

TURKLAND BANK ANONİM ŐİRKETİ

**INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD
ENDED MARCH 31, 2013**

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

Turkland Bank Anonim Şirketi
31 Mart 2013 tarihinde sona eren ara hesap dönemine ait sınırlı bağımsız denetim raporu

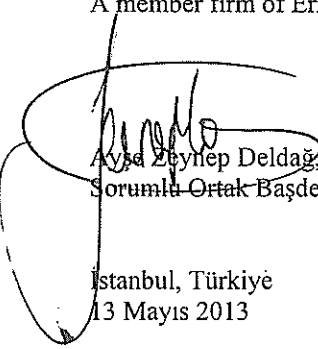
Turkland Bank Anonim Şirketi Yönetim Kurulu'na:

Turkland Bank Anonim Şirketi'nin ("Banka") 31 Mart 2013 tarihi itibarıyla hazırlanan bilançosu ile aynı tarihte sona eren döneme ait gelir tablosu, özkaynaklarda muhasebeleştirilen gelir gider kalemlerine ilişkin tablosu, nakit akış tablosu ve özkaynak değişim tablosunu sınırlı denetime tabi tutmuş bulunuyoruz. Rapor konusu finansal tablolar Banka yönetiminin sorumluluğundadır. Bağımsız denetimi yapan kuruluş olarak üzerimize düşen sorumluluk, gerçekleştirilen sınırlı denetime dayanarak bu finansal tablolar üzerine rapor sunmaktır.

Sınırlı denetim, 5411 sayılı Bankacılık Kanunu uyarınca yürürlüğe konulan hesap ve kayıt düzeni ile muhasebe ve bağımsız denetim ilkelerine ilişkin düzenlemelere uygun olarak gerçekleştirilmiştir. Bu düzenlemeler, sınırlı denetimin finansal tablolarda önemli bir yanlışlığın bulunup bulunmadığına dair sınırlı bir güvence verecek şekilde planlanmasını ve yapılmasını öngörür. Sınırlı denetim, temel olarak finansal tabloların analitik yöntemler uygulanarak incelenmesi, doğruluğunun sorgulanması ve denetlenenin yönetimi ile görüşmeler yapılarak bilgi toplanması ile sınırlı olduğundan, tam kapsamlı denetime kıyasla daha az güvence sağlar. Tam kapsamlı bir denetim çalışması yürütülmemesi nedeniyle bir denetim görüşü bildirilmemektedir.

Gerçekleştirmiş olduğumuz sınırlı denetim sonucunda, ilişikteki finansal tabloların, Turkland Bank Anonim Şirketi'nin 31 Mart 2013 tarihi itibarıyla mali durumunu ve aynı tarihte sona eren ara döneme ait faaliyet sonuçlarını ve nakit akımlarını 5411 sayılı Bankacılık Kanununun 37'nci maddesi gereğince yürürlükte bulunan düzenlemelerde belirlenen muhasebe ilke ve standartlarına ve Bankacılık Düzenleme ve Denetleme Kurulu tarafından muhasebe ve finansal raporlama esaslarına ilişkin yayımlanan diğer yönetmelik, tebliğ, açıklama ve genelgelere uygun olarak doğru bir biçimde yansıtmadığına dair önemli herhangi bir hususa rastlanmamıştır.

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


Ayşe Zeynep Deldağ,
Sorumlu Ortak Başdenetçi, SMMM

İstanbul, Türkiye
13 Mayıs 2013

**THE UNCONSOLIDATED FINANCIAL REPORT OF TURKLANDBANK A.Ş.
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013**

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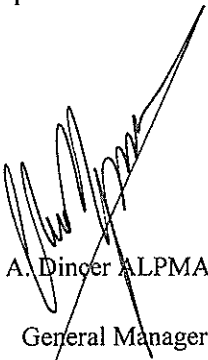
The unconsolidated financial report for the three months designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:


- 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.

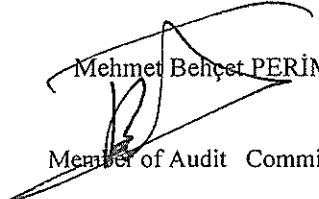
April 30, 2013

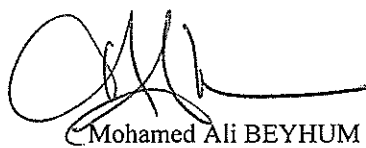

Nehme SABBAGH
Chairman of the Board
of Directors



A. Dincer ALPMAN
General Manager


Mehmet ÖZGÜNER
Executive Vice President


Gülşah SU
Manager
Financial Affairs


Mehmet Behçet PERİM
Member of Audit Committee


Mohamed Ali BEYHUM
Member of Audit Committee


Amin Rasheed Sa'id
HUSSEINI
Member of Audit Committee

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

Name-Surname / Title : Sevgi Üstün / Assistant Manager
Telephone Number : (0212) 368 37 24
Fax Number : (0212) 368 35 35

Translated into English from the original Turkish report and financial statements

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 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 170,000 to TRY 300,000, and it was registered in the Turkish Trade Registry Gazette dated June 20, 2011 numbered 7840. According to the BRSA Approval dated September 15, 2011 numbered 4381 the unused preemptive right of Arab Bank Plc amounting to TRY 65,000 have been used by Arab Bank (Switzerland) Ltd (ABS). Capital commitments have been paid by shareholders and according to the BRSA decision dated October 20, 2011 numbered 22244 it has been transferred to the capital accounts.

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 March 31, 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	84,999.99	%28,3	84,999.99	-
ARAB BANK (Switzerland)	65,000.00	%21,7	65,000.00	-
BANKMED, SAL	149,999.99	%50	149,999.99	-
OTHER	<1	%0	<1	-
Total	300,000.00	%100	300,000.00	-

As of March 31, 2013 the nominal value of the Bank's capital is amounting to TRY 300,000 and consists of 3,000 million shares.

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

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
Assistant General Mangers	DORUK PARMAN	Marketing Sales	PHD Degree
	HAKKI YILDIRMAZ	Human Resources	PHD Degree
	İLHAN ZEKİ KÖROĞLU	Operation and Information Technologies	Bachelor's Degree
	MEHMET ÖZGÜNER	Finance	Bachelor's Degree
	MÜNEVVER ERÖZ	Treasury and Financial Institutions	Master Degree
	YURDAKUL ÖZDOĞAN	Credit Lending & Monitoring	Bachelor's Degree

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

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

Information about the persons and institutions that have qualified shares as of March 31, 2013:

<u>Name of Shareholders</u>	<u>Share Amount</u>	<u>Share Ratios</u>	<u>Paid up Shares</u>	<u>Unpaid Shares</u>
ARAB BANK PLC	84,999.99	%28,3	84,999.99	-
ARAB BANK (Switzerland)	65,000.00	%21,7	65,000.00	-
BANKMED, SAL	149,999.99	%50	149,999.99	-

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

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

The Bank has 27 branches and 541 personnel. The Bank has no any subsidiaries in the financial sector (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 transactions below:

- 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 MARCH 31, 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 31.03.2013			Audited Prior Period 31.12.2012		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	98,206	242,123	340,329	91,249	199,347	290,596
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	178	-	178	182	5	187
2.1 Financial assets held for trading		178	-	178	182	5	187
2.1.1 Public sector debt securities		177	-	177	182	-	182
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		1	-	1	-	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	33	104,676	104,709	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	305,464	3	305,467	278,948	2	278,950
5.1 Share certificates		75	-	75	75	-	75
5.2 Public sector debt securities		305,389	3	305,392	278,873	2	278,875
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-5	1,889,386	348,744	2,238,130	1,750,867	266,043	2,016,910
6.1 Loans and receivables		1,853,302	348,744	2,202,046	1,717,791	266,043	1,983,834
6.1.1 Loans to risk group of the Bank		-	-	-	6,954	-	6,954
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		1,853,302	348,744	2,202,046	1,710,837	266,043	1,976,880
6.2 Non-performing loans		71,786	-	71,786	68,544	-	68,544
6.3 Specific provisions (-)		(35,702)	-	(35,702)	(35,468)	-	(35,468)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	I-6	43,801	-	43,801	70,959	-	70,959
8.1 Public sector debt securities		43,801	-	43,801	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)		13,806	-	13,806	11,379	-	11,379
XV. INTANGIBLE ASSETS (Net)		899	-	899	1,037	-	1,037
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		899	-	899	1,037	-	1,037
XVI. INVESTMENT PROPERTY (Net)	I-12	-	-	-	-	-	-
XVII. TAX ASSET	I-14	3,274	-	3,274	2,758	-	2,758
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		3,274	-	3,274	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	29,449	370	29,819	43,679	244	43,923
TOTAL ASSETS		2,384,496	695,916	3,080,412	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 MARCH 31, 2013 AND DECEMBER 31, 2012

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

	Note Ref. (Section Five)	Reviewed Current Period 31.03.2013			Audited Current Period 31.12.2012		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSİTS	II-1	1,275,664	935,760	2,211,424	1,366,022	783,291	2,149,313
1.1 Deposits from risk group of the Bank		24,981	146	25,127	1,370	142	1,512
1.2 Other		1,250,683	935,614	2,186,297	1,364,652	783,149	2,147,801
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	-	2	2	-	203	203
III. FUNDS BORROWED	II-3	20,939	126,337	147,276	24,704	107,791	132,495
IV. MONEY MARKET BALANCES		267,095	-	267,095	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		267,095	-	267,095	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		19,730	2,843	22,573	10,790	1,252	12,042
VIII. OTHER LIABILITIES	II-4	11,010	350	11,360	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	40,665	798	41,463	36,148	787	36,935
12.1 General loan loss provisions		24,282	-	24,282	21,994	-	21,994
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		7,835	-	7,835	7,051	-	7,051
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		8,548	798	9,346	7,103	787	7,890
XIII. TAX LIABILITY	II-8	7,931	-	7,931	7,866	-	7,866
13.1 Current tax liability		7,931	-	7,931	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	371,288	-	371,288	366,604	-	366,604
16.1 Paid-in capital		300,000	-	300,000	300,000	-	300,000
16.2 Supplementary capital		27,386	-	27,386	34,255	-	34,255
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		1,955	-	1,955	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		19,640	-	19,640	19,640	-	19,640
16.3.1 Legal reserves		967	-	967	967	-	967
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		15,927	-	15,927	15,927	-	15,927
16.3.4 Other profit reserves		2,746	-	2,746	2,746	-	2,746
16.4 Profit or loss		24,262	-	24,262	12,709	-	12,709
16.4.1 Prior years' income/ (losses)		12,709	-	12,709	-	-	-
16.4.2 Current year income/ (loss)		11,553	-	11,553	12,709	-	12,709
16.5 Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		2,014,322	1,066,090	3,080,412	2,071,313	894,937	2,966,250

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

TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS

FOR THE PERIODS ENDED MARCH 31, 2013 AND DECEMBER 31, 2012

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section Five)	Reviewed Current Period 31.03.2013			Audited Prior Period 31.12.2012		
		TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		6,514,042	430,501	6,944,543	6,280,576	408,773	6,689,349
I. GUARANTEES	III-1	796,115	347,819	1,143,934	779,826	299,083	1,078,909
1.1 Letters of guarantee		795,953	171,374	967,327	779,664	158,827	938,491
1.1.1 Guarantees subject to State Tender Law		28,021	6,562	34,583	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		767,932	98,706	866,638	749,122	117,630	866,752
1.2 Bank loans		-	2,548	2,548	-	5,372	5,372
1.2.1 Import letter of acceptance		-	2,548	2,548	-	5,372	5,372
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	73,180	73,180	-	52,105	52,105
1.3.1 Documentary letters of credit		-	73,180	73,180	-	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		162	100,717	100,879	162	82,779	82,941
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	5,711,751	64,485	5,776,236	5,500,750	63,208	5,563,958
2.1 Irrevocable commitments		125,320	64,485	189,805	123,188	63,208	186,396
2.1.1 Forward asset purchase and sales commitments		453	37,757	38,210	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		29,662	-	29,662	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		88,655	-	88,655	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		6,550	26,728	33,278	1,870	29,014	30,884
2.2 Revocable commitments		5,586,431	-	5,586,431	5,377,562	-	5,377,562
2.2.1 Revocable loan granting commitments		5,586,431	-	5,586,431	5,377,562	-	5,377,562
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		6,176	18,197	24,373	-	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		6,176	18,197	24,373	-	46,482	46,482
3.2.1 Forward foreign currency buy/sell transactions		700	696	1,396	-	-	-
3.2.1.1 Forward foreign currency transactions-buy		350	348	698	-	-	-
3.2.1.2 Forward foreign currency transactions-sell		350	348	698	-	-	-
3.2.2 Swap transactions related to foreign currency, and interest rates		-	12,057	12,057	-	46,482	46,482
3.2.2.1 Foreign currency swaps-buy		-	6,028	6,028	-	23,142	23,142
3.2.2.2 Foreign currency swaps-sell		-	6,029	6,029	-	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		5,476	5,444	10,920	-	-	-
3.2.3.1 Foreign currency options-buy		2,738	2,722	5,460	-	-	-
3.2.3.2 Foreign currency options-sell		2,738	2,722	5,460	-	-	-
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		8,163,184	1,467,671	9,630,855	7,371,545	1,384,508	8,756,053
IV. ITEMS HELD IN CUSTODY		438,251	61,436	499,687	442,251	69,280	511,531
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		23,069	3,068	26,137	26,292	5,467	31,759
4.3 Checks received for collection		390,721	45,925	436,646	392,655	51,778	444,433
4.4 Commercial notes received for collection		24,461	11,586	36,047	23,304	11,683	34,987
4.5 Other assets received for collection		-	854	854	-	340	340
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	3	3	-	12	12
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		7,724,933	1,406,235	9,131,168	6,929,294	1,315,228	8,244,522
5.1 Marketable securities		-	-	-	-	-	-
5.2 Guarantee notes		30,173	15,637	45,810	36,482	23,602	60,084
5.3 Commodities		1,646	-	1,646	1,646	-	1,646
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		2,470,484	345,903	2,816,387	2,117,686	301,444	2,419,130
5.6 Other pledged items		5,222,630	1,044,695	6,267,325	4,773,480	990,182	5,763,662
5.7 Pledged items-dispository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+D)		14,677,226	1,898,172	16,575,398	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 MARCH 31, 2013 AND 2012

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

III. STATEMENT OF INCOME

	Note (Section Five)	Reviewed Current Period 01.01-31.03.2013	Reviewed Prior Period 01.01-31.03.2012
I. INTEREST INCOME	IV-1	64,383	65,343
1.1 Interest on loans		54,395	53,992
1.2 Interest received from reserve deposits		-	-
1.3 Interest received from banks		79	188
1.4 Interest received from money market placements		73	2,418
1.5 Interest received from marketable securities portfolio		9,677	8,650
1.5.1 Held-for-trading financial assets		3	7
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		8,278	7,578
1.5.4 Investments held-to-maturity		1,396	1,065
1.6 Finance lease income		-	-
1.7 Other interest income		159	95
II. INTEREST EXPENSE	IV-2	(34,656)	(37,819)
2.1 Interest on deposits		(30,268)	(34,283)
2.2 Interest on funds borrowed		(1,622)	(1,720)
2.3 Interest on money market borrowings		(2,296)	(1,808)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(470)	(8)
III. NET INTEREST INCOME (I - II)		29,727	27,524
IV. NET FEES AND COMMISSIONS INCOME		6,201	6,126
4.1 Fees and commissions received		6,409	6,326
4.1.1 Non-cash loans		2,790	2,954
4.1.2 Other	IV-9	3,619	3,372
4.2 Fees and commissions paid		(208)	(200)
4.2.1 Non-cash loans		(13)	(12)
4.2.2 Other	IV-9	(195)	(188)
V. DIVIDEND INCOME		-	-
VI. NET TRADING INCOME	IV-3	6,060	115
6.1 Securities trading gains/ (losses)		6,417	170
6.2 Gain/(losses) from derivative financial instruments		1,053	(41)
6.3 Foreign exchange gains/ (losses)		(1,410)	(14)
VII. OTHER OPERATING INCOME	IV-4	1,810	3,368
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		43,798	37,133
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-5	(3,825)	(3,361)
X. OTHER OPERATING EXPENSES (-)	IV-6	(25,003)	(22,374)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		14,970	11,398
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)		14,970	11,398
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-7	(3,417)	(2,868)
16.1 Provision for current income taxes		(2,215)	(2,758)
16.2 Provision for deferred taxes		(1,202)	(110)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		11,553	8,530
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	11,553	8,530

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 MARCH 31, 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 01.01-31.03.2013	Reviewed Prior Period 01.01-31.03.2012
I. Additions to marketable securities revaluation differences for available for sale financial assets	(1,580)	3,510
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	1,718	(684)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	138	2,826
XI. Profit/Loss	4,547	8,440
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(7,006)	(90)
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	11,553	8,530
XII. Total Profit/Loss accounted for in the period (X±XI)	4,685	11,266

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 MARCH 31, 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Prior Period - 01.01-31.03.2012	Notic (Sterlin Five)	Paid-in Capital	Effect Of Inflation Accounting On Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation	Share Reserves	Legal Reserves	Statutory Reserves	Extrordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase/ (Decrease)	Tangible And Intangible Assets Revaluation Differences	Bonus Shares Obtained From Associates	Holding Funds	Acc. Valuation Diff. from Assets Held from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
I.	Prior period balance -31.12.2011		309,000	25,432	-	-	789	-	12,543	2,746	3,561	-	-	(6,999)	-	-	-	338,082	-	338,082	
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 (191)		309,000	25,432	-	-	789	-	12,543	2,746	3,561	-	-	(6,999)	-	-	-	338,082	-	338,082	
IV.	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV.	Increase/decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Merger of financial securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Merger of financial securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1	Merger of financial securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2	Merger of financial securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Merger of financial securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	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)		-	-	-	-	-	-	-	-	-	8,530	-	-	-	-	-	-	-	-	
XX.	Profit distribution		-	-	-	-	-	-	-	-	-	(3,561)	-	-	-	-	-	-	-	-	
20.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20.3	Other		-	-	-	-	-	-	-	-	-	(3,561)	-	-	-	-	-	-	-	-	
	Closing Balance		309,000	25,432	-	-	789	-	12,543	2,746	8,530	3,561	-	(4,253)	-	-	-	-	-	-	349,348

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 MARCH 31, 2013 AND 2012
 (Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	(Note)	Noted (Section FVS)	Paid-in Capital	Other Capital Reserves	Share Certificate Cancellation Premium	Share Reserves	Legal Reserves	Statutory Reserves	Extraordina- ry Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income/ Loss	Marketable Securities Value Increase/ Decrease	Tangible Intangible Assets Differences	Equity Gains 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
			300,000	25,431	-	967	-	15,927	2,746	12,709	12,709	12,709	8,824	-	-	-	-	366,604	-	366,604
I.	Current Period - 01.01-31.12.2013																			
	Changes in the period																			
II.	Merger increases related to merger																			
III.	Merger increases related to merger																			
IV.	Merger increases related to merger																			
V.	Merger increases related to merger																			
VI.	Merger increases related to merger																			
VII.	Merger increases related to merger																			
VIII.	Merger increases related to merger																			
IX.	Merger increases related to merger																			
X.	Merger increases related to merger																			
XI.	Merger increases related to merger																			
XII.	Merger increases related to merger																			
XIII.	Merger increases related to merger																			
XIV.	Merger increases related to merger																			
XV.	Merger increases related to merger																			
XVI.	Merger increases related to merger																			
XVII.	Merger increases related to merger																			
XVIII.	Merger increases related to merger																			
18.1	Merger increases related to merger																			
18.2	Merger increases related to merger																			
18.3	Merger increases related to merger																			
	Closing Balance		300,000	25,431	-	967	-	15,927	2,746	11,553	11,553	12,709	1,955	-	-	-	-	371,288	-	371,288

(* The Bank's net profit for the year 2012 amounting to TRY 12,709, in meeting of General Assembly held on April 18, 2013, it has been resolved that , the Bank's distributable profit for the year 2012 amounting to TRY 8,404 is not going to be distributed as dividends, according to 519/1 article of Turkish Commercial Law 5% legal reserve amounting to TRY 365 will be maintained, the remaining net distributable profit at an amount of TRY 7,769 will be kept as extraordinary reserves.

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Reviewed Current Period 01.01-31.03.2013	Reviewed Prior Period 01.01-31.03.2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		25,214	32,729
1.1.1 Interest received		65,440	72,657
1.1.2 Interest paid		(33,271)	(35,877)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		6,989	6,575
1.1.5 Other income		8,147	866
1.1.6 Collections from previously written off loans		4,377	848
1.1.7 Payments to personnel and service suppliers		(14,560)	(14,249)
1.1.8 Taxes paid		(1,413)	(541)
1.1.9 Others	VI-1	(10,495)	2,450
1.2 Changes in operating assets and liabilities		(158,503)	(86,428)
1.2.1 Net (increase) decrease in financial assets held for trading		1	(1)
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		(47,378)	(9,456)
1.2.4 Net (increase) decrease in loans		(227,601)	(225,247)
1.2.5 Net (increase) decrease in other assets	VI-1	14,096	(2,618)
1.2.6 Net increase (decrease) in bank deposits		59,664	(36,519)
1.2.7 Net increase (decrease) in other deposits		57,509	149,608
1.2.8 Net increase (decrease) in funds borrowed		15,443	40,105
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	VI-1	(30,237)	(2,300)
I. Net cash provided from banking operations		(133,289)	(53,699)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(10,822)	(2,686)
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		(648)	(421)
2.4 Fixed assets sales		554	328
2.5 Cash paid for purchase of financial assets available for sale		(144,956)	(35,300)
2.6 Cash obtained from sale of financial assets available for sale		108,848	32,936
2.7 Cash paid for purchase of investment securities		(5,097)	-
2.8 Cash obtained from sale of investment securities		30,509	-
2.9 Others		(32)	(229)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		-	-
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase (*)		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	VI-1	1,648	(6,119)
V. Net increase / (decrease) in cash and cash equivalents		(142,463)	(62,504)
VI. Cash and cash equivalents at beginning of the period		358,938	241,771
VII. Cash and cash equivalents at end of the period		216,475	179,267

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

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SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Bank prepares financial statements and notes according to Communiqué on Banks' Accounting Practice and Maintaining Documents (published in the Official Gazette numbered 26333 dated November 1, 2006), Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures (published in the Official Gazette numbered 28337 dated June 28, 2012), Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS), other regulations, communiques, circulars and pronouncements made by Banking Regulation and Supervision Agency (BRSA) in respect of accounting and financial reporting.

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 IFRS 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.

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

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 13.92 % 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 11.34% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 3.40% 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.

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III. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

IV. Explanations on Interest Income and Expenses

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

V. Explanations on Fees and Commission Income and Expenses

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

VI. Explanations on Financial Assets

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

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

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

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

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

TURKLAND BANK ANONİM ŞİRKETİ
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VI. Explanations on Financial Assets (continued)

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value Through Profit and Loss

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

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

Held to Maturity Investments

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

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

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

Financial Assets Available for Sale

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

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

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

The Bank has an equity investment with participation rate of 0.0025% 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.

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VI. Explanations on Financial Assets (continued)

Loans and receivables

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

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

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

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

VII. Explanations on Impairment of Financial Assets

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

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

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

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

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

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

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VII. Explanations on Impairment of Financial Assets (continued)

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

As of March 31, 2013 the provision rates determined for the non-cash loans are not exceeded and standard rates which are determined in the regulation have been used for the non-cash loans.

In accordance with the change in "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"(published in the Official Gazette numbered 27968 dated June 18, 2011), The banks whose total consumer loans to total loans more than 20% and the auto and housing loans, vehicle classed as non-performing loans consumer loans and consumer loans, housing loans, other than the banks that over 8% of the overall response rate observed in the first group auto and housing for maturities of loans for consumer loans other than loans at 4% in the second group followed the vehicle for consumer loans and mortgage loans, except for maturities of 8% applies" rulling is given.

As of March 31,2013 the rates determined above for consumer loans are not exceed, consumer loans is used for the 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.

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

VIII. Explanations on Offsetting of Financial Assets and Liabilities

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

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

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

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

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

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

As of March 31, 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 March 31, 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.

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.

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XII. Explanations on Tangible Fixed Assets

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

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

	%
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.

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 82. The total amount of those cases consists of TRY 414, USD 1,604 Thousand and EUR 193 Thousand. There is a provision of TRY 588 in the accompanying financial statements for these cases (December 31, 2012: TRY 582).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

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.

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 made corporate tax provision amounted to TRY 2,205 in current period (December 31, 2012: 9,455).

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XVI. Explanations on Taxation (continued)

Deferred Tax Liability / Asset:

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

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

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

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

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax charge stated under the tax provision amounted to TRY 1,202 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.

TURKLAND BANK ANONİM ŞİRKETİ
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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 June 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 14.17% as of March 31,2013. (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	671,308	-	-	1,078	-	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	252	-	-	-	-	21,342	-	-
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	8,672	-	56,072	172,476	-	1,020	-	-
Contingent and Non-Contingent Corporate Receivables	64,266	-	-	-	-	1,641,180	-	-
Contingent and Non-Contingent Retail Receivables	6,762	-	-	-	194,600	108,850	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	529,594	-	124,727	-	-
Past Due Receivables	43	-	-	3,962	-	23,746	8,332	-
Receivables defined in high risk category by BRSA	3,815	-	-	-	-	10	16,390	29,149
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-	-
Other Receivables	1,885,623	-	-	-	-	37,639	-	-

*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:

	March 31, 2013	December 31, 2012
Required Capital Liabilities for Credit Risk (Main related with Credit Risk *0.08) (RCLCR)	205,169	187,401
Required Capital Liabilities for Market Risk (RCLMR)	89	80
Required Capital Liabilities for Operational (RCLOR)	15,845	12,789
Shareholders' Equity	391,499	380,128
Shareholders' Equity/((RCLCR +RCLMR+RCLOR)*12,5*100)	14.17	15.18

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

Information related to the components of shareholders' equity:

	March 31, 2013	December 31, 2012
CORE CAPITAL		
Paid up Capital	300,000	300,000
Nominal capital	300,000	300,000
Capital commitments (-)	-	-
Inflation adjustment to share capital	25,431	25,431
Share premium	-	-
Cancellation profits	-	-
Legal reserves, status reserves and extraordinary reserves	19,640	19,640
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	24,262	12,709
Current period net profit	11,553	12,709
Prior years' profits	12,709	-
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 (-)	(2,048)	(2,523)
Intangible assets (-)	(899)	(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	366,386	354,220
SUPPLEMENTARY CAPITAL		
General loan loss reserves	24,282	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	880	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	25,162	25,965
CAPITAL	391,548	380,185
DEDUCTIONS FROM THE CAPITAL	(49)	(57)
Investments in Unconsolidated Financial Institutions (Domestic, Foreign) and Banks	-	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and Debt Instruments That Have Primary Secondary Subordinated Loan Nature Purchased From Them	-	-
Investment in Financial Institutions (Domestic, Foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	-	-
Loans extended as contradictory to the articles 50 and 51 of the law	-	-
The net book value of Bank's Immovables that are 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	(4)	(3)
Securitisation positions deducted from equity	-	-
Other	(45)	(54)
Total Shareholders' Equity	391,499	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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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 June 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
(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	83
(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	5
(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)	89
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	1,113

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 28/06/2012, “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 and weekly. Any possible changes in the foreign currency transactions in the Bank's positions are also monitored.

The announced current foreign exchange buying rates of the Bank at March 31, 2013 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	March 25, 2013	March 26, 2013	March 27, 2013	March 28, 2013	March 29, 2013	March 31, 2013
USD	1,8161	1,8197	1,8131	1,8196	1,8095	1,8086
CHF	1,9272	1,9200	1,9120	1,9083	1,9065	1,9057
GBP	2,7625	2,7595	2,7486	2,7484	2,7448	2,7481
100 JPY	1,9162	1,9237	1,9230	1,9300	1,9220	1,9211
EURO	2,3559	2,3440	2,3340	2,3239	2,3217	2,3187

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before March 31, 2013 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1,8075
CHF	1,9104
GBP	2,7266
100 JPY	1,9078
EURO	2,3419

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III. Explanations Related to Currency Risk (continued)

March 31, 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.	55,370	186,165	-	588	242,123
Banks	9,952	93,618	153	953	104,676
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	3	-	-	3
Loans (*)	301,687	418,030	-	-	719,717
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	4	363	-	3	370
Total Assets	367,013	698,179	153	1,544	1,066,889
Liabilities					
Bank Deposits	269	23,694	-	605	24,568
Foreign Currency Deposits	263,797	647,085	-	310	911,192
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	92,656	33,681	-	-	126,337
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	828	2,015	-	-	2,843
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	44	1,104	-	-	1,148
Total Liabilities	357,594	707,579	-	915	1,066,088
Net Balance Sheet Position	9,419	(9,400)	153	629	801
Net Off-Balance Sheet Position	(12,289)	11,384	-	-	(905)
Financial Derivative Assets (***)	15,883	30,519	-	-	46,402
Financial Derivative Liabilities (***)	(28,172)	(19,135)	-	-	(47,307)
Non-Cash Loans (**)	93,542	249,338	584	4,356	347,820
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 370,973 (December 31, 2012: TRY 327,555) are included in the loan portfolio.

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

(***) It includes also 18,653 TRY and 19,104 TRY forward asset purchase & sale commitments (December 31, 2012: TRY 19,366 and TRY 14,828, respectively).

(****) TRY 1 asset from derivative financial instruments and TRY 2 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	
		March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
USD	%10 increase	198	(2)	-	-
USD	%10 decrease	(198)	2	-	-
EURO	%10 increase	287	(42)	-	-
EURO	%10 decrease	(287)	42	-	-

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
March 31, 2013							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	340,329	340,329
Banks	101,646	-	-	-	-	3,063	104,709
Financial Assets at Fair Value Through Profit and Loss	59	-	90	-	29	-	178
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	23,203	83,784	170,679	27,725	1	75	305,467
Loans (*)	1,427,243	90,502	356,399	327,861	-	41	2,202,046
Held-To-Maturity Investments	1,385	-	27,210	15,206	-	-	43,801
Other Assets (**)	-	-	-	-	-	83,882	83,882
Total Assets	1,553,536	174,286	554,378	370,792	30	427,390	3,080,412
Liabilities							
Bank Deposits	14,531	9,063	-	-	-	1,165	24,759
Other Deposits	1,232,481	686,331	118,634	-	-	149,219	2,186,665
Money Market Borrowings	267,095	-	-	-	-	-	267,095
Sundry Creditors	-	-	-	-	-	22,573	22,573
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	17,813	52,395	59,419	17,629	-	20	147,276
Other Liabilities (***)	463	283	-	-	-	431,298	432,044
Total Liabilities	1,532,383	748,072	178,053	17,629	-	604,275	3,080,412
Balance Sheet Long Position	21,153	-	376,325	353,163	30	-	750,671
Balance Sheet Short Position	-	(573,786)	-	-	-	(176,885)	(750,671)
Off-Balance Sheet Long Position	-	-	-	-	-	58,921	58,921
Off-Balance Sheet Short Position	-	-	-	-	-	(58,804)	(58,804)
Total Position	21,153	(573,786)	376,325	353,163	30	(176,768)	117

(*) 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 13,806, intangible assets amounting to TRY 899, tax asset amounting to TRY 3,274, clearing account amounting to TRY 2,638, prepaid expenses amounting to TRY 3,990, system improvement investments amounting to TRY 18,749, net non performing loans amounting to TRY 36,084 and other assets amounting to TRY 4,442.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 371,288, TRY 7,931 tax liabilities, TRY 41,463 provisions, and TRY 11,360 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 %
March 31, 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	0,14	0,28	-	-
Financial Assets At Fair Value Through Profit And Loss	-	-	-	8,97
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	-	6,60	-	4,46
Loans	5,43	6,46	-	12,55
Held-To-Maturity Investments	-	-	-	8,65
Liabilities				
Bank Deposits	-	2,36	-	-
Other Deposits	3,19	3,34	-	7,98
Money Market Borrowings	-	-	-	5,39
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3,53	4,07	-	6,10

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 Evolution 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	(24,540)	(%6)
		(400)	22,502	%6
2	EURO	200	(2,276)	(%1)
		(200)	2,533	%1
3	USD	200	(882)	%0
		(200)	980	%0
Total (For Negative Shock)			26,015	%7
Total (For Positive Shock)			(27,698)	(%7)

* 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 2,128. 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 1,260.

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:

March 31, 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 (****)	111,738	126,168	83,986	14,080	4,357	-	-	340,329
Banks	3,063	101,646	-	-	-	-	-	104,709
Financial Assets at Fair Value Through Profit and Loss	-	59	-	90	-	29	-	178
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	9,968	2,977	27,159	107,754	157,534	75	305,467
Loans (***)	-	1,427,284	90,502	356,399	327,861	-	-	2,202,046
Held-To-Maturity Investments	-	-	-	27,210	15,206	1,385	-	43,801
Other Assets	-	2,638	-	-	-	-	81,244	83,882
Total Assets	114,801	1,667,763	177,465	424,938	455,178	158,948	81,319	3,080,412
Liabilities								
Bank Deposits	1,165	14,531	9,063	-	-	-	-	24,759
Other Deposits	149,219	1,232,481	686,331	118,634	-	-	-	2,186,665
Funds Provided From Other Financial Institutions	-	17,833	52,395	59,419	17,629	-	-	147,276
Money Market Borrowings	-	267,095	-	-	-	-	-	267,095
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	22,573	-	-	-	-	-	22,573
Other Liabilities (**)	-	19,010	283	-	-	-	412,751	432,044
Total Liabilities	150,384	1,573,523	748,072	178,053	17,629	-	412,751	3,080,412
Liquidity Gap	(35,583)	94,240	(570,607)	246,885	437,549	158,948	(331,432)	-
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	672,386	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	21,954	252	-	-
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	238,240	8,705	-	-
Contingent and Non-Contingent Corporate Receivables	1,705,446	69,009	-	-
Contingent and Non-Contingent Retail Receivables	310,212	7,734	-	-
Contingent and Non-Contingent Receivables Secured by Property	654,321	-	-	-
Past Due Receivables	36,083	43	-	-
Receivables defined in high risk category by BRSA	49,364	3,998	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-
Investment similar to collective investment funds	-	-	-	-
Other Receivables	1,923,262	-	-	-
Total	5,610,808	89,741	-	-

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 June 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 June 28,2012, numbered 28337."

At the Bank, by considering Regulation on the Internal Systems of Banks published in the Official Gazette No. 28337 dated 28/06/2012, banking processes and policies were revised. Consequently, related procedures/policies are updated/formed and then approved by the Board of Directors at December 2012.

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

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

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

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

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 is 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:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	4,777	12,487	6,628	16,928
Balances with the Central Bank of Turkey	93,429	229,636	84,621	182,419
Other	-	-	-	-
Total	98,206	242,123	91,249	199,347

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

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Unrestricted demand deposits	93,429	1,075	84,621	1,236
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
FC Reserve deposits	-	228,561	-	181,183
Total	93,429	229,636	84,621	182,419

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
%12,5	%9	Ratios for corresponding maturities	%12,5	%10,5	%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 177 (December 31, 2012: TRY 182).

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

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

3. a) Information on banks:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Banks				
Domestic	33	101,685	13	95,097
Foreign	-	2,991	-	2,416
Branches and head office abroad	-	-	-	-
Total	33	104,676	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:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	14,840	-	34,242	-
Other	-	-	-	-
Total	14,840	-	34,242	-

Available-for-sale securities given as collateral for Interbank money market and open market transactions are TRY 982(December 31, 2012: TRY 968) and TRY 13,858, 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:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	255,397	-	170,139	-
Other	-	-	-	-
Total	255,397		170,139	-

Net book value of unrestricted financial assets available-for-sale is TRY 35,230 (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:

	March 31, 2013	December 31, 2012
Debt securities	305,392	278,875
Quoted on a stock exchange	305,392	278,875
Not quoted	-	-
Share certificates	75	75
Quoted on a stock exchange	-	-
Not quoted	75	75
Impairment provision (-)	-	-
Total	305,467	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:

	March 31, 2013		December 31, 2012	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	58	70	59	71
Corporate shareholders	58	70	59	71
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	1,854	-	3,124
Loans granted to employees	947	1,175	845	1,175
Total	1,005	3,332	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	2,086,663	10,025	-	68,120	37,238	-
Discount notes	1,507,912	5,507	-	55,254	36,064	-
Export loans	386,391	4,518	-	91	1,144	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	65,640	-	-	-	-	-
Foreign loans	71	-	-	-	-	-
Consumer loans	40,966	-	-	10,425	30	-
Credit cards	-	-	-	-	-	-
Precious metals loans	-	-	-	-	-	-
Other	85,683	-	-	2,080	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	2,086,663	10,025	-	68,120	37,238	-

- 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	10,025	35,376
3, 4 or 5 times extended	-	1,821
5 Over the extended	-	41
Total	10,025	37,238

	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	-	1,263
6 – 12 Month	5,730	10,548
1 – 2 Year	40	14,081
2 – 5 Year	4,255	11,346
5 Years and Over	-	-
Total	10,025	37,238

As of March 31, 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 495 and for watchlist-loans, which the payments are rescheduled, amounting to TRY 1,839 (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	4,833	44,838	49,671
Housing Loans	2,868	5,869	8,737
Car Loans	95	539	634
General Purpose Loans	1,396	26,978	28,374
Other	474	11,452	11,926
Consumer Loans –Indexed to FC	-	71	71
Housing Loans	-	43	43
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	28	28
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	410	222	632
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	410	222	632
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) (*)	1,049	-	1,049
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	6,292	45,131	51,423

(*) Overdraft Accounts includes TRY 245 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	28,153	257,083	285,236
Business Loans	-	37	37
Car Loans	49	2,916	2,965
General Purpose Loans	-	7,415	7,415
Other	28,104	246,715	274,819
Commercial loans with installment facility - Indexed to FC	3,012	130,238	133,250
Business Loans	-	-	-
Car Loans	1,592	40,400	41,992
General Purpose Loans	-	880	880
Other	1,420	88,958	90,378
Commercial loans with installment facility –FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Legal Entities)	13,904	-	13,904
Overdraft Accounts-FC(Legal Entities)	-	-	-
Toplam	45,069	387,321	432,390

f) Domestic and foreign loans:

	March 31, 2013	December 31, 2012
Domestic loans	2,201,879	1,983,627
Foreign loans	167	207
Total	2,202,046	1,983,834

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	March 31, 2013	December 31, 2012
Specific provisions		
Loans and receivables with limited collectability	531	-
Loans and receivables with doubtful collectability	3,979	4,002
Uncollectible loans and receivables	31,192	31,466
Total	35,702	35,468

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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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
March 31, 2013			
(Gross amount before specific provision) (*)	614	23	472
Restructured Loans and Other Receivables	614	23	472
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 March 31, 2013 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 528 (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 (+)	7,162	416	41
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections (-)	(3,132)	(182)	(1,063)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
March 31, 2013 balance	4,030	16,355	51,401
Specific provision (-)	(531)	(3,979)	(31,192)
Net Balances on Balance Sheet	3,499	12,376	20,209

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
March 31, 2013 (Net)			
Loans to Real Persons and Legal Entities (Gross)	4,030	16,355	51,401
Specific provision (-)	(531)	(3,979)	(31,192)
Loans to Real Persons and Legal Entities (Net)	3,499	12,376	20,209
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:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	22,855	-	26,542	-
Other	-	-	-	-
Total	22,855	-	26,542	-

Held-to-maturity investments given as collateral for open market transactions in Central Bank and Interbank Markets are TRY 2,121 and TRY 3,915, respectively and TRY 16,819 is kept as collateral in Takasbank for to make transaction in Stock Exchange as of March 31, 2013 (December 31, 2012: TRY 6,057, TRY 3,845, TRY 16,640).

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

	March 31, 2013		December 31, 2012	
	TP	YP	TP	YP
Treasury Bills	17,534	-	39,665	-
Bond, Treasury bill and similar securities	-	-	-	-
Other	-	-	-	-
Total	17,534	-	39,665	-

Book value of held to maturity investments classified as unrestricted financial assets is TRY 3,412 (December 31, 2012: TRY 4,752).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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I. Explanations and Disclosures Related to the Assets (continued)

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

	March 31, 2013	December 31, 2012
Treasury bills	43,801	70,959
Bond, bills and other similar securities	-	-
Government bonds	-	-
Other public sector debt securities	-	-
Total	43,801	70,959

c) Information on held-to-maturity investments:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	43,801	-	70,959	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	-	-
Total	43,801	-	70,959	-

d) Movement of held-to-maturity investments:

	March 31, 2013	December 31, 2012
Beginning balance	70,959	53,738
Foreign currency differences on monetary assets(*)	(1,746)	(463)
Purchases during year	5,097	67,307
Disposal through sales and redemptions	(30,509)	(49,623)
Impairment provision (-)	-	-
Closing Balance	43,801	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 3,274. (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:

	March 31, 2013	December 31, 2012
System Investments	18,749	14,899
Prepaid Expenses	3,990	2,169
Settlement Accounts	2,638	24,691
Real Rotate Transfer Cost	2,200	549
Advances Given	387	243
Other	1,855	1,372
Toplam	29,819	43,923

- 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) March 31, 2013 :

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	10,153	-	16,453	519,181	84,509	42,393	1,114	-	673,803
Foreign currency deposits	83,037	-	18,790	726,184	70,715	12,448	18	-	911,192
Residents in Turkey	78,762	-	16,714	692,668	66,097	5,928	18	-	860,187
Residents abroad	4,275	-	2,076	33,516	4,618	6,520	-	-	51,005
Public sector deposits	1,134	-	-	-	-	-	-	-	1,134
Commercial deposits	54,731	-	71,110	317,035	69,999	53,883	8,321	-	575,079
Other institutions deposits	164	-	114	21,965	2,005	1,202	7	-	25,457
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	1,165	-	-	23,594	-	-	-	-	24,759
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	24	-	-	-	-	-	-	-	24
Foreign Banks	1,141	-	-	23,594	-	-	-	-	24,735
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	150,384	-	106,467	1,607,959	227,228	109,926	9,460	-	2,211,424

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	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Saving deposits	160,801	114,937	507,807	739,755
Foreign currency saving deposits	55,782	31,459	380,001	416,526
Other deposits in the form of saving deposits	330	122	4,676	5,115
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	216,913	149,518	892,484	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:

	March 31, 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	1,515	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:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Forward Transactions	-	1	-	-
Swap Transactions	-	1	-	203
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	2	-	203

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

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
From Domestic Banks and Institutions	10,933	29,582	11,151	23,765
From Foreign Banks, Institutions and Funds	10,006	96,755	13,553	84,026
Total	20,939	126,337	24,704	107,791

b) Maturity analysis of borrowings:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Short-term	20,939	91,522	24,704	61,958
Medium and long-term	-	34,815	-	45,833
Total	20,939	126,337	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 three months of 2013, operational lease expenses amounting to TRY 2,388 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:

	March 31, 2013	December 31, 2012
General Provisions		
Provisions for First Group Loans and Receivables	18,614	16,506
- Additional Provision for Extended Period	495	116
Provisions for Second Group Loans and Receivables	1,290	1,215
- Additional Provision for Extended Period	1,839	2,240
Provisions for Non-cash Loans	2,044	1,917
Toplam	24,282	21,994

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 2,580 (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 1,945 (December 31, 2012: TRY 1,813) 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.

	March 31, 2013	December 31, 2012
Employee termination benefit provision	5,173	4,898
Unused vacation provision	2,662	2,153
Total of provision for employee benefits	7,835	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:

	March,31, 2013	December 31, 2012
Specific provisions provided for unindemnified non cash loans	1,945	1,812
Other provisions (*)	7,401	6,078
Total	9,346	7,890

(*) Other provisions include TRY 145 of the remaining bonus provision from 2011, TRY 4,750 of the bonus provision from 2012 , TRY 1,313 of the remaining bonus provision from 2013, TRY 605 of other provisions, TRY 588 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 March 31, 2013, remaining tax liability after prepaid taxes are netted off;

	March 31, 2013	December 31, 2012
Current Period Tax Payable	11,670	9,455
Prepaid Tax	(9,465)	(8,052)
Total	2,205	1,403

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

a.2) Explanations on taxes payable:

	March 31, 2013	December 31, 2012
Corporate Tax Payable	2,205	1,403
BSMV	1,883	1,952
Taxation on Securities	1,668	2,319
Payroll Tax	793	868
Property Tax	265	219
Value Added Tax Payable	46	173
Stamp Tax	32	30
Other	45	42
Total	6,937	7,006

a.3) Information on premiums:

	March 31, 2013	December 31, 2012
Social Security Premiums-Employee	373	322
Social Security Premiums-Employer	544	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	26	22
Unemployment Insurance-Employer	51	44
Other	-	-
Total	994	860

b) Explanations on deferred tax liabilities, if any:

None.

9. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

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

As of March 31, 2013 the nominal value of the Bank's paid-in-capital is amounting to TRY 300 million and consists of 3,000 million shares.

000 TL	March 31, 2013	December 31, 2012
Common stock(*)	300,000	300,000
Preferred stock	-	-

(*) Nominal Capital

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II. 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:

	March 31, 2013	December 31, 2012
From Associates, Subsidiaries, and Jointly Controlled Entities (Joint Vent.)	-	-
Valuation Difference	1,955	8,824
Foreign Exchange Difference	-	-
Total	1,955	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:

	March 31, 2013	December 31, 2012
Loan granting commitments	29,662	32,554
Payment commitments for checks	88,655	81,885
Forward asset purchase and sales commitments	38,210	41,073
Other irrevocable commitments	33,278	30,884
Total	189,805	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:

	March 31, 2013	December 31, 2012
Bank acceptance loans	2,548	5,372
Letters of credit	73,180	52,105
Other guarantees and collaterals	100,879	82,941
Total	176,607	140,418

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

	March 31, 2013	December 31, 2012
Definite letter of guarantess	711,878	681,630
Temporary letter of guarantees	130,973	137,318
Other letter of guarantees	124,476	119,543
Total	967,327	938,491

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

	March 31, 2013	December 31, 2012
Non-cash loans given against achieving cash loans	74,219	61,095
With maturity of 1 year or less than 1 year	19,533	17,733
With maturity of more than 1 year	54,686	43,362
Other non-cash loans	1,069,715	1,017,814
Total	1,143,934	1,078,909

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IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	36,160	4,679	41,326	3,843
Medium and long term loans	12,734	391	8,394	411
Interest on non-performing loans	431	-	18	-
Total	49,325	5,070	49,738	4,254

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

b) Information on interest received from banks:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	10	69	136	52
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Total	10	69	136	52

c) Interest received from marketable securities portfolio:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Trading securities	3	-	7	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	8,278	-	6,976	603
Held-to-maturity securities	1,396	-	1,064	-
Total	9,677	-	8,047	603

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

None.

2. a) Information on interest on funds borrowed:

	March 31, 2013		December 31, 2012	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	545	1,077	567	1,153
The Central Bank of Turkey	-	-	-	-
Domestic banks	223	230	267	140
Foreign banks	322	847	300	1,013
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	545	1,077	567	1,153

(*) Includes fees and commission expenses for borrowings.

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

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

- 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:

March 31, 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	Accumulati ng Deposits	Total
TRY								
Bank deposits	-	2	-	-	-	-	-	2
Saving deposits	-	229	12,475	2,209	276	20	-	15,209
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	955	4,529	1,461	1,135	179	-	8,259
Other deposits	-	5	302	5	-	-	-	312
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	1,191	17,306	3,675	1,411	199	-	23,782
Foreign Currency								
Foreign currency deposits	-	206	5,280	784	111	-	-	6,381
Bank deposits	-	105	-	-	-	-	-	105
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	311	5,280	784	111	-	-	6,486
Grand Total	-	1,502	22,586	4,459	1,522	199	-	30,268

March 31, 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	Accumulati ng Deposits	Total
TRY								
Bank deposits	-	-	-	-	-	-	-	-
Saving deposits	-	1,238	13,613	4,377	56	19	-	19,303
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	1,224	4,476	340	632	88	-	6,760
Other deposits	-	11	295	39	-	-	-	345
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	2,473	18,384	4,756	688	107	-	26,408
Foreign Currency								
Foreign currency deposits	-	638	6,301	758	167	3	-	7,867
Bank deposits	-	8	-	-	-	-	-	8
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	646	6,301	758	167	3	-	7,875
Grand Total	-	3,119	24,685	5,514	855	110	-	34,283

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

3. Information on net trading income:

	March 31, 2013	March 31, 2012
Income	209,324	402,802
Gains on capital market operations	7,111	170
Gains on derivative financial instruments	2,410	373
Foreign exchange gains	199,803	402,259
Losses (-)	(203,264)	(402,687)
Losses on capital market operations	(694)	-
Losses on derivative financial instruments	(1,357)	(414)
Foreign exchange losses	(201,213)	(402,273)

4. Information on other operating income:

	March 31, 2013	March 31, 2012
Reversal of general loan loss provisions(*)	618	361
Reversal of specific provisions (cash)	327	-
Income from sales of assets written off	279	168
Income of previous year	79	65
Provisions for communication expense collected from customers	39	20
Provisions for expenditure collected from customers	25	16
Reversal of free provisions	-	2,311
Other	443	427
Total	1,810	3,368

(*) March 31, 2013 TRY 106 is due from reversal of uncompensated non-cash loan.

5. Provision for impairment of loans and other receivables:

	March 31, 2013	March 31, 2012
Specific provisions for loans and other receivables	744	244
III. Group Loans and Receivables	531	36
IV. Group Loans and Receivables	1	-
V. Group Loans and Receivables	212	208
General loan loss provision expenses	2,616	2,893
Provision expenses for possible losses	-	-
Marketable securities impairment losses	199	96
Financial assets at fair value through profit and loss	1	-
Investment securities available for sale	198	96
Impairment provision expense on investments	26	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	26	-
Other	240	128
Total	3,825	3,361

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

6. Information on other operating expenses:

	March 31, 2013	March 31, 2012
Personnel expenses	13,586	13,388
Reserve for employee termination benefits	275	116
Taxes and duties	779	576
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	924	1,062
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	170	172
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	41	9
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	7,968	6,006
Rent expenses	2,388	2,209
Maintenance expenses	264	274
Advertisement expenses	89	94
Other expenses(*)	5,227	3,429
Loss on sales of assets	4	-
Other(**)	1,256	1,045
Total	25,003	22,374

(*) Included in other operating expenses; vehicle expenses are TRY 973, communication expenses are TRY 613, cleaning expenses are TRY 461, non-deductible expenses TRY 46, heating- lightning expenses are TRY 288, stationery expenses are TRY 174, computer usage expenses TRY 533, insurance expenses TRY 120, TRY 1,313 premium expense provisions, TRY 180 representation expenses and other expenses are TRY 526 (March 31, 2012: TRY 860 vehicle; TRY 489 communication, TRY 406 cleaning, TRY 186 non-deductible expenses, TRY 283 heating- lightning; TRY 103 stationery, TRY 372 computer usage expenses and TRY 72 insurance expense, TRY 158 other provisions and TRY 500 other expenses).

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 283, assurance and financial services expenses are TRY 393, unused vacation expenses are TRY 509 and other expenses are TRY 71. (March 31, 2012: TRY 217 premiums paid to Saving Deposit Insurance Fund; TRY 376 assurance and financial consultancy expenses, unused vacation expenses are TRY 373 and TRY 79 other expenses).

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

The Bank has TRY 11,398 profit before tax as of March 2012 and TRY 14,970 profit before tax as of March 2013. Compared to the prior year, the total of Bank's provision expenses for loans and other receivables and other receivables and operating expense excluding the effect of loss on sale of assets increased by 8% and fees and commission income increased by 1%.

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

- a) The nature amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period :
None.
- b) Financial Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods:
None.
- c) Profit or loss attributable to minority shares:
None

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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

	March 31, 2013	March 31, 2012
Expertise fees collected from customers	314	188
Transfer commissions	85	111
Insurance commissions	14	19
Bills for collection commissions	12	13
Credit cards commissions and fees	2	1
Letters of credit commissions	-	22
Other banking operations income.	3,192	3,018
Total	3,619	3,372

Other fees and commissions given	March 31, 2013	March 31, 2012
Commissions given to banks	82	68
EFT commissions	32	27
Bond exchange transaction fee	26	33
Money transfer commission	25	18
Credit card commissions	8	-
Clearing reserve commission	6	9
ATM commissions	2	2
Other	14	31
Total	195	188

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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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) March 31, 2013:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period(*)	-	-	59	3,194	6,954	4,376
Balance at end of period	-	-	58	70	-	8,618
Interest and commission income	-	-	-	2	8	12

(*) 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 58.

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	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Deposits						
Balance at beginning of period	-	-	1,223	488	289	16,852
Balance at end of period	-	-	156	1,223	24,971	289
Interest on deposits (*)	-	-	-	-	129	398

(*) Prior year profit and loss amounts belongs to March 31, 2012.

In addition, the Bank has "Funds Borrowed" at an amount of TRY 38,705 used from risk group of the Bank (December 31, 2012: TRY 42,226) and TRY 892 (March 31, 2012: TRY 776) 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 March 31, 2013, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 1,136 (March 31, 2012: TRY 1,844).

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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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
Banks and other receivables	58	0,06
Non-cash loans	8,688	0,67
Deposits	25,127	1,14
Borrowings	38,705	26,28

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 0.24%. Details of these loans are explained in 1a above.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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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	541			
			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.

IX. Explanations and disclosures related to subsequent events

In the meeting of the General Assembly held on 18 April 2013, it has been resolved that, paid in capital of the Bank will be increased from TRY 300.000 TO TRY 500.000 by TRY 200.000. In respect of the resolution of the General Assembly, the increased cash capital will be injected in two equal installments. As of April 30, 2013 TRY 100 million has already been paid by the shareholders of the Bank, BankMed SAL, Arab Bank PLC and Arab Bank (Switzerland) having 50%, 28,3% and 21,7% of shares respectively. The second instalment amounting to TRY 100 million is committed to be paid by no later than October 30, 2013. The paid amount has been recorded in the suspense accounts as the approval from BRSA is awaiting as of March 31,2013.

According to Banking Regulation and Supervision Agency Resolution No. 5306 dated May 2, 2013 in accordance with the first paragraph of Article 4 of the Banking Act 5411 (h) of Article pursuant to Article 3 Turkland Bank A.Ş. has been permitted to carry out "precious metals and stones, purchase, sale or their custody".

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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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 March 31, 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 May 13, 2013 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.