other	-	-
Total	981	860

b) Explanations on deferred tax liabilities, if any:

None.

9. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

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 million corresponding to its share for the capital increase; Arab Bank PLC, shareholder of the Bank by 28,3%, has paid in cash TRY 28,3 million corresponding to its share for the capital increase; Arab Bank (Switzerland), shareholder of the Company by 21,7%, has paid in cash TRY 21,7 million corresponding to its share for the capital increase. The capital commitments paid by the shareholders were transferred into the share capital accounts with the approval of Banking Regulation and Supervision Agency dated May 28, 2013 and numbered 13388.

As of September 30, 2013 the nominal value of the Bank's paid-in-capital is amounting to TRY 400 million and consists of 4,000 million shares.

000 TL	September 30, 2013	December 31, 2012
Common stock(*)	400,000	300,000
Preferred stock	-	-

(*) Nominal Capital

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

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

None.

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

None.

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

None.

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

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

- g) Information on preferred shares:

None.

- h) Information on marketable securities value increase fund:

	September 30, 2013	December 31, 2012
From Associates, Subsidiaries, and Jointly Controlled Entities (Joint Vent.)	-	-
Valuation Difference	(28,531)	8,824
Foreign Exchange Difference	-	-
Total	(28,531)	8,824

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

1. Information on off-balance sheet liabilities:

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

	September 30, 2013	December 31, 2012
Loan granting commitments	117,806	32,554
Payment commitments for checks	85,309	81,885
Forward asset purchase and sales commitments	22,020	41,073
Other irrevocable commitments	25,417	30,884
Total	250,552	186,396

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, 2013	December 31, 2012
Bank acceptance loans	7,257	5,372
Letters of credit	144,867	52,105
Other guarantees and collaterals	131,382	82,941
Total	283,506	140,418

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

	September 30, 2013	December 31, 2012
Definite letter of guarantees	908,314	681,630
Temporary letter of guarantees	129,043	137,318
Other letter of guarantees	146,625	119,543
Total	1,183,982	938,491

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

	September 30, 2013	December 31, 2012
Non-cash loans given against achieving cash loans	126,777	61,095
With maturity of 1 year or less than 1 year	65,421	17,733
With maturity of more than 1 year	61,356	43,362
Other non-cash loans	1,340,711	1,017,814
Total	1,467,488	1,078,909

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IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	September 30, 2013		September 30, 2012	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	105,783	14,607	130,809	12,184
Medium and long term loans	44,714	1,807	28,853	810
Interest on non-performing loans	2,998	-	391	-
Total	153,495	16,414	160,053	12,994

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

b) Information on interest received from banks:

	September 30, 2013		September 30, 2012	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	121	222	169	154
Foreign banks	4	3	-	6
Branches and head office abroad	-	-	-	-
Total	125	225	169	160

c) Interest received from marketable securities portfolio:

	September 30, 2013		September 30, 2012	
	TRY	FC	TRY	FC
Trading securities	4	-	17	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	22,208	-	14,653	787
Held-to-maturity securities	3,275	-	3,790	-
Total	25,487	-	18,460	787

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

None.

2. a) Information on interest on funds borrowed:

	September 30, 2013		September 30, 2012	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	1,206	3,727	2,228	3,628
The Central Bank of Turkey	-	-	-	-
Domestic banks	665	708	878	506
Foreign banks	541	3,019	1,350	3,122
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	1,206	3,727	2,228	3,628

(*) Includes fees and commission expenses for borrowings.

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

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

September 30, 2013								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TRY								
Bank deposits	-	2	-	-	-	-	-	2
Saving deposits	-	701	34,669	5,615	3,895	103	-	44,983
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	2,560	15,366	3,627	4,330	531	-	26,414
Other deposits	4	258	1,650	1,113	45	-	-	3,070
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	4	3,521	51,685	10,355	8,270	634	-	74,469
Foreign Currency								
Foreign currency deposits	3	630	16,834	2,587	425	3	-	20,482
Bank deposits	-	384	-	-	-	-	-	384
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	3	1,014	16,834	2,587	425	3	-	20,866
Grand Total	7	4,535	68,519	12,942	8,695	637	-	95,335
September 30, 2012								
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	-	1	-	-	-	-	-	1
Saving deposits	-	3,728	44,420	13,194	642	66	-	62,050
Public sector deposits	-	5	-	-	-	-	-	5
Commercial deposits	-	2,730	13,091	910	2,074	318	-	19,123
Other deposits	-	21	1,209	48	-	-	-	1,278
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	6,485	58,720	14,152	2,716	384	-	82,457
Foreign Currency								
Foreign currency deposits	-	1,460	18,401	1,994	810	7	-	22,672
Bank deposits	-	145	-	-	-	-	-	145
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	1,605	18,401	1,994	810	7	-	22,817
Grand Total	-	8,090	77,121	16,146	3,526	391	-	105,274

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

3. Information on net trading income:

	September 30, 2013	September 30, 2012
Income	471,100	993,582
Gains on capital market operations	7,152	1,063
Gains on derivative financial instruments	8,082	1,049
Foreign exchange gains	455,866	991,470
Losses (-)	(465,629)	(992,188)
Losses on capital market operations	(694)	(86)
Losses on derivative financial instruments	(10,290)	(1,779)
Foreign exchange losses	(454,645)	(990,323)

4. Information on other operating income:

	September 30, 2013	September 30, 2012
Reversal of free provisions	4,119	3,403
Reversal of specific provisions (cash)	2,603	1,421
Expense of previous year (**)	1,849	129
Income from sales of assets written off	437	257
Reversal of general loan loss provisions(*)	327	-
Provisions for communication expense collected from customers	61	55
Provisions for expenditure collected from customers	48	63
Other	992	1,534
Total	10,436	6,862

(*) As at September 30,2013 TRY 392 is due from reversal of uncompensated non-cash loan.

(**) As at September 30,2013 TRY 1,741 is collection from non performing loan customer.

5. Provision for impairment of loans and other receivables:

	September 30, 2013	September 30, 2012
Specific provisions for loans and other receivables	8,897	4,783
III. Group Loans and Receivables	2,439	2,531
IV. Group Loans and Receivables	2,699	1,518
V. Group Loans and Receivables	3,759	734
General loan loss provision expenses	6,140	5,710
Marketable securities impairment losses	383	289
Financial assets at fair value through profit and loss	1	-
Investment securities available for sale	382	289
Impairment provision expense on investments	98	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	98	-
Other	1,501	344
Total	17,019	11,126

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

6. Information on other operating expenses:

	September 30, 2013	September 30, 2012
Personnel expenses	46,914	38,648
Reserve for employee termination benefits	789	507
Taxes and duties	2,343	1,809
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	2,232	3,263
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	3,267	508
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	313	38
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	24,946	18,133
Rent expenses	7,393	6,674
Maintenance expenses	1,559	975
Advertisement expenses	219	282
Other expenses(*)	15,775	10,202
Loss on sales of assets	15	2
Other(**)	3,023	4,759
Total	83,842	67,667

(*) Included in other operating expenses; vehicle expenses are TRY 2,936 communication expenses are TRY 1,771, cleaning expenses are TRY 1,706, non-deductible expenses TRY 298, heating- lightening expenses are TRY 891, stationery expenses are TRY 417, computer usage expenses TRY 1,113, insurance expenses TRY 328, TRY 4,131 other provision expenses, TRY 564 representation expenses and other expenses are TRY 1,620 (September 30, 2012: TRY 2,623 vehicle; TRY 1,584 communication, TRY 1,310 cleaning, TRY 303 non-deductible expenses, TRY 789 heating- lightening; TRY 402 stationery, TRY 1,220 computer usage expenses and TRY 272 insurance expense, TRY 1,699 other expenses).

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 1,288, assurance and financial services expenses are TRY 1,027, unused vacation expenses are TRY 500 and other expenses are TRY 208. (September 30, 2012: TRY 778 premiums paid to Saving Deposit Insurance Fund; TRY 981 assurance and financial consultancy expenses, unused vacation expenses are TRY 129 and TRY 2,871 other expenses).

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

The Bank has TRY 26,045 profit before tax as of September 30, 2012 and TRY 18,066 profit before tax as of September 30, 2013. Compared to the prior year, the total of Bank's net interest income increased by 9%.

8. 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)

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

Other fees and commissions received

	September 30, 2013	September 30, 2012
Expertise fees collected from customers	875	563
Transfer commissions	285	320
Insurance commissions	89	80
Letters of credit commissions	14	102
Bills for collection commissions	1	27
Credit cards commissions and fees	3	4
Other banking operations income	7,669	8,032
Total	8,936	9,128

Other fees and commissions given	September 30, 2013	September 30, 2012
Commissions given to banks	311	289
Bond exchange transaction fee	168	74
EFT commissions	128	87
Money transfer commissions	96	63
Clearing reserve commissions	24	24
ATM commissions	8	8
Credit card commissions	-	32
Other	80	53
Total	815	630

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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, 2013:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period(*)	-	-	59	3,194	6,954	4,376
Balance at end of period	-	-	21,723	14,221	-	70
Interest and commission income	-	-	9	26	-	-

(*) At the beginning of period balance are expressed as of December 31, 2012.

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 548.

b) December 31, 2012:

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	-	-	192	7,522	-	2,346
Balance at end of period	-	-	59	3,194	6,954	4,376
Interest and commission income	-	-	-	20	701	33

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 59.

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, 2013	December 31, 2012	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Deposits						
Balance at beginning of period	-	-	1,223	488	289	16,852
Balance at end of period	-	-	28,060	1,223	226	289
Interest on deposits (*)	-	-	431	-	5	857

(*) Prior year profit and loss amounts belongs to September 30, 2012.

In addition, the Bank has "Funds Borrowed" at an amount of TRY 64,244 used from risk group of the Bank (December 31, 2012: TRY 42,226) and TRY 2,414 (September 30, 2012: TRY 1,418) interest expense was incurred from funds borrowed in 2013.

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

None.

d) As of September 30, 2013, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 6,290 (September 30, 2012: TRY 3,995).

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

2. Disclosures for related parties:

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	21,175	0,87
Banks and other receivables	548	0,22
Non-cash loans	14,290	0,84
Deposits	28,286	1,11
Borrowings	64,244	33,88

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

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

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.83%. Details of these loans are explained in 1a above.

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

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

	Number	Employees			
Domestic branches	27	538			
			Country		
Rep-offices abroad	-	-	-		
				Total Assets	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

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

None.

VII. Explanations and notes related to subsequent events

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.

Capital commitment amounting to TRY 100 million has been paid by the shareholders of the Bank and has been transferred into the share capital account with the approval of Banking Regulation and Supervision Agency dated May 28, 2013 and numbered 13388. The remaining capital commitment amounting to TRY 100 million has been paid as follows; BankMed SAL, shareholder of the Bank by 50%, has paid in cash TRY 50.0 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 paid amount has been recorded in suspense accounts as the approval from BRSA is awaiting as the date payment

According to Board of Directory decision dated September 28, 2013, the Management has been authorized to sell the uncollectible loans and receivables portfolio amounting to TRY 12,047. The sale of this portfolio is not completed as of the date of these financial statements.

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SECTION SIX

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

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

The financial statements of the Bank as of and for the period ended September 30, 2013 were reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited).

The independent auditor's limited review report dated November 11, 2013 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.