

TURKLAND BANK ANONİM ŐIRKETİ

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT,
UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR
THE PERIOD ENDED SEPTEMBER 30, 2012**

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

Translated into English from the original Turkish report and financial statements

Turkland Bank Anonim Şirketi

**Independent auditor's limited review report
for the period ended September 30, 2012**

To the Board of Directors of
Turkland Bank Anonim Şirketi

We have reviewed the accompanying balance sheet of Turkland Bank Anonim Şirketi ("the Bank") as at September 30, 2012 and the related statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent auditors our responsibility is to issue a report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of the Bank as of September 30, 2012, and of the results of its operations and its cash flows, for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

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

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

Ayşe Zeynep Deldag, Partner

İstanbul, Turkey
9 November 2012

Translated into English from the original Turkish report and financial statements

**THE UNCONSOLIDATED FINANCIAL REPORT OF TURKLANDBANK A.Ş.
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012**

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The unconsolidated financial report for the nine 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.

31 October 2012

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

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

Name-Surname / Title: Sevgi Üstün / Assistant Manager

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

(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 September 30, 2012, 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 September 30, 2012 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 SEPTEMBER 30, 2012

(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(**)	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
General Manager and Member of Board of Directors	FATEN MATAR	Member	Master Degree
	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
Statutory Auditors	YURDAKUL ÖZDOĞAN	Credit & Follow up	Bachelor's Degree
	OSMAN BAYDOĞAN	Auditor	Bachelor's Degree
	ÖZGÜR ÇELİK	Auditor	Bachelor's Degree

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

(**) According to Board of Directors' decision dated September 26, 2012 numbered 507, Mohamed Ali Beyhum was appointed as Vice Chairman of the Board of Directors.

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

Information about the persons and institutions that have qualified shares as of September 30, 2012:

<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	-
DİĞER	<1	%0	<1	-
Toplam	300,000.00	%100	300,000.00	-

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

(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 513 personnel. The Bank has no subsidiaries in the financial sector. (December 31, 2011: 27 branches, 496 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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UNCONSOLIDATED FINANCIAL STATEMENTS

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TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS AS OF SEPTEMBER 30, 2012 AND DECEMBER 31, 2011
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

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

		Reviewed Current Period 30.09.2012			Audited Prior Period 31.12.2011			
		Note Ref (Section Five)	TRY	FC	Total	TRY	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	I-1	43,000	213,517	256,517	69,498	131,417	200,915
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	178	-	178	186	57	243
2.1	Financial assets held for trading		178	-	178	186	57	243
2.1.1	Public sector debt securities		178	-	178	177	-	177
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		-	-	-	9	57	66
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	61	112,174	112,235	17	80,353	80,370
IV.	MONEY MARKET PLACEMENTS		-	-	-	80,043	-	80,043
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	80,043	-	80,043
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	268,622	2	268,624	238,886	44,451	283,337
5.1	Share certificates		75	-	75	75	-	75
5.2	Public sector debt securities		268,547	2	268,549	238,811	44,451	283,262
5.3	Other marketable securities		-	-	-	-	-	-
VI.	LOANS AND RECEIVABLES	I-5	1,662,810	242,467	1,905,277	1,239,341	229,377	1,468,718
6.1	Loans and receivables		1,625,046	242,467	1,867,513	1,215,999	229,377	1,445,376
6.1.1	Loans to risk group of the Bank		18,812	-	18,812	-	69	69
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		1,606,234	242,467	1,848,701	1,215,999	229,308	1,445,307
6.2	Non-performing loans		57,438	-	57,438	39,333	-	39,333
6.3	Specific provisions (-)		(19,674)	-	(19,674)	(15,991)	-	(15,991)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	I-6	70,815	-	70,815	53,738	-	53,738
8.1	Public sector debt securities		70,815	-	70,815	53,738	-	53,738
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)		11,821	-	11,821	11,720	-	11,720
XV.	INTANGIBLE ASSETS (Net)		1,096	-	1,096	1,244	-	1,244
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		1,096	-	1,096	1,244	-	1,244
XVI.	INVESTMENT PROPERTY (Net)	I-12	-	-	-	-	-	-
XVII.	TAX ASSET		1,407	-	1,407	2,579	-	2,579
17.1	Current tax asset		-	-	-	172	-	172
17.2	Deferred tax asset		1,407	-	1,407	2,407	-	2,407
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-13	-	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS		21,251	233	21,484	20,178	248	20,426
TOTAL ASSETS			2,081,061	568,393	2,649,454	1,717,430	485,903	2,203,333

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ

BALANCE SHEETS AS OF SEPTEMBER 30, 2012 AND DECEMBER 31, 2011

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

	Note Ref. (Section Five)	Reviewed Current Period 30.09.2012			Audited Prior Period 31.12.2011		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSİTS	II-1	1,199,733	813,337	2,013,070	920,201	675,379	1,595,580
1.1 Deposits from risk group of the Bank		582	13,259	13,841	16,748	592	17,340
1.2 Other		1,199,151	800,078	1,999,229	903,453	674,787	1,578,240
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	1	-	1	-	39	39
III. FUNDS BORROWED	II-3	39,076	120,426	159,502	15,926	88,805	104,731
IV. MONEY MARKET BALANCES		40,028	-	40,028	97,725	-	97,725
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		40,028	-	40,028	97,725	-	97,725
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		12,512	1,442	13,954	11,989	582	12,571
VIII. OTHER LIABILITIES	II-4	16,255	273	16,528	22,098	328	22,426
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	28,867	562	29,429	25,901	721	26,622
12.1 General loan loss provisions		20,098	-	20,098	14,388	-	14,388
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		5,538	-	5,538	4,901	-	4,901
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		3,231	562	3,793	6,612	721	7,333
XIII. TAX LIABILITY	II-8	8,561	-	8,561	5,557	-	5,557
13.1 Current tax liability		8,561	-	8,561	5,557	-	5,557
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	368,381	-	368,381	340,144	(2,062)	338,082
16.1 Paid-in capital		300,000	-	300,000	300,000	-	300,000
16.2 Supplementary capital		29,081	-	29,081	20,505	(2,062)	18,443
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		3,650	-	3,650	(4,927)	(2,062)	(6,989)
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	16,079	-	16,079
16.3.1 Legal reserves		967	-	967	789	-	789
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		15,927	-	15,927	12,543	-	12,543
16.3.4 Other profit reserves		2,746	-	2,746	2,746	-	2,746
16.4 Profit or loss		19,660	-	19,660	3,561	-	3,561
16.4.1 Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2 Current year income/ (loss)		19,660	-	19,660	3,561	-	3,561
16.5 Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		1,713,414	936,040	2,649,454	1,439,541	763,792	2,203,333

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 OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS
AS OF SEPTEMBER 30, 2012 AND DECEMBER 31, 2011
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section Five)	Reviewed Current Period 30.09.2012			Audited Prior Period 31.12.2011		
		TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II+III)		6,073,768	349,282	6,423,050	6,054,489	409,896	6,464,385
I. GUARANTEES	III-1	757,822	297,798	1,055,620	675,751	354,877	1,030,628
1.1 Letters of guarantee		757,822	159,955	917,777	675,751	165,353	841,104
1.1.1 Guarantees subject to State Tender Law		25,975	8,554	34,529	29,571	5,549	35,120
1.1.2 Guarantees given for foreign trade operations		-	34,540	34,540	-	33,768	33,768
1.1.3 Other letters of guarantee		731,847	116,861	848,708	646,180	126,036	772,216
1.2 Bank loans		-	7,826	7,826	-	11,597	11,597
1.2.1 Import letter of acceptance		-	7,826	7,826	-	11,597	11,597
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	76,955	76,955	-	92,948	92,948
1.3.1 Documentary letters of credit		-	76,955	76,955	-	92,948	92,948
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		-	53,062	53,062	-	84,979	84,979
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	5,312,146	47,640	5,359,786	5,374,917	48,723	5,423,640
2.1 Irrevocable commitments		110,379	47,640	158,019	121,606	48,723	170,329
2.1.1 Forward asset purchase and sales commitments		448	27,272	27,720	12,442	28,873	41,315
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		26,031	-	26,031	38,849	-	38,849
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		83,340	-	83,340	67,900	-	67,900
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		560	20,368	20,928	2,415	19,850	22,265
2.2. Revocable commitments		5,201,767	-	5,201,767	5,253,311	-	5,253,311
2.2.1 Revocable loan granting commitments		5,201,767	-	5,201,767	5,253,311	-	5,253,311
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		3,800	3,844	7,644	3,821	6,296	10,117
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		3,800	3,844	7,644	3,821	6,296	10,117
3.2.1 Forward foreign currency buy/sell transactions		-	-	-	3,821	6,296	10,117
3.2.1.1 Forward foreign currency transactions-buy		-	-	-	1,921	3,151	5,072
3.2.1.2 Forward foreign currency transactions-sell		-	-	-	1,900	3,145	5,045
3.2.2 Swap transactions related to foreign currency. and interest rates		-	-	-	-	-	-
3.2.2.1 Foreign currency swaps-buy		-	-	-	-	-	-
3.2.2.2 Foreign currency swaps-sell		-	-	-	-	-	-
3.2.2.3 Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4 Interest rate swaps-sell		-	-	-	-	-	-
3.2.3 Foreign currency, interest rate and securities options		3,800	3,844	7,644	-	-	-
3.2.3.1 Foreign currency options-buy		1,900	1,922	3,822	-	-	-
3.2.3.2 Foreign currency options-sell		1,900	1,922	3,822	-	-	-
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)		7,175,702	1,377,436	8,553,138	5,975,782	1,275,127	7,250,909
IV. ITEMS HELD IN CUSTODY		462,031	66,802	528,833	422,581	53,906	476,487
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		27,758	5,496	33,254	28,973	1,216	30,189
4.3 Checks received for collection		414,999	53,610	468,609	386,521	47,115	433,636
4.4 Commercial notes received for collection		19,274	7,320	26,594	7,087	3,935	11,022
4.5 Other assets received for collection		-	355	355	-	411	411
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	21	21	-	1,229	1,229
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		6,713,671	1,310,634	8,024,305	5,553,201	1,221,221	6,774,422
5.1 Marketable securities		-	-	-	-	-	-
5.2 Guarantee notes		41,421	25,671	67,092	22,138	19,949	42,087
5.3 Commodities		1,646	-	1,646	-	-	-
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		1,844,532	285,149	2,129,681	1,435,502	213,204	1,648,706
5.6 Other pledged items		4,826,072	999,814	5,825,886	4,095,561	988,068	5,083,629
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		13,249,470	1,726,718	14,976,188	12,030,271	1,685,023	13,715,294

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF INCOME FOR THE PERIODS
ENDED SEPTEMBER 30, 2012 AND 2011

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

III. STATEMENT OF INCOME

	Note (Section Five)	Reviewed Current Period 01.01-30.09.2012	Reviewed Current Period 01.07-30.09.2012	Reviewed Prior Period 01.01-30.09.2011	Reviewed Prior Period 01.07-30.09.2011
I. INTEREST INCOME	IV-1	196,607	64,140	114,060	44,363
1.1 Interest on loans		173,047	60,428	97,272	38,979
1.2 Interest received from reserve deposits		-	-	-	-
1.3 Interest received from banks		329	62	266	121
1.4 Interest received from money market placements		3,522	635	18	5
1.5 Interest received from marketable securities portfolio		19,247	2,756	15,622	5,218
1.5.1 Held-for-trading financial assets		17	5	14	5
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		15,440	1,347	12,729	4,233
1.5.4 Investments held-to-maturity		3,790	1,404	2,879	980
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		462	259	882	40
II. INTEREST EXPENSE	IV-2	(117,003)	(40,842)	(70,567)	(28,681)
2.1 Interest on deposits		(105,274)	(36,793)	(63,667)	(26,169)
2.2 Interest on funds borrowed		(5,856)	(2,093)	(4,399)	(1,884)
2.3 Interest on money market borrowings		(5,865)	(1,956)	(2,360)	(594)
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		(8)	-	(141)	(34)
III. NET INTEREST INCOME (I - II)		79,604	23,298	43,493	15,682
IV. NET FEES AND COMMISSIONS INCOME		16,971	5,135	14,855	4,872
4.1 Fees and commissions received		17,639	5,368	15,493	5,096
4.1.1 Non-cash loans		8,511	2,721	7,990	2,641
4.1.2 Other	IV-9	9,128	2,647	7,503	2,455
4.2 Fees and commissions paid		(668)	(233)	(638)	(224)
4.2.1 Non-cash loans		(38)	(12)	(34)	(12)
4.2.2 Other	IV-9	(630)	(221)	(604)	(212)
V. DIVIDEND INCOME		7	-	5	-
VI. NET TRADING INCOME	IV-3	1,394	911	4,991	(577)
6.1 Securities trading gains/ (losses)		977	561	5,752	20
6.2 Gain/(losses) from derivative financial instruments		(730)	(704)	(1,224)	1,364
6.3 Foreign exchange gains/ (losses)		1,147	1,054	463	(1,961)
VII. OTHER OPERATING INCOME	IV-4	6,862	1,893	3,485	1,418
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		104,838	31,237	66,829	21,395
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-5	(11,126)	(3,866)	(7,195)	(3,530)
X. OTHER OPERATING EXPENSES (-)	IV-6	(67,667)	(23,146)	(56,090)	(18,337)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		26,045	4,225	3,544	(472)
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)		26,045	4,225	3,544	(472)
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-7	(6,385)	(965)	(1,244)	(94)
16.1 Provision for current income taxes		(8,045)	(2,582)	-	-
16.2 Provision for deferred taxes		1,660	1,617	(1,244)	(94)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		19,660	3,260	2,300	(566)
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	19,660	3,260	2,300	(566)

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF PROFIT LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2012 AND 2011

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Reviewed Current Period 01.01-30.09.2012	Reviewed Prior Period 01.01-30.09.2011
I. Additions to marketable securities revaluation differences for available for sale financial assets	14,236	(9,040)
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	(2,658)	2,743
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	11,578	(6,297)
XI. Profit/Loss	18,721	(2,377)
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(939)	(4,677)
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	19,660	2,300
XII. Total Profit/Loss accounted for in the period (X±XI)	30,299	(8,674)

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Note (Section Five)	Paid-in Capital	Effect Of Inflation Accounting On Capital and Other Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordina ry Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible And Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
I. Prior Period – 01.01-30.09.2011																			
Prior period balance -31.12.2010		170,000	25,432	-	-	666	-	10,203	2,746	2,463	-	7,746	-	-	-	-	219,256	-	219,256
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The effects of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		170,000	25,432	-	-	666	-	10,203	2,746	2,463	-	7,746	-	-	-	-	219,256	-	219,256
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(10,974)	-	-	-	-	(10,974)	-	(10,974)
VI. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Period net income/(loss)		-	-	-	-	-	-	-	-	2,300	-	-	-	-	-	-	2,300	-	2,300
XX. Profit distribution		-	-	-	-	123	-	2,340	-	(2,463)	-	-	-	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	123	-	2,340	-	(2,463)	-	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (III+IV+V+.....+XVIII+XIX+XX)		170,000	25,432	-	-	789	-	12,543	2,746	2,300	-	(3,228)	-	-	-	-	210,582	-	210,582

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

v. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Paid-in Capital	Effect Of Inflation Accounting On Capital and Other Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible And Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
I. Current Period – 01.01-30.09.2012																		
Prior period balance – 31.12.2011	300,000	25,431	-	-	789	-	12,544	2,746	3,561	-	(6,989)	-	-	-	-	338,082	-	338,082
Changes in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	10,639	-	-	-	-	10,639	-	10,639
IV. Hedging Funds (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. The disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. The reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The effect of change in associate's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period net income/(loss)	-	-	-	-	-	-	-	-	19,660	-	-	-	-	-	-	-	-	-
XVIII. Profit distribution	-	-	-	-	178	-	3,383	-	(3,561)	-	-	-	-	-	-	19,660	-	19,660
18.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves	-	-	-	-	178	-	3,383	-	(3,561)	-	-	-	-	-	-	-	-	-
18.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)	300,000	25,431	-	-	967	-	15,927	2,746	19,660	-	3,650	-	-	-	-	368,381	-	368,381

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 CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Reviewed Current Period 01.01-30.09.2012	Reviewed Prior Period 01.01-30.09.2011
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		68,535	(40,751)
1.1.1 Interest received		213,824	72,189
1.1.2 Interest paid		(111,357)	(67,186)
1.1.3 Dividend received		7	5
1.1.4 Fees and commissions received		17,608	16,402
1.1.5 Other income		9,380	(12,642)
1.1.6 Collections from previously written off loans		6,014	3,773
1.1.7 Payments to personnel and service suppliers		(41,271)	(34,931)
1.1.8 Taxes paid		(5,402)	-
1.1.9 Others		(20,268)	(18,360)
1.2 Changes in operating assets and liabilities		(139,521)	146,605
1.2.1 Net (increase) decrease in financial assets held for trading		(2)	163
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		(80,460)	(44,689)
1.2.4 Net (increase) decrease in loans		(462,996)	(296,638)
1.2.5 Net (increase) decrease in other assets		(1,074)	(10,940)
1.2.6 Net increase (decrease) in bank deposits		(43,327)	57,660
1.2.7 Net increase (decrease) in other deposits		398,227	318,805
1.2.8 Net increase (decrease) in funds borrowed		54,016	48,274
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(3,905)	73,970
I. Net cash provided from banking operations		(70,986)	105,854
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		3,368	(57,549)
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		(4,150)	(900)
2.4 Fixed assets sales		937	629
2.5 Cash paid for purchase of financial assets available for sale		(176,539)	(217,772)
2.6 Cash obtained from sale of financial assets available for sale		201,748	169,243
2.7 Cash paid for purchase of investment securities		(64,000)	(26,733)
2.8 Cash obtained from sale of investment securities		45,732	18,679
2.9 Others		(360)	(695)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		-	(8)
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		-	(8)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		(5,377)	19,823
V. Net increase / (decrease) in cash and cash equivalents		(72,995)	68,121
VI. Cash and cash equivalents at beginning of the period		241,771	153,981
VII. Cash and cash equivalents at end of the period		168,776	222,102

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Bank prepares financial statements and notes according to Communique 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 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, 2011 and changes of TAS/TFRS that have come into effect as from January 1, 2012 (TAS 12 Income Taxes: Recovery of Underlying Assets (Amendment), TFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)) do not have any 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.

Except for trading and available for sale assets and derivatives that are shown at fair values and derivatives, 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 15.10 % 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 12.82% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 4.24% 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.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank's derivative instruments consist of foreign currency swaps and forward foreign currency buy/sell transactions. 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

Banking services income are recorded as income at the time of realization and other fees and commission income and expenses are recognized on an accrual basis.

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.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

VI. Explanations on Financial Assets (continued)

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

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value Through Profit and Loss

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

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

Held to Maturity Investments

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

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

The interests received from held to maturity investments are recorded as interest income and impairment arising from a decrease in cost or revalued amounts is recorded in "Provision for impairment of held to maturity investments" 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.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

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.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

VII. Explanations on Impairment of Financial Assets (continued)

In accordance with the change in the Regulation 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 b under the “Explanations and Disclosures Related to the Assets” section.

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

As of September 30, 2012 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 September 30,2012 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.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

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.

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

As of September 30, 2012, the Bank does not have any reverse repo transaction. (December 31, 2011: TRY 80,043).

As of September 30, 2012, the Bank does not have any marketable securities lending transaction. (December 31, 2011: None).

X. Explanations on Assets Held for Sale and Discontinued Operations

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

The Bank does not have any assets held for sale as of September 30, 2012 (December 31, 2011: None).

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

XI. Explanations on Goodwill and Other Intangible Assets

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

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

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

XII. Explanations on Tangible Fixed Assets

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

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

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

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

Normal maintenance and repair cost of the properties are expensed.

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

XIII. Explanations on Leasing Transactions

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

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

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

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

XIV. Explanations on Provisions and Contingent Liabilities

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

According to the legal department of the Bank; the total number of ongoing cases against the Bank is 83. The total amount of those cases consists of TRY 380, USD 1,604 and EURO 299. There is a provision of TRY 742 in the accompanying financial statements for these cases (December 31, 2011: TRY 933).

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

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

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

Defined Contribution Plans

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

Short-term Employee Benefits

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

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 8,045 in current period (December 31, 2011: None).

Deferred Tax Liability / Asset:

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

In accordance with TAS No: 12 “Turkish Accounting Standard on Income Taxes” and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculates deferred tax asset on 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 1,660 in the income statement (December 31, 2011: TRY 2,057 deferred tax charge).

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XVII. Additional Explanations on Borrowings

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

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

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

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

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

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

XXII. Explanations on Other Matters

None, other than above explanations.

Explanation for convenience translation to English

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS). The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements.

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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 : Capital Adequacy Standard Ratio is calculated in accordance with regulation regarding “Measurement and Assessment of Capital Adequacy Ratios of Banks”, “Regulation on Credit Risk Mitigation Techniques” and “Regulation on Calculation of Risk Weighted Amounts for Securitizations” published in the Official Gazette dated June 28, 2012 numbered 28337, and regulation regarding “Regulation on Equity of Banks” published in the Official Gazette dated November 1, 2006 numbered 26333. The Bank’s capital adequacy ratio in accordance with the related communiqué is 15.15%. (December 31, 2011: 17.55% calculated in accordance with “Regulation on Equity of Banks” published in the Official Gazette dated November 1, 2006 numbered).

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

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

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

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

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

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

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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	576,970	-	-	-	-	1,245	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-	-	0	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	218	-	-	-	-	14,680	-	-
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	10,782	-	34,068	44,109	-	118,028	-	-
Contingent and Non-Contingent Corporate Receivables	66,231	-	-	-	-	1,642,726	-	-
Contingent and Non-Contingent Retail Receivables	6,118	-	-	-	145,479	117,600	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	305,864	-	54,997	-	-
Past Due Receivables	1	-	-	1,608	-	24,497	11,658	-
Receivables defined in high risk category by BRSA	1,411	-	-	4	-	314	15,482	14,858
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-	-
Other Receivables	1,878,977	-	-	-	-	24,486	-	-

Summary information related to the capital adequacy ratio:

	September 30, 2012	December 31, 2011*
Required Capital Liabilities for Credit Risk (Main related with Credit Risk *0.08) (RCLCR)	188,857	143,446
Required Capital Liabilities for Market Risk (RCLMR)	165	3,293
Required Capital Liabilities for Operational (RCLOR)	12,789	11,485
Shareholders' Equity	382,268	347,022
Shareholders' Equity/((RCLCR +RCLMR+RCLOR)*12,5*100)	15.15	17.55

* As of December 31, 2011 the capital adequacy calculations have been computed within the framework of "Regulations of Measurement and Assessment of Capital Adequacy of Banks" which was published in Official Gazette dated November 1, 2006 numbered 26333, and "Regulation Regarding Changes on Regulations of Measurement and Assessment of Capital Adequacy of Banks" published in Official Gazette dated October 10, 2007 numbered 26669.

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

Information related to the components of shareholders' equity:

	30 September 2012	31 December 2011
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	16,079
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	19,660	3,561
Current period net profit	19,660	3,561
Prior years' profits	-	-
Provision for possible losses up to 25% of the Core Capital	-	-
Profit on disposal of associates, subsidiaries and immovables	-	-
Primary subordinated debts up to 15% of the Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Current period loss (net)	-	-
Prior years' losses	-	-
Leasehold improvements (-)	(3,103)	(4,204)
Intangible assets (-)	(1,096)	(1,244)
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	360,532	339,623
SUPPLEMENTARY CAPITAL	21,740	7,399
General loan loss reserves	20,098	14,388
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	1,642	(6,989)
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	21,740	7,399
CAPITAL	382,272	347,022
DEDUCTIONS FROM THE CAPITAL	(4)	-
Investments in Unconsolidated Financial Institutions (Domestic, Foreign) and Banks	-	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and Debt Instruments That Have Primary Secondary Subordinated Loan Nature Purchased From Them	-	-
Investment in Financial Institutions (Domestic, Foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	-	-
Loans extended as contradictory to the articles 50 and 51 of the law	-	-
The net book value of Bank's Immovables that are 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	(4)	-
Other	-	-
Total Shareholders' Equity	382,268	347,022

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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 two different methods which are historic simulation and parametric method, and these results are also reported weekly 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 Value at Risk 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 Value at Risk.

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:

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	2
(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	160
(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	3
(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)	165
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	2,063

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.

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III. Explanations Related to Currency Risk

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

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

The announced current foreign exchange buying rates of the Bank at September 30, 2012 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	September 21, 2012	September 24, 2012	September 25, 2012	September 26, 2012	September 27, 2012	September 28, 2012
USD	1.7828	1.7968	1.7885	1.7915	1.7876	1.7933
CHF	1.8921	1.9153	1.9142	1.9038	1.9044	1.9118
GBP	2.8757	2.9100	2.9042	2.8958	2.9002	2.8957
100 JPY	2.2895	2.3031	2.2975	2.3028	2.3020	2.3058
EURO	2.2869	2.3200	2.3151	2.3023	2.3016	2.3122

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before September 30, 2012 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.7983
CHF	1.9118
GBP	2.8932
100 JPY	2.3014
EURO	2.3110

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III. Explanations Related to Currency Risk (continued)

September 30, 2012	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.	91,041	121,959	-	517	213,517
Banks	18,967	92,692	205	310	112,174
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	2	-	-	2
Loans (*)	229,302	380,755	-	-	610,057
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	-	233	-	-	233
Total Assets	339,310	595,641	205	827	935,983
Liabilities					
Bank Deposits	247	14,691	-	35	14,973
Foreign Currency Deposits	260,947	537,182	-	235	798,364
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	76,795	43,631	-	-	120,426
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	540	902	-	-	1,442
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	2	833	-	-	835
Total Liabilities	338,531	597,239	-	270	936,040
Net Balance Sheet Position	779	(1,598)	205	557	(57)
Net Off-Balance Sheet Position					
Financial Derivative Assets (***)	6,937	8,850	-	-	15,787
Financial Derivative Liabilities (***)	(6,474)	(8,856)	-	-	(15,330)
Non-Cash Loans (**)	84,034	210,132	-	3,632	297,798
December 31, 2011					
Total Assets(*) (****)	275,965	484,785	113	1,099	761,962
Total Liabilities	277,489	485,725	1	538	763,753
Net Balance Sheet Position	(1,524)	(940)	112	561	(1,791)
Net Off-Balance Sheet Position	413	2,143	-	(293)	2,263
Financial Derivative Assets (***)	4,935	13,781	-	-	18,716
Financial Derivative Liabilities (***)	(4,522)	(11,638)	-	(293)	(16,453)
Non-Cash Loans (**)	82,553	270,847	-	1,477	354,877

(*) Foreign currency indexed loans amounting to TRY 367,590 (December 31, 2011: TRY 276,116) are included in the loan portfolio.

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

(***) It includes also TRY 13,864 and TRY 13,408 forward asset purchase & sale commitments (December 31, 2011: TRY 15,565 and TRY 13,308, respectively).

(****) There are no asset from derivative financial instruments and liability from derivative financial instruments (December 31, 2011: TRY 57 assets from derivative financial instruments and TRY 1 liability from derivative financial instruments).

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	
		30 September 2012	31 December 2011	30 September 2012	31 December 2011
USD	%10 increase	160	120	-	(206)
USD	%10 decrease	(160)	(120)	-	206
EURO	%10 increase	124	(111)	-	-
EURO	%10 decrease	(124)	111	-	-

IV. Explanations Related to Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
September 30, 2012							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	256,517	256,517
Banks	107,363	-	-	-	-	4,872	112,235
Financial Assets at Fair Value Through Profit and Loss	-	1	150	-	27	-	178
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	54,406	81,458	93,811	38,871	3	75	268,624
Loans (*)	1,421,508	93,574	164,340	185,042	2,931	118	1,867,513
Held-To-Maturity Investments	1,315	3,965	46,970	18,565	-	-	70,815
Other Assets (**)	-	-	-	-	-	73,572	73,572
Total Assets	1,584,592	178,998	305,271	242,478	2,961	335,154	2,649,454
Liabilities							
Bank Deposits	14,412	-	-	-	-	707	15,119
Other Deposits	1,256,754	615,510	24,777	-	-	100,910	1,997,951
Money Market Borrowings	40,028	-	-	-	-	-	40,028
Sundry Creditors	-	-	-	-	-	13,954	13,954
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	12,576	70,492	75,862	549	-	24	159,503
Other Liabilities (***)	484	251	-	-	-	422,164	422,899
Total Liabilities	1,324,254	686,253	100,639	549	-	537,759	2,649,454
Balance Sheet Long Position	260,338	-	204,632	241,929	2,961	-	709,860
Balance Sheet Short Position	-	(507,255)	-	-	-	(202,605)	(709,860)
Off-Balance Sheet Long Position	-	-	-	-	-	17,686	17,686
Off-Balance Sheet Short Position	-	-	-	-	-	(17,678)	(17,678)
Total Position	260,338	(507,255)	204,632	241,929	2,961	(202,597)	8

(*) 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 11,821, intangible assets amounting to TRY 1,096, tax asset amounting to TRY 1,407, net non performing loans amounting to TRY 4,066, clearing account amounting to TRY 3,046, prepaid expenses amounting to TRY 11,617, system improvement investments amounting to TRY 37,764 and other assets amounting to TRY 2,755.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 368,381, TRY 8,561 tax liabilities, TRY 29,429 provisions, and TRY 15,793 other liabilities.

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VI. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
September 30, 2012				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey	-	-	-	-
Banks	0,13	0,25	-	8,30
Financial Assets At Fair Value Through Profit And Loss	-	-	-	9,36
Money Market Placements	-	-	-	9,86
Available-For-Sale Financial Assets	-	5,08	-	5,32
Loans	7,65	7,07	-	16,05
Held-To-Maturity Investments	-	-	-	8,43
Liabilities				
Bank Deposits	-	2,71	-	11,00
Other Deposits	4,65	4,58	-	11,11
Money Market Borrowings	-	-	-	5,94
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4,48	3,81	-	8,77

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, 2011							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	-	-	-	-	-	200,915	200,915
Banks	77,193	-	-	-	-	3,177	80,370
Financial Assets at Fair Value Through Profit and Loss	45	114	-	58	26	-	243
Money Market Placements	80,043	-	-	-	-	-	80,043
Available-For-Sale Financial Assets	33,432	55,572	129,907	12,280	52,071	75	283,337
Loans (*)	1,058,515	80,611	156,624	147,600	1,940	23,428	1,468,718
Held-To-Maturity Investments	-	-	53,738	-	-	-	53,738
Other Assets (**)	-	-	-	-	-	35,969	35,969
Total Assets	1,249,228	136,297	340,269	159,938	54,037	263,564	2,203,333
Liabilities							
Bank Deposits	-	-	-	-	-	668	668
Other Deposits	919,894	523,487	48,850	-	-	102,681	1,594,912
Money Market Borrowings	97,725	-	-	-	-	-	97,725
Sundry Creditors	-	-	-	-	-	12,571	12,571
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	10,010	30,551	64,116	-	-	54	104,731
Other Liabilities (***)	340	246	-	-	-	392,140	392,726
Total Liabilities	1,027,969	554,284	112,966	-	-	508,114	2,203,333
Balance Sheet Long Position	221,259	-	227,303	159,938	54,037	-	662,537
Balance Sheet Short Position	-	(417,987)	-	-	-	(244,550)	(662,537)
Off-Balance Sheet Long Position	-	-	-	-	-	25,748	25,748
Off-Balance Sheet Short Position	-	-	-	-	-	(25,684)	(25,684)
Total Position	221,259	(417,987)	227,303	159,938	54,037	(244,486)	64

(*) 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 11,720, intangible assets amounting to TRY 1,244, tax asset amounting to TRY 2,579, clearing account amounting to TRY 10,777, prepaid expenses amounting to TRY 1,777, system improvement investments amounting to 6,486 and other assets amounting to TRY 1,386.

(***) The other liabilities line in the non-interest bearing column consists of shareholders' equity amounting to TRY 338,082, tax liability amounting to TRY 5,557, provisions amounting to TRY 26,622 and other liabilities amounting to 21,879.

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VI. Explanations Related to Liquidity Risk (continued)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
December 31, 2011				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0,52	0,25	-	7,39
Financial Assets at Fair Value Through Profit and Loss	-	-	-	8,02
Money Market Placements	-	-	-	11,87
Available-For-Sale Financial Assets	-	5,04	-	5,73
Loans	7,09	6,31	-	14,49
Held-To-Maturity Investments	-	-	-	8,02
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	4,41	4,36	-	9,53
Money Market Borrowings	-	-	-	6,32
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3,74	2,21	-	8,42

Nature of interest rate risk resulted from banking book, major assumptions including 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
TRY	500	(18,011)	(%5)
	(400)	16,249	%4
EURO	200	(1,599)	%0
	(200)	1,747	%0
USD	200	(609)	%0
	(200)	671	%0
Total (For Negative Shock)		18,668	%5
Total (For Positive Shock)		(20,219)	(%5)

* 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 1,169. The change in profit mainly is related to loans and deposits (December 31, 2011 : TRY 448).
- Possible changes in the interest rates effects the equity as a result of the revaluation of the available-for-sale assets. The change in interest rates effects the equity by TRY 329.

Explanations Related to Equity Position Risk

The bank has no outstanding stock position.

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V. 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.

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V. Explanations Related to Liquidity Risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

September 30, 2012	Demand	Up to 1 Month	1-3 Months	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 (****)	56,545	110,314	70,041	19,471	146	-	-	256,517
Banks	4,872	107,363	-	-	-	-	-	112,235
Financial Assets at Fair Value Through Profit and Loss	-	-	1	59	91	27	-	178
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	28,710	24,210	149,090	66,539	75	268,624
Loans (***)	-	1,421,626	93,574	164,340	185,042	2,931	-	1,867,513
Held-To-Maturity Investments	-	-	3,965	46,970	18,565	1,315	-	70,815
Other Assets	-	4,066	-	-	-	-	69,506	73,572
Total Assets	61,417	1,643,369	196,291	255,050	352,934	70,812	69,581	2,649,454
Liabilities								
Bank Deposits	707	14,412	-	-	-	-	-	15,119
Other Deposits	100,910	1,256,754	615,510	24,777	-	-	-	1,997,951
Funds Provided From Other Financial Institutions	-	12,600	70,491	75,862	549	-	-	159,502
Money Market Borrowings	-	40,028	-	-	-	-	-	40,028
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	13,954	-	-	-	-	-	13,954
Other Liabilities (**)	-	21,354	252	-	-	-	401,294	422,900
Total Liabilities	101,617	1,359,102	686,253	100,639	549	-	401,294	2,649,454
Liquidity Gap	(40,200)	284,267	(489,962)	154,411	352,385	70,812	(331,713)	-
December 31, 2011								
Total Assets	84,580	1,300,257	120,468	290,492	267,314	91,625	48,597	2,203,333
Total Liabilities	103,349	1,064,904	554,284	112,966	-	-	367,830	2,203,333
Liquidity Gap	(18,769)	235,353	(433,816)	177,526	267,314	91,625	(319,233)	-

(*) 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.

Securitization Positions

None.

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.

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V. Explanations Related to Liquidity Risk (continued)

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	578,215	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	14,941	218	-	-
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	245,955	10,782	-	-
Contingent and Non-Contingent Corporate Receivables	7,355,910	76,321	-	-
Contingent and Non-Contingent Retail Receivables	332,960	6,832	-	-
Contingent and Non-Contingent Receivables Secured by Property	378,901	-	-	-
Past Due Receivables	37,764	1	-	-
Receivables defined in high risk category by BRSA	40,065	1,488	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-
Investment similar to collective investment funds	-	-	-	-
Other Receivables	1,903,463	-	-	-
Total	10,888,174	95,642	-	-

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 and those policies and strategies have been reviewed and monitored in accordance with "Regulation on Internal Systems of Banks (published in the Official Gazette dated June 28, 2012 numbered 28337)".

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.

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V. Explanations Related to Liquidity Risk (continued)

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

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

Structure and Organization of Risk Management System: The Risk Management Department reports to the Board of Directors.

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

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

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

	September, 30 2012		December, 31 2011	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	5,474	12,301	5,561	10,812
Balances with the Central Bank of Turkey	37,526	201,216	63,937	120,605
Other	-	-	-	-
Total	43,000	213,517	69,498	131,417

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

	September, 30 2012		December, 31 2011	
	TRY	FC	TRY	FC
Unrestricted demand deposits	37,526	1,243	63,937	1,093
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
FC Reserve deposits	-	199,973	-	119,512
Total	37,526	201,216	63,937	120,605

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
%11	%9	Ratios for corresponding maturities	%11	%9	%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	%11	%11	%8	%6	%5	%11	%8	%5

Effective from October 1, 2010, interest received from reserve deposits has been abolished.

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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 178 (December 31, 2011: TRY 177).

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

	September 30, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Forward Transactions	-	-	9	57
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	-	9	57

3. Information on banks:

	September 30, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Banks				
Domestic	61	107,530	17	77,232
Foreign	-	4,644	-	3,121
Branches and head office abroad	-	-	-	-
Total	61	112,174	17	80,353

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

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

	September 30, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	20,827	-	37,485	-
Other	-	-	-	-
Total	20,827	-	37,485	-

Available-for-sale securities given as collateral for Stock Exchange, and Open Markets are TRY 19,869 and TRY 958 respectively.

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

4. Information on financial assets available-for-sale: (continued)

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

	September, 30 2012		December, 31 2011	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	41,325	-	78,596	-
Other	-	-	-	-
Total	41,325	-	78,596	-

Net book value of unrestricted financial assets available-for-sale is TRY 206,472 (December 31, 2011: TRY 167,256) and included in this amount there are unquoted stocks amounting TRY 75 (December 31, 2011: TRY 75).

b) Information on financial assets available for sale portfolio:

	September, 30 2012	December, 31 2011
Debt securities	268,549	283,262
Quoted on a stock exchange	268,549	283,262
Not quoted	-	-
Share certificates	75	75
Quoted on a stock exchange	-	-
Not quoted	75	75
Impairment provision (-)	-	-
Total	268,624	283,337

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, 2011: TRY 75).

5. Information on loans:

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

	September, 30 2012		December, 31 2011	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	58	69	73	620
Corporate shareholders	58	69	73	620
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	5,497	118	6,902
Loans granted to employees	864	1,218	878	1,124
Total	922	6,784	1,069	8,646

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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	1,778,242	1,835	-	56,133	31,303	-
Discount notes	5,899	-	-	-	-	-
Export loans	262,843	-	-	3,175	4,983	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	40,939	-	-	-	-	-
Foreign loans	153	-	-	-	-	-
Consumer loans	27,047	-	-	6,166	-	-
Credit cards	-	-	-	-	-	-
Precious metals loans	-	-	-	-	-	-
Other	1,441,361	1,835	-	46,792	26,320	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	1,778,242	1,835	-	56,133	31,303	-

- c) Standard and close monitoring loans which their payment plans have changed:

Number of Changes for the Payment Plan Extension	Standard Loans and Other Receivables	Watching Loans and Other Receivables
1 or 2 times extended	1	33
3, 4 or 5 times extended	6	8
5 Over the extended	1	3

Payment Plan Change with Time Extension	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	1,715	2,170
6 – 12 Month	120	11,050
1 – 2 Year	-	3,628
2 – 5 Year	-	14,455
5 Years and Over	-	-

As of September 30, 2012, 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 72 and for watchlist-loans, which the payments are rescheduled, amounting to TRY 1,530.

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

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	5,203	26,389	31,592
Housing Loans	2,418	2,609	5,027
Car Loans	65	821	886
General Purpose Loans	2,693	13,567	16,260
Other	27	9,392	9,419
Consumer Loans –Indexed to FC	-	97	97
Housing Loans	-	59	59
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	38	38
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	513	118	631
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	513	118	631
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) (*)	893	-	893
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	6,609	26,604	33,213

(*) Overdraft Accounts includes TRY 180 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	28,794	170,879	199,673
Business Loans	-	107	107
Car Loans	60	3,503	3,563
General Purpose Loans	-	7,269	7,269
Other	28,734	160,000	188,734
Commercial loans with installment facility - Indexed to FC	5,846	133,746	139,592
Business Loans	-	-	-
Car Loans	2,176	38,553	40,729
General Purpose Loans	240	1,313	1,553
Other	3,430	93,880	97,310
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)	15,508	-	15,508
Overdraft Accounts-FC(Legal Entities)	-	-	-
Toplam	50,148	304,625	354,773

f) Domestic and foreign loans:

	September 30, 2012	December 31, 2011
Domestic loans	1,867,360	1,425,003
Foreign loans	153	20,373
Total	1,867,513	1,445,376

g) Loans granted to subsidiaries and associates: None.

h) Specific provisions provided against loans:

	September 30, 2012	December 31, 2011
Specific provisions		
Loans and receivables with limited collectability	1,601	81
Loans and receivables with doubtful collectability	2,517	-
Uncollectible loans and receivables	15,556	15,910
Total	19,674	15,991

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
September 30, 2012			
(Gross amount before specific provision) (*)	210	1,450	192
Restructured Loans and Other Receivables	210	1,450	192
Rescheduled Loans and Other Receivables	-	-	-
December 31, 2011			
(Gross amount before specific provision)	-	-	124
Restructured Loans and Other Receivables	-	-	124
Rescheduled Loans and Other Receivables	-	-	-

(*) As of September 30, 2012 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 914 (December 31, 2011: TRY 31).

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, 2011 balance	781	874	37,678
Additions (+)	23,255	784	80
Transfers from other categories of non-performing loans (+)	-	7,346	10
Transfers to other categories of non-performing loans (-)	(7,346)	(10)	-
Collections (-)	(1,553)	(542)	(3,919)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
September 30, 2012 balance	15,137	8,452	33,849
Specific provision (-)	(1,601)	(2,517)	(15,556)
Net Balances on Balance Sheet	13,536	5,935	18,293

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
September 30, 2012 (Net)			
Loans to Real Persons and Legal Entities (Gross)	15,137	8,452	33,849
Specific provision (-)	(1,601)	(2,517)	(15,556)
Loans to Real Persons and Legal Entities (Net)	13,536	5,935	18,293
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2011 (Net)			
Loans to Real Persons and Legal Entities (Gross)	781	874	37,678
Specific provision (-)	(81)	-	(15,910)
Loans to Real Persons and Legal Entities (Net)	700	874	21,768
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

6. Information on held-to-maturity investments:

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

	September 30, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	-	-	21,473	-
Other	-	-	-	-
Total	-	-	21,473	-

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

	September 30, 2012		December 31, 2011	
	TP	YP	TP	YP
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	-	-	18,525	-
Other	-	-	-	-
Total	-	-	18,525	-

Book value of held to maturity investments classified as unrestricted financial assets is TRY 70,815 (December 31, 2011: TRY 13,740).

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

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

	September 30, 2012	December 31, 2011
Government bonds	70,815	53,738
Treasury bills	-	-
Other public sector debt securities	-	-
Total	70,815	53,738

c) Information on held-to-maturity investments:

	September 30, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	70,815	-	53,738	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	-	-
Total	70,815	-	53,738	-

d) Movement of held-to-maturity investments:

	September 30, 2012	December 31, 2011
Beginning balance	53,738	47,882
Foreign currency differences on monetary assets(*)	(1,191)	294
Purchases during year	64,000	28,554
Disposal through sales and redemptions	(45,732)	(22,992)
Impairment provision (-)	-	-
Closing Balance	70,815	53,738

(*) 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.

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

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) September 30, 2012 :

	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	11,022	-	15,595	706,314	162,065	12,087	934	-	908,017
Foreign currency deposits	50,519	-	22,613	657,634	47,729	19,688	182	-	798,365
Residents in Turkey	48,440	-	20,614	573,158	25,771	18,962	17	-	686,962
Residents abroad	2,079	-	1,999	84,476	21,958	726	165	-	111,403
Public sector deposits	588	-	-	-	-	-	-	-	588
Commercial deposits	38,670	-	30,463	159,399	16,536	16,910	6,334	-	268,312
Other institutions deposits	111	-	44	22,507	-	-	7	-	22,669
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	707	-	14,412	-	-	-	-	-	15,119
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	36	-	-	-	-	-	-	-	36
Foreign Banks	671	-	14,412	-	-	-	-	-	15,083
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	101,617	-	83,127	1,545,854	226,330	48,685	7,457	-	2,013,070

a.2) December 31, 2011:

	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	8,381	-	20,309	447,335	137,514	1,611	644	-	615,794
Foreign currency deposits	53,305	-	29,208	495,472	85,043	11,604	297	-	674,929
Residents in Turkey	52,032	-	29,181	425,311	65,681	10,684	18	-	582,907
Residents abroad	1,273	-	27	70,161	19,362	920	279	-	92,022
Public sector deposits	1,106	-	-	-	-	-	-	-	1,106
Commercial deposits	39,679	-	57,337	153,196	17,703	24,085	3,016	-	295,016
Other institutions deposits	209	-	41	6,471	1,339	1	6	-	8,067
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	668	-	-	-	-	-	-	-	668
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	10	-	-	-	-	-	-	-	10
Foreign Banks	658	-	-	-	-	-	-	-	658
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	103,348	-	106,895	1,102,474	241,599	37,301	3,963	-	1,595,580

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

i. Information on saving deposits:

Saving Deposits (*)	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Saving deposits	126,169	113,927	773,643	497,578
Foreign currency saving deposits	31,135	29,427	401,297	301,642
Other deposits in the form of saving deposits	160	176	8,078	4,287
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	157,464	143,530	1,183,018	803,507

(*) According to the BRSA's circular no 1584 dated February 23, 2005, accruals are included in the saving deposit amount.

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

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

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

	September 30, 2012	December 31, 2011
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	1,287	1,517
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

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

	September 30, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Forward Transactions	-	-	-	39
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	1	-	-	-
Other	-	-	-	-
Total	1	-	-	39

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

	September 30, 2012		December 31, 2011	
	TRY	FC	TRY	FC
From Domestic Banks and Institutions	12,912	20,457	14,691	24,496
From Foreign Banks, Institutions and Funds	26,164	99,969	1,235	64,309
Total	39,076	120,426	15,926	88,805

b) Maturity analysis of borrowings:

	September 30, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Short-term	39,076	82,191	15,926	72,532
Medium and long-term	-	38,235	-	16,273
Total	39,076	120,426	15,926	88,805

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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 31,2011: None.)

d) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. In the first nine months of 2012, operational lease expenses amounting to TRY 6,674 have been recorded in the profit and loss accounts (December 31,2011: TRY 8,084). The lease periods vary between 5 and 10 years.

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

6. Information on derivative financial liabilities for hedging purposes: None.

7. Information on provisions:

a) Information on general provisions:

	September 30, 2012	December 31, 2011
General Provisions		
Provisions for First Group Loans and Receivables	15,635	11,766
Provisions for Second Group Loans and Receivables	2,601	813
Provisions for Non-cash Loans	1,862	1,809
Other	-	-
Total	20,098	14,388

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 4,266 (December 31, 2011: TRY 351) on the foreign currency indexed loans are netted off from loans on the balance sheet.

c) The specific provisions of TRY 2,600 (December 31, 2011: TRY 2,578) were provided for unindemnified non cash loans.

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

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

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

	September 30, 2012	December 31, 2011
Employee termination benefit provision	3,477	2,969
Unused vacation provision	2,061	1,932
Total of provision for employee benefits	5,538	4,901

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

e) Information on other provisions:

e.1) Provisions for possible losses: None.

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

	September 30 2012	December 31 2011
Specific provisions provided for unindemnified non cash loans	2,600	2,578
Other provisions (*)	1,193	4,755
Total	3,793	7,333

(*) Other provisions include TRY 302 of loan provisions, TRY 742 of legal claim provisions, TRY 149 unpaid 2011 bonus provision (The Bank has not decided to set bonus provision for the year 2012 as of September 30, 2012).(December 31, 2011: TRY 3,000 bonus provision, TRY 751 of loan related provision, TRY 1,004 of legal claim provision).

8. Explanations on taxes payable:

a) Information on current tax liability:

a.1) As of September 30, 2012, remaining tax liability after prepaid taxes are netted off;

	September 30, 2012	December 31, 2011
Current Period Tax Payable	8,045	-
Prepaid Tax	(5,575)	-
Total	2,470	-

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

a.2) Explanations on taxes payable:

	September 30, 2012	December 31, 2011
Corporate Tax Payable	2,470	-
BSMV	2,076	1,923
Taxation on Securities	2,001	1,535
Payroll Tax	854	753
Property Tax	220	210
Value Added Tax Payable	38	266
Stamp Tax	23	20
Other	21	136
Total	7,703	4,843

a.3) Information on premiums:

	September 30, 2012	December 31, 2011
Social Security Premiums-Employee	321	267
Social Security Premiums-Employer	470	392
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	23	18
Unemployment Insurance-Employer	44	37
Other	-	-
Total	858	714

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.

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

As of September 30, 2012 the nominal value of the Bank's paid-in-capital is amounting to TRY 300,000 and consists of 3,000 million shares.

000 TL	September 30, 2012	December 31, 2011
Common stock(*)	300,000	300,000
Preferred stock	-	-

(*) Nominal Capital

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

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

- g) Information on preferred shares: None.
- h) Information on marketable securities value increase fund:

	September 30, 2012	December 31, 2011
From Associates, Subsidiaries, and Jointly Controlled Entities (Joint Vent.)	-	-
Valuation Difference	3,650	(6,989)
Foreign Exchange Difference	-	-
Total	3,650	(6,989)

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

1. Information on off-balance sheet liabilities:

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

	September 30, 2012	December 31, 2011
Loan granting commitments	26,031	38,849
Payment commitments for checks	83,340	67,900
Forward asset purchase and sales commitments	27,720	41,315
Other irrevocable commitments	20,928	22,265
Total	158,019	170,329

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

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

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

	September 30, 2012	December 31, 2011
Bank acceptance loans	7,826	11,597
Letters of credit	76,955	92,948
Other guarantees and collaterals	53,062	84,979
Total	137,843	189,524

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

	September 30, 2012	December 31, 2011
Definite letter of guarantess	677,628	613,527
Temporary letter of guarantees	110,456	110,483
Other letter of guarantees Diğer	129,693	117,094
Total	917,777	841,104

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

	September 30, 2012	December 31, 2011
Non-cash loans given against achieving cash loans	52,181	72,176
With maturity of 1 year or less than 1 year	26,449	14,108
With maturity of more than 1 year	25,732	58,068
Other non-cash loans	1,003,439	958,452
Total	1,055,620	1,030,628

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IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	September 30, 2012		September 30, 2011	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	130,809	12,184	64,083	9,374
Medium and long term loans	28,853	810	20,982	2,270
Interest on non-performing loans	391	-	563	-
Total	160,053	12,994	85,628	11,644

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

b) Information on interest received from banks:

	September 30, 2012		September 30, 2011	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	169	154	125	135
Foreign banks	-	6	-	6
Branches and head office abroad	-	-	-	-
Total	169	160	125	141

c) Interest received from marketable securities portfolio:

	September 30, 2012		September 30, 2011	
	TRY	FC	TRY	FC
Trading securities	17	-	14	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	14,653	787	11,172	1,557
Held-to-maturity securities	3,790	-	2,879	-
Total	18,460	787	14,065	1,557

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

2. a) Information on interest on funds borrowed:

	September 30, 2012		September 30, 2011	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	2,228	3,628	1,893	2,506
The Central Bank of Turkey	-	-	-	-
Domestic banks	878	506	812	457
Foreign banks	1,350	3,122	1,081	2,049
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	2,228	3,628	1,893	2,506

(*) Includes fees and commission expenses for borrowings.

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

b. Information on interest expense to associates and subsidiaries: None.

c. Information on interest expense to marketable securities issued: None.

d. Distribution of interest expense on deposits based on maturity of deposits:

September 30 , 2012									
Account Name	Demand Deposits	Time Deposits					More than 1 Year	Accumulating Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year				
TRY									
Bank deposits	-	1	-	-	-	-	-	1	
Saving deposits	-	3,728	44,420	13,194	642	66	-	62,050	
Public sector deposits	-	5	-	-	-	-	-	5	
Commercial deposits	-	2,730	13,091	910	2,074	318	-	19,123	
Other deposits	-	21	1,209	48	-	-	-	1,278	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
Total	-	6,485	58,720	14,152	2,716	384	-	82,457	
Foreign Currency									
Foreign currency deposits	-	1,460	18,401	1,994	810	7	-	22,672	
Bank deposits	-	145	-	-	-	-	-	145	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
Total	-	1,605	18,401	1,994	810	7	-	22,817	
Grand Total	-	8,090	77,121	16,146	3,526	391	-	105,274	
September 30 , 2011									
Account Name	Demand Deposits	Time Deposits					More than 1 Year	Accumulating Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year				
TRY									
Bank deposits	-	28	-	-	-	-	-	28	
Saving deposits	1	1,158	26,244	3,803	52	5	-	31,263	
Public sector deposits	-	3	-	-	-	-	-	3	
Commercial deposits	-	2,753	10,946	919	28	-	-	14,646	
Other deposits	-	7	625	-	-	-	-	632	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
Total	1	3,949	37,815	4,722	80	5	-	46,572	
Foreign Currency									
Foreign currency deposits	-	2,069	13,579	1,247	198	2	-	17,095	
Bank deposits	-	-	-	-	-	-	-	-	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
Total	-	2,069	13,579	1,247	198	2	-	17,095	
Grand Total	1	6,018	51,394	5,969	278	7	-	63,667	

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

3. Information on net trading income:

	September 30, 2012	September 30, 2011
Income	993,582	1,024,516
Gains on capital market operations	1,063	5,756
Gains on derivative financial instruments	1,049	11,965
Foreign exchange gains	991,470	1,006,795
Losses (-)	(992,188)	(1,019,525)
Losses on capital market operations	(86)	(4)
Losses on derivative financial instruments	(1,779)	(13,189)
Foreign exchange losses	(990,323)	(1,006,332)

4. Information on other operating income:

	September 30, 2012	September 30, 2011
Provisions for communication expense collected from customers	55	62
Provisions for expenditure collected from customers	63	35
Reversal of specific provisions (*)	1,421	1,642
Reversal of general loan loss provisions	-	214
Reversal of free provisions (**)	3,403	-
Expenses of previous year	129	-
Income from sales of assets written off	257	-
Other	1,534	1,532
Total	6,862	3,485

(*) As of September 30, 2012, TRY 232 of the total amount has arised from reversal of unindemnified non-cash loan provision.

(**) As of September 30, 2012, TRY 2,846 of the total amount has arised from reversal of the bonus provisions.

5. Provision for impairment of loans and other receivables:

	September 30, 2012	September 30, 2011
Specific provisions for loans and other receivables	4,783	3,736
III. Group Loans and Receivables	2,531	890
IV. Group Loans and Receivables	1,518	1,138
V. Group Loans and Receivables	734	1,708
General loan loss provision expenses	5,710	3,005
Provision expenses for possible losses	-	-
Marketable securities impairment losses	289	48
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	289	48
Impairment provision expense on investments	-	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	-
Other	344	406
Total	11,126	7,195

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

6. Information on other operating expenses:

	September 30, 2012	September 30, 2011
Personnel expenses	38,648	32,484
Reserve for employee termination benefits	507	396
Taxes and duties	1,809	1,621
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	3,263	3,277
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	508	601
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	38	20
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	18,133	15,545
Rent expenses	6,674	5,924
Maintenance expenses	975	861
Advertisement expenses	282	283
Other expenses(*)	10,202	8,477
Loss on sales of assets	2	6
Other(**)	4,759	2,140
Total	67,667	56,090

(*) Included in other operating expenses; vehicle expenses are TRY 2,623 , communication expenses are TRY 1,584 , cleaning expenses are TRY 1,310 , non-deductible expenses TRY 303 , heating- lightening expenses are TRY 789 , stationery expenses are TRY 402 , computer usage expenses TRY 1,220 , insurance expenses TRY 272 , other expenses are TRY 1,699 (September 30, 2011: TRY 2,447 vehicle ; TRY 1,331 communication, TRY 1,061 cleaning, TRY 712 heating- lightening; TRY 130 non-deductible; TRY 335 stationery and TRY 861 maintenance expenses, TRY 764 computer usage expenses and TRY 836 other expenses).

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 778 , assurance and financial services expenses are TRY 981 , unused vacation expenses are TRY 129 and other expenses are TRY 2,871 (September 30, 2011: TRY 622 premiums paid to Saving Deposit Insurance Fund; TRY 935 assurance and financial consultancy expenses, unused vacation expenses are TRY 413 and TRY 170 other expenses).

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

- a) As of September 30, 2012; there is TRY 8,045 current tax expense (September 30, 2011: None) and TRY 1,660 deferred tax income (September 30, 2011: TRY 1,244 deferred tax expense).

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:**

	September 30, 2012	September 30, 2011
<u>Other fees and commissions received</u>		
Expertise fees collected from customers	563	320
Transfer commissions	320	347
Letters of credit commissions	102	76
Insurance commissions	80	74
Bills for collection commissions	27	71
Credit cards commissions and fees	4	5
Other banking operations income.	8,032	6,610
Total	9,128	7,503

	September 30, 2012	September 30, 2011
<u>Other fees and commissions given</u>		
Commissions given to banks	289	285
EFT commissions	87	64
Bond exchange transaction fee	74	42
Money transfer commission	63	63
Credit card commissions	32	49
Clearing reserve commission	24	17
ATM commissions	8	10
Other	53	74
Total	630	604

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VII. Explanations on the Risk Group of the Bank

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

a) September 30,2012:

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	-	-	58	5,566	18,812	3,930
Interest and commission income	-	-	-	14	543	-

(*)Balance at beginning of period belongs to December 31, 2011.

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, 2011

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	-	-	10	1,024	42	7,254
Balance at end of period	-	-	192	7,522	-	2,346
Interest and commission income (*)	-	-	-	10	-	38

(*) Prior year profit and loss amounts belongs to September 30, 2011.

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 123.

c.1) Information on related party deposits balances:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Deposits						
Balance at beginning of period	-	-	488	93	16,852	10,841
Balance at end of period	-	-	246	488	13,595	16,852
Interest on deposits (*)	-	-	-	-	930	207

(*)Prior year profit and loss amounts belongs to September 30, 2011.

In addition, the Bank has "Funds Borrowed" at an amount of TRY 54,474 used from risk group of the Bank (December 31, 2011: TRY 19,833) and TRY 2.045 (September 30, 2011: TRY 1,771) interest expense was incurred from funds borrowed in 2012.

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

d) As of September 30, 2012, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 5,076 (September 30, 2011: TRY 4,181)

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

2. Disclosures for related parties:

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	18,812	0,98
Banks and other receivables	58	0,05
Non-cash loans	9,496	0,80
Deposits	13,841	0,69
Borrowings	54,474	34,15

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 0.88 %. Details of these loans are explained in 1a above.

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VIII. 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	513			
			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

None.

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SECTION SIX

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

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

The financial statements of the Bank as of and for the period ended September 30, 2012 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 9 November 2012 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.