

TURKLAND BANK ANONİM ŐİRKETİ

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

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

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

To the Board of Directors of
Turkland Bank Anonim Şirketi
İstanbul

TURKLAND BANK ANONİM ŞİRKETİ

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

To the Board of Directors of Turkland Bank Anonim Şirketi

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

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

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

Additional paragraph for convenience translation:

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

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

Yaşar Bivas,
Partner, SMMM

İstanbul, Turkey
November 10, 2014

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

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

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

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

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

October 31, 2014

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

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

Name-Surname / Title: Sevgi Üstün / Assistant Manager

Telephone Number : (0212) 368 37 24

Fax Number : (0212) 368 35 35

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

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

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

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

SECTION ONE

GENERAL INFORMATION

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

Turkland Bank Anonim Şirketi (“the Bank”), was established in 1991 in İstanbul under the name of “Bahreyn ve Kuveyt Bankası Anonim Şirketi” (BB&K). Its name was changed as “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 Bank Med SAL. As of July 22, 2010 the share transfer was realized.

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

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

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

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

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

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

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

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

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

As of September 30, 2014 the nominal value of the Bank's capital is amounting to TRY 650,000 and consists of 6,500 million shares.

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

<u>Title</u>	<u>Name and Surname</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	NEHME SABBAGH	Chairman	Master Degree
Members of the Board of Directors	MOHAMED ALI BEYHUM	Vice Chairman and Member of Audit Committee	Master Degree
	MEHMET BEHÇET PERİM	Member of Audit Committee	Master Degree
	HAITHAM HELMI	Member	Master Degree
	MOHAMMAD FOUDEH (**)	Member	Master Degree
	HENRI MARIE RENE JACQUAND	Member	Master Degree
	MUSTAFA SELÇUK TAMER	Member	Bachelor's Degree
	RIAD BURHAN TAHER KAMAL	Member	Master Degree
	NADYA NABİL TAWFİK TALHOUNI	Member of Audit Committee	Bachelor's Degree
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
	YURDAKUL ÖZDOĞAN	Credit Lending & Monitoring	Bachelor's Degree

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

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

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

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

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

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

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

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

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

The Bank has 32 branches and 599 personnel. The Bank has no subsidiaries in the financial sector that needs to be consolidated (December 31, 2013: 27 branches, 535 personnel).

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

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

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

SECTION TWO

FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
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(Convenience Translation of the Independent Auditor's Review Report Originally Issued in Turkish, See Note I of Section Three)

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

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

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

	Note Ref (Section Five)	Reviewed Current Period 30.09.2014			Audited Prior Period 31.12.2013		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	136,505	464,222	600,727	43,247	347,163	390,410
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	418	141	559	116	149	265
2.1 Financial assets held for trading		418	141	559	116	149	265
2.1.1 Public sector debt securities		25	-	25	116	-	116
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		393	141	534	-	149	149
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	I-3	31	236,242	236,273	80,045	206,352	286,397
IV. MONEY MARKET PLACEMENTS		-	-	-	70,015	-	70,015
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	70,015	-	70,015
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	642,778	3	642,781	505,811	2	505,813
5.1 Share certificates		138	-	138	75	-	75
5.2 Public sector debt securities		642,640	3	642,643	505,736	2	505,738
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-5	2,848,583	546,682	3,395,265	2,205,853	462,435	2,668,288
6.1 Loans and receivables		2,795,416	546,682	3,342,098	2,172,355	462,435	2,634,790
6.1.1 Loans to risk group of the Bank		-	-	-	23	-	23
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		2,795,416	546,682	3,342,098	2,172,332	462,435	2,634,767
6.2 Non-performing loans		102,116	-	102,116	69,874	-	69,874
6.3 Specific provisions (-)		(48,949)	-	(48,949)	(36,376)	-	(36,376)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	I-6	100,928	-	100,928	98,895	-	98,895
8.1 Public sector debt securities		100,928	-	100,928	98,895	-	98,895
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	I-9	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	I-11	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		45,428	-	45,428	36,013	-	36,013
XV. INTANGIBLE ASSETS (Net)		18,718	-	18,718	20,674	-	20,674
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		18,718	-	18,718	20,674	-	20,674
XVI. INVESTMENT PROPERTY (Net)	I-12	-	-	-	-	-	-
XVII. TAX ASSET	I-14	3,332	-	3,332	9,708	-	9,708
17.1 Current tax asset		-	-	-	2,234	-	2,234
17.2 Deferred tax asset		3,332	-	3,332	7,474	-	7,474
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-13	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-15	39,263	61	39,324	24,750	35	24,785
TOTAL ASSETS		3,835,984	1,247,351	5,083,335	3,095,127	1,016,136	4,111,263

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

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

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

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

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

	Note Ref. (Section Five)	Reviewed Current Period 30.09.2014			Audited Prior Period 31.12.2013		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSİTS	II-1	2,155,045	1,555,605	3,710,650	1,649,482	1,187,655	2,837,137
1.1 Deposits from risk group of the Bank		107,893	3,547	111,440	33,772	742	34,514
1.2 Other		2,047,152	1,552,058	3,599,210	1,615,710	1,186,913	2,802,623
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	367	132	499	727	-	727
III. FUNDS BORROWED	II-3	16,985	100,379	117,364	27,199	189,796	216,995
IV. MONEY MARKET BALANCES		331,306	-	331,306	395,085	-	395,085
4.1 Interbank money market takings		-	-	-	24,505	-	24,505
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		331,306	-	331,306	370,580	-	370,580
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	II-4	46,821	3,901	50,722	19,168	6,383	25,551
VIII. OTHER LIABILITIES	II-5	58,617	1,294	59,911	36,544	1,483	38,027
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	II-6	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	II-7	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	II-8	49,775	715	50,490	48,625	674	49,299
12.1 General loan loss provisions		29,728	-	29,728	30,368	-	30,368
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		9,630	-	9,630	7,743	-	7,743
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		10,417	715	11,132	10,514	674	11,188
XIII. TAX LIABILITY	II-9	13,578	-	13,578	8,637	-	8,637
13.1 Current tax liability		13,578	-	13,578	8,637	-	8,637
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	II-10	748,815	-	748,815	539,805	-	539,805
16.1 Paid-in capital		650,000	-	650,000	500,000	-	500,000
16.2 Supplementary capital		16,935	-	16,935	(6,945)	-	(6,945)
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(8,899)	-	(8,899)	(32,944)	-	(32,944)
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (joint vent.)		45	-	45	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		25,789	-	25,789	25,999	-	25,999
16.3 Profit reserves		46,750	-	46,750	32,349	-	32,349
16.3.1 Legal reserves		2,322	-	2,322	1,602	-	1,602
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		37,377	-	37,377	23,696	-	23,696
16.3.4 Other profit reserves		7,051	-	7,051	7,051	-	7,051
16.4 Profit or loss		35,130	-	35,130	14,401	-	14,401
16.4.1 Prior years' income/(losses)		-	-	-	-	-	-
16.4.2 Current year income/(loss)		35,130	-	35,130	14,401	-	14,401
16.5 Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		3,421,309	1,662,026	5,083,335	2,725,272	1,385,991	4,111,263

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

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

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

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

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section Five)	Reviewed Current Period 30.09.2014			Audited Prior Period 31.12.2013		
		TRY	FC	Total	TRY	FC	Total
OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS							
A. (I+II+III)		9,559,825	717,106	10,276,931	7,613,981	729,283	8,343,264
I. GUARANTEES	III-1	1,220,060	588,866	1,808,926	1,064,803	616,579	1,681,382
1.1 Letters of guarantee		1,219,132	328,529	1,547,661	1,064,644	302,261	1,366,905
1.1.1 Guarantees subject to State Tender Law		23,567	124,659	148,226	24,788	123,439	148,227
1.1.2 Guarantees given for foreign trade operations		-	66,106	66,106	-	66,106	66,106
1.1.3 Other letters of guarantee		1,195,565	137,764	1,333,329	1,039,856	112,716	1,152,572
1.2 Bank loans		-	2,730	2,730	-	7,824	7,824
1.2.1 Import letter of acceptance		-	2,730	2,730	-	7,824	7,824
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		78	143,876	143,954	84	160,613	160,697
1.3.1 Documentary letters of credit		78	143,876	143,954	84	160,613	160,697
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		850	113,731	114,581	75	145,881	145,956
1.9 Other collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	8,267,486	30,250	8,297,736	6,520,876	26,580	6,547,456
2.1 Irrevocable commitments		153,709	30,250	183,959	254,054	26,580	280,634
2.1.1 Forward asset purchase and sales commitments		4,668	17,648	22,316	3,087	12,597	15,684
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		45,150	-	45,150	157,758	-	157,758
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		103,741	-	103,741	85,587	-	85,587
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10 Commitments for promotions related with credit cards and banking activities		-	-	-	-	-	-
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		150	12,602	12,752	7,622	13,983	21,605
2.2 Revocable commitments		8,113,777	-	8,113,777	6,266,822	-	6,266,822
2.2.1 Revocable loan granting commitments		8,113,777	-	8,113,777	6,266,822	-	6,266,822
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		72,279	97,990	170,269	28,302	86,124	114,426
3.1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		72,279	97,990	170,269	28,302	86,124	114,426
3.2.1 Forward foreign currency buy/sell transactions		2,316	27,289	29,605	1,324	1,382	2,706
3.2.1.1 Forward foreign currency transactions-buy		1,158	13,646	14,804	658	696	1,354
3.2.1.2 Forward foreign currency transactions-sell		1,158	13,643	14,801	666	686	1,352
3.2.2 Swap transactions related to foreign currency, and interest rates		39,876	40,193	80,069	-	56,996	56,996
3.2.2.1 Foreign currency swaps-buy		-	40,193	40,193	-	28,552	28,552
3.2.2.2 Foreign currency swaps-sell		39,876	-	39,876	-	28,444	28,444
3.2.2.3 Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4 Interest rate swaps-sell		-	-	-	-	-	-
3.2.3 Foreign currency, interest rate and securities options		2,830	2,958	5,788	1,772	1,850	3,622
3.2.3.1 Foreign currency options-buy		1,415	1,479	2,894	886	925	1,811
3.2.3.2 Foreign currency options-sell		1,415	1,479	2,894	886	925	1,811
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		27,257	27,550	54,807	25,206	25,896	51,102
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		40,431,666	3,488,961	43,920,627	29,792,397	2,928,497	32,720,894
IV. ITEMS HELD IN CUSTODY		571,853	63,035	634,888	470,300	57,737	528,037
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		11,602	4,519	16,121	12,061	3,454	15,515
4.3 Checks received for collection		551,001	56,333	607,334	455,499	49,517	505,016
4.4 Commercial notes received for collection		9,250	1,530	10,780	2,740	4,112	6,852
4.5 Other assets received for collection		-	635	635	-	637	637
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	18	18	-	17	17
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		39,859,813	3,425,926	43,285,739	29,322,097	2,870,760	32,192,857
5.1 Marketable securities		661	-	661	661	-	661
5.2 Guarantee notes		18,277	17,163	35,440	8,812	21,787	30,599
5.3 Commodities		1,646	-	1,646	1,646	-	1,646
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		2,646,470	163,452	2,809,922	2,778,501	283,654	3,062,155
5.6 Other pledged items		37,192,759	3,245,311	40,438,070	26,532,477	2,565,319	29,097,796
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		49,991,491	4,206,067	54,197,558	37,406,378	3,657,780	41,064,158

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

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

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

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

III. STATEMENT OF INCOME

	Note Ref. (Section Five)	Reviewed Current Period 01.01-30.09.2014	Reviewed Current Period 01.07-30.09.2014	Reviewed Prior Period 01.01-30.09.2013	Reviewed Prior Period 01.07-30.09.2013
I. INTEREST INCOME	IV-1	316,958	110,464	197,206	66,716
1.1 Interest on loans		265,306	98,303	169,909	57,139
1.2 Interest received from reserve deposits		-	-	-	-
1.3 Interest received from banks		352	79	350	194
1.4 Interest received from money market placements		56	25	123	11
1.5 Interest received from marketable securities portfolio		50,266	11,689	25,487	8,649
1.5.1 Held-for-trading financial assets		3	(1)	4	3
1.5.2 Financial assets at fair value through profit and loss		-	-	-	-
1.5.3 Available-for-sale financial assets		44,494	9,979	22,208	7,637
1.5.4 Investments held-to-maturity		5,769	1,711	3,275	1,009
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		978	368	1,337	723
II. INTEREST EXPENSE	IV-2	(188,224)	(63,477)	(110,813)	(42,108)
2.1 Interest on deposits		(157,608)	(55,203)	(95,335)	(35,508)
2.2 Interest on funds borrowed		(3,618)	(963)	(4,933)	(1,736)
2.3 Interest on money market borrowings		(25,136)	(7,310)	(10,075)	(4,864)
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		(1,862)	(1)	(470)	-
III. NET INTEREST INCOME (I - II)		128,734	46,987	86,393	24,608
IV. NET FEES AND COMMISSIONS INCOME		21,841	6,407	16,627	5,980
4.1 Fees and commissions received		22,939	6,796	17,481	6,311
4.1.1 Non-cash loans		11,805	4,064	8,545	3,325
4.1.2 Other	IV-10	11,134	2,732	8,936	2,986
4.2 Fees and commissions paid		(1,098)	(389)	(854)	(331)
4.2.1 Non-cash loans		(67)	(14)	(39)	(13)
4.2.2 Other	IV-10	(1,031)	(375)	(815)	(318)
V. DIVIDEND INCOME		17	-	-	-
VI. NET TRADING INCOME	IV-3	1,281	(323)	5,471	140
6.1 Securities trading gains/ (losses)		11	(1)	6,458	3
6.2 Gain/(losses) from derivative financial instruments		(13,561)	(5,871)	(2,208)	(2,248)
6.3 Foreign exchange gains/ (losses)		14,831	5,549	1,221	2,385
VII. OTHER OPERATING INCOME	IV-5	19,756	2,159	10,436	736
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		171,629	55,230	118,927	31,464
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-6	(24,452)	(3,453)	(17,019)	(6,292)
X. OTHER OPERATING EXPENSES (-)	IV-7	(103,596)	(33,673)	(83,842)	(27,333)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		43,581	18,104	18,066	(2,161)
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)		43,581	18,104	18,066	(2,161)
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-8	(8,451)	(4,161)	(4,782)	(22)
16.1 Provision for current income taxes		(10,320)	(3,616)	-	-
16.2 Provision for deferred taxes		1,869	(545)	(4,782)	(22)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		35,130	13,943	13,284	(2,183)
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)		35,130	13,943	13,284	(2,183)

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

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

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

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Reviewed Current Period 01.01-30.09.2014	Reviewed Prior Period 01.01-30.09.2013
I. Additions to marketable securities revaluation differences for available for sale financial assets	30,056	(40,240)
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	(165)	-
IX. Deferred tax of valuation differences	(6,011)	9,339
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	23,880	(30,901)
XI. Profit/Loss	35,130	6,831
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	-	(6,453)
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	35,130	13,284
XII. Total Profit/Loss accounted for in the period (X±XI)	59,010	(24,070)

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

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

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prior Period		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
Prior Period – 01.01-30.09.2013		Note (Section Five)	Paid-in Capital	Capital Reserves	Share Premium	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.	Prior opening balance		300,000	25,431	-	967	-	15,927	2,746	12,709	-	8,824	-	-	-	-	366,604	-	366,604
II.	Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I-II)		300,000	25,431	-	967	-	15,927	2,746	12,709	-	8,824	-	-	-	-	366,604	-	366,604
	Changes in the period		-	-	-	-	-	-	-	(12,709)	12,709	-	-	-	-	-	-	-	-
IV.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	(37,355)	-	-	-	-	(37,355)	-	(37,355)
VI.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase		100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	-	100,000
14.1	Cash		100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	-	100,000
14.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Period net income/(loss)		-	-	-	-	-	-	-	13,284	-	-	-	-	-	-	13,284	-	13,284
XX.	Profit distribution		-	-	-	635	-	7,769	4,305	-	(12,709)	-	-	-	-	-	-	-	-
20.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	635	-	7,769	4,305	-	(12,709)	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance																			
(I+II+III+...+XVI+XVII+XVIII)			400,000	25,431	-	1,602	-	23,696	7,051	13,284	-	(28,531)	-	-	-	-	442,533	-	442,533

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

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

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Note/ (Section Five)	Paid-in Capital	Effect Of Inflation Accounting On Capital and Other Reserves	Share 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	
Current Period – 01.01-30.09.2014																				
I.		500,000	25,999	-	-	1,602	-	23,696	7,051	14,401	-	(32,944)	-	-	-	-	-	539,805	-	539,805
		-	-	-	-	-	-	-	-	(14,401)	14,401	-	-	-	-	-	-	-	-	-
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	24,045	-	-	-	-	-	24,045	-	24,045
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	45	-	-	-	45	-	45
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000	-	150,000
12.1		150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000	-	150,000
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	(210)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(210)	-	(210)
XVIII.		-	-	-	-	-	-	-	-	35,130	-	-	-	-	-	-	-	35,130	-	35,130
18.1		-	-	-	-	720	-	13,681	-	-	(14,401)	-	-	-	-	-	-	-	-	-
18.2		-	-	-	-	720	-	13,681	-	-	(14,401)	-	-	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance																				
(I+II+III+...+XVI+XVII+XVIII)		650,000	25,789	-	-	2,322	-	37,377	7,051	35,130	-	(8,899)	-	45	-	-	-	748,815	-	748,815

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

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

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

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

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

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Reviewed Current Period 01.01-30.09.2014	Reviewed Prior Period 01.01-30.09.2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	54,195	(2,167)
1.1.1	Interest received	289,687	153,806
1.1.2	Interest paid	(175,536)	(103,200)
1.1.3	Dividend received	17	-
1.1.4	Fees and commissions received	24,775	18,730
1.1.5	Other income	17,063	11,309
1.1.6	Collections from previously written off loans	18,766	18,319
1.1.7	Payments to personnel and service suppliers	(57,346)	(49,850)
1.1.8	Taxes paid	(2,216)	(1,403)
1.1.9	Others	(61,015)	(49,878)
1.2	Changes in operating assets and liabilities	(158,327)	155,842
1.2.1	Net (increase) decrease in financial assets held for trading	90	60
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	(108,851)	(132,685)
1.2.4	Net (increase) decrease in loans	(776,630)	(370,181)
1.2.5	Net (increase) decrease in other assets	(16,857)	739
1.2.6	Net increase (decrease) in bank deposits	(67,296)	174,313
1.2.7	Net increase (decrease) in other deposits	863,032	399,781
1.2.8	Net increase (decrease) in funds borrowed	(98,322)	57,878
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	46,507	25,937
I.	Net cash provided from banking operations	(104,132)	153,675
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	(78,756)	(256,131)
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	(7,308)	(2,126)
2.4	Fixed assets sales	6,745	1,596
2.5	Cash paid for purchase of financial assets available for sale	(117,955)	(326,680)
2.6	Cash obtained from sale of financial assets available for sale	42,805	110,010
2.7	Cash paid for purchase of investment securities	(20,016)	(60,956)
2.8	Cash obtained from sale of investment securities	20,443	45,700
2.9	Others	(3,470)	(23,675)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	150,045	100,000
3.1	Cash obtained from funds borrowed and securities issued	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Issued capital instruments	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance leases	-	-
3.6	Other	150,045	100,000
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	14,203	23,797
V.	Net increase / (decrease) in cash and cash equivalents	(18,640)	21,341
VI.	Cash and cash equivalents at beginning of the period	416,343	358,938
VII.	Cash and cash equivalents at end of the period	397,703	380,279

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

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

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

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

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

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

Additional paragraph for convenience translation:

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

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

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

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

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

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 17.93% of its resources in liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

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

Marketable securities comprising 14.63% of total assets are assets with low risk and high yield. Placements in domestic banks and abroad are 4.65% of the total assets and these assets provide liquidity with low risk and yield.

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

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

III. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

IV. Explanations on Interest Income and Expenses

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

V. Explanations on Fees and Commission Income and Expenses

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

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

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

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

VI. Explanations on Financial Assets

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

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

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

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

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

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value Through Profit and Loss

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

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

Held to Maturity Investments

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

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

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

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

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

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

VI. Explanations on Financial Assets (continued)

Financial Assets Available for Sale

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

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

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

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

Loans and receivables

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

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

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

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

VII. Explanations on Impairment of Financial Assets

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

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

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

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

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

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

VII. Explanations on Impairment of Financial Assets (continued)

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

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

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

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

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

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

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

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

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

TURKLAND BANK ANONİM ŞİRKETİ
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FOR THE PERIOD ENDED SEPTEMBER 30, 2014

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

VII. Explanations on Impairment of Financial Assets (continued)

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

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

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

VIII. Explanations on Offsetting of Financial Assets and Liabilities

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

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

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

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

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

As of September 30, 2014, the Bank does not have any reverse repo transactions. (December 31, 2013: TRY 70,015).

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

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

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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, 2014 (December 31, 2013: None).

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

XI. Explanations on Goodwill and Other Intangible Assets

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

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

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

	%
Intangible assets	7-33

XII. Explanations on Tangible Fixed Assets

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

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

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

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

Normal maintenance and repair cost of the properties are expensed.

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

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XIII. Explanations on Leasing Transactions

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

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

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

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

XIV. Explanations on Provisions and Contingent Liabilities

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

According to the legal department of the Bank; the total number of ongoing cases against the Bank is 43. The total amount of those cases consists of TRY 578, USD 1,604 thousand and EUR 193 thousand. There is a provision of TRY 951 in the accompanying financial statements for these cases (December 31, 2013: TRY 974).

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. As per the Official Gazette No. 28585 dated 12 March 2013 which came into effect on 1 January 2013 published the revised IAS 19 required actuarial gains/losses recognized shareholder equity. As of September 30, 2014, the actuarial gains recognized in equity amounts to TRY 358. (December 31, 2013: TRY 568)

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

Defined Contribution Plans

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

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XV. Explanations on Liabilities Regarding Employee Benefits (continued)

Short-term Employee Benefits

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

XVI. Explanations on Taxation

Corporate tax:

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

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

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

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

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities. Corporate tax provision carried in balance sheet before netting off advance tax and current year provision amounts to 10,320 TRY. (December 31, 2013: None).

Deferred Tax Liability / Asset:

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

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

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

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

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax charge recorded under the tax provision expenses amounts to TRY 1,869 in the accompanying income statement (December 31, 2013: TRY 5,726 deferred tax charge).

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XVII. Additional Explanations on Borrowings

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

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

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

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

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

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

XXII. Explanations on Other Matters

None, other than above explanations.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio : The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" (the "Regulation") published in the Official Gazette No. 29111 as of September 6, 2014 and "Regulation Credit Risk Mitigation Techniques" and "Regulation on calculation of Risk-Weighted Amounts of Securitizations" and also "Regulation Regarding Banks' Shareholders' Equity" published in the Official Gazette No. 28756 dated September 5, 2013 . The Bank's capital adequacy ratio in accordance with the related communiqué is 18.65% as of September 30, 2014 (December 31, 2013: 15.85%).

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 is reviewed independently.

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

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

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

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

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

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

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

Information related to the capital adequacy ratio:

	Risk Weight							
	0%	10%	20%	%50	75%	100%	150%	200%
The amount subject to credit risk								
Risk Types								
Contingent and Non-Contingent Receivables on Sovereigns	1,317,492	-	-	1,567	-	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	58	-	-	-	-	163	-	-
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	1,290	-	145,979	314,003	-	1,494	-	-
Contingent and Non-Contingent Corporate Receivables	103,950	-	-	-	-	2,503,373	-	-
Contingent and Non-Contingent Retail Receivables	7,931	-	-	-	217,155	269	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	902,364	-	314,066	-	-
Past Due Receivables	2	-	-	8,422	-	39,074	5,669	-
Receivables defined in high risk category by BRSA	1,051	-	-	-	-	-	12,364	19,777
Collateralized Mortgage Marketable Securities	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-	-	-
Other Receivables	2,357,292	-	-	-	-	52,308	-	-
Weighted main related with credit risk	-	-	29,196	613,178	162,866	2,910,747	27,050	39,554

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

Summary information related to the capital adequacy ratio:

	September 30, 2014(*)	December 31, 2013
Required Capital Liabilities for Credit Risk		
(Main related with Credit Risk *0.08) (RCLCR)	302,607	260,323
Required Capital Liabilities for Market Risk (RCLMR)	172	305
Required Capital Liabilities for Operational (RCLOR)	20,012	15,845
Shareholders' Equity	752,502	547,829
Shareholders' Equity/((CRCR+MRCR+ORCR)*12,5*100)	18.65	15.85
Tier1 Capital/((CRCR+MRCR+ORCR) *12,5*100)	17.91	-
Core Capital/((CRCR+MRCR+ORCR) *12,5)*100	18.37	-

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

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

Information related to the components of shareholders' equity:

	September 30, 2014
Common Equity Core Capital (CET 1)	
Paid-in capital	650,000
Share premium	-
Share repeal	-
Legal reserves	46,750
Accumulated other comprehensive income in accordance with TAS	25,789
Profit	35,130
Net current period profit	35,130
Prior period profit	-
Provisions for possible losses up to 25% of core capital	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Common Equity Core capital before regulatory adjustments	757,669
Common Equity Core capital: regulatory adjustments	
Loss (in excess of Reserves) and other comprehensive expenses (-)	8,999
Leasehold Improvements on Operational Leases (-)	3,932
Goodwill and Intangible assets and related deferred tax liabilities (-)	3,744
Net Deferred tax assets / liabilities (-)	(260)
Excess amount expressed in the Law (Article 56, 4rd paragraph) (-)	-
Investments in own common equity (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued share capital (amount above 10% threshold) (-)	-
Mortgage servicing rights (amount above 10% threshold) (-)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) (-)	-
Amount exceeding the 15% threshold (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued share capital (amount above 10% threshold) (-)	-
Mortgage servicing rights (amount above 10% threshold) (-)	-
Deferred tax assets arising from temporary differences (-)	-
National specific regulatory adjustments (-)	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions (-)	-
Total regulatory adjustments to Common equity Core Capital	16,315
Common Equity Core capital (CET1)	741,354

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

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

	September 30, 2014
Additional Tier 1 capital: instruments	-
Prevalaged stocks which are not included in common equity and share premiums	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (after 1.1.2014)	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (before 1.1.2014)	-
Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments	-
Investments in own Additional Tier 1 instruments (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold) (-)	-
National specific regulatory adjustments (-)	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)	-
Total regulatory adjustments to Additional Tier 1 capital	-
Additional Tier 1 capital (AT1)	-
Regulatory adjustments to Common Equity	-
Amount of goodwill and intangible assets and related deferred tax liabilities that are not covered as regulatory adjustment in Common Equity in accordance with the temporary article 2 of the Own Fund Regulation (-)	14,974
Amount of net deferred tax assets / liabilities that are not covered as regulatory adjustment in Common Equity in accordance with the temporary article 2 of the Own Fund Regulation (-)	3,592
Tier 1 capital (T1 = CET1 + AT1)	722,788
Tier 2 capital: instruments and provisions	-
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (after 1.1.2014)	-
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (before 1.1.2014)	-
Pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders**	-
Generic Provisions	29,728
Tier 2 capital before regulatory adjustments	-
Tier 2 capital: regulatory adjustments	-
Investments in own Tier 2 instruments (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-
National specific regulatory adjustments (-)	-
Total regulatory adjustments to Tier 2 capital	-
Tier 2 capital (T2)	29,728
Total capital (TC = T1 + T2)	752,516

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

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

	September 30, 2014
Deductions from the capital	
Loans extended being noncompliant with articles 50 and 51 of the Law (-)	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed (-)	4
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-
Deductions in accordance with the article number 20 of the Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio (-)	-
Other (-)	10
Un-adjusted total amount from Common Equity, Tier-1 and Tier-2 due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the temporary paragraph 1 of the article numbered 2 of Own Fund Regulation (-)	-
Un-adjusted total amount from Common Equity, Tier-1 and Tier-2 due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the paragraph 1 of the temporary article numbered 2 of Own Fund Regulation (-)	-
Un-adjusted total amount from Common Equity, (in accordance with the paragraph 1 and 2 of temporary article numbered 2 of the Own Fund Regulation) due to the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity (amount above 10% threshold), in accordance with the paragraph 1 of the temporary article numbered 2 of Own Fund Regulation (-)	-
Own Fund	752,502
Amounts below the thresholds for deduction	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued common share capital of the entity	-
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences	

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

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

	December 31, 2013
CORE CAPITAL	
Paid up Capital	500,000
Nominal capital	500,000
Capital commitments (-)	-
Inflation adjustment to share capital	25,431
Share premium	-
Cancellation profits	-
Legal reserves, status reserves and extraordinary reserves	32,349
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-
Profit	14,401
Current period net profit	14,401
Prior years' profits	-
Provision for possible losses up to 25% of the Core Capital	-
Profit on disposal of associates, subsidiaries and immovables	-
Primary subordinated debts up to 15% of the Core Capital	-
Losses that cannot be covered by reserves (-)	-
Current period loss (net)	-
Prior years' losses	-
Leasehold improvements (-)	(1,666)
Intangible assets (-)	(20,674)
Deferred tax asset exceeding 10% of the Core Capital (-)	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-
Other	568
Total Core Capital	550,409
SUPPLEMENTARY CAPITAL	(2,576)
General loan loss reserves	30,368
45% of the revaluation reserve for movable fixed assets	-
45% of the of revaluation reserve for properties	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-
Primary subordinated loans excluded in the calculation of the Core Capital	-
Secondary subordinated loans	-
45% value increase of available for sale financial assets and associates and subsidiaries	(32,944)
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	-
Total Supplementary Capital	(2,576)
CAPITAL	547,833
DEDUCTIONS FROM THE CAPITAL	(4)
Investments in Unconsolidated Financial Institutions (Domestic, Foreign) and Banks	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and Debt Instruments That Have Primary Secondary Subordinated Loan Nature Purchased From Them	-
Investment in Financial Institutions (Domestic, Foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	-
Loans extended as contradictory to the articles 50 and 51 of the law	-
The net book value of Bank's Immovables that are 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	(4)
Other	-
	-
Total Shareholders' Equity	547,829

Information related to the management of internal capital

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

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

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

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

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

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

II. Explanations Related to Credit Risk

Internal credit rating system

	Internal Rating Grade	September 30, 2014	(%)	December 31, 2013	(%)	
High						
	Risk rating class 1	A+ Excellent	40,299	1,21	15,973	0.61
	Risk rating class 2	A- Excellent	117,557	3,52	105,295	4.00
Good						
	Risk rating class 3	B+ Very Good	384,696	11,51	280,074	10.63
	Risk rating class 4	B- Very Good	534,145	15,98	565,943	21.48
Standard						
	Risk rating class 5	C+ Good	519,133	15,53	480,645	18.24
	Risk rating class 6	C- Good	692,672	20,73	603,686	22.91
Substandard						
	Risk rating class 7	D+ Ordinary	455,874	13,64	318,619	12.09
	Risk rating class 8	D- Ordinary	165,767	4,96	89,740	3.41
	Risk rating class 9	E Bad	34,710	1,04	42,704	1.62
	Risk rating class 10	F Very Bad	5,150	0,15	4,467	0.17
Unrated			392,095	11,73	127,644	4.84
Total			3,342,098	100.00	2,634,790	100.00

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

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

“F” rating;

Number of clients with “F” rating is 10 with an outstanding risk of TRY 5,150 (December 31, 2013 : TRY 4,467; 9 clients). Four of these clients are granted against mortgage with outstanding risk of TRY 1,881 and covers 37% of total risk (December 31, 2013: 4 clients; %62), 2 clients are granted against customer check with outstanding risk of TRY 1,184 and covers 23% of total risk (December 31, 2013: 1 clients, 19%), one of these clients is granted against cash equivalents of TRY 349 and covers 7% of risk. Moreover, parent company of one client, which have risk of TRY 180, have ratings of A+ and above (ratio is 3%).

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II. Explanations Related to Credit Risk (continued)

“E” rating;

Number of clients with “E” rating is 23 and total outstanding risk is TRY 34,710TL (December 31, 2013 : TRY 42,704; 31 clients). 8 of these clients are granted against mortgage with outstanding risk of TRY 8,408 and covers 24% of total “E” Rating Risk (December 31,2013 : TRY 10,199 TL, %24). 9 of these clients are granted against Customer Check/Note with outstanding risk of TRY 2,385 and covers 7% of total “E” Rating Risk(December 31,2013 : TRY 2,700; 6%). 1 of these clients are granted against letter of guarantee with outstanding risk of TRY 1,972 and covers 6%. Moreover, parent company of 5 clients, which have risk of TRY 10,337 and are unguaranteed have ratings of C- and above (ratio is 30%).

“D-” rating;

Number of clients with D- rating is 60 and total outstanding risk is TRY 165,717 (December 31, 2013: TRY 89,740, 61 client). 30 clients granted against mortgage have outstanding risk of TRY 53,380 and covers 32% of total “D-” Rating Risk (December 31,2013 : TRY 20,409; 23%). 24 of these clients are granted against Customer check/note with outstanding risk of TRY 29,686 and covers 18% of total “D-” Rating Risk. (December 31, 2013 : TRY 27,316, %30). Moreover, parent company of 5 clients, which have risk of TRY 8,372 and are unguaranteed have ratings of C+ and above (ratio is 5%).

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

III. Explanations Related to Market Risk

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” which was published in the Official Gazette on September 6, 2014 numbered 29111 and September 5, 2013 numbered 28756 “Regulation Regarding Banks’ Shareholders’ Equity”.

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

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

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

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

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III. Explanations Related to Market Risk (continued)

Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	1
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
Standard Method For Specific Risk of Necessary Capital Requirement on Securitization Positions	
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	133
(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	38
(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)	172
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	2,150

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

Within the scope Regulation on the Internal Systems of Banks and Regulation on Measurement and Assessment of Capital Adequacy of Bank's, published in the Official Gazette No. 29111 dated September 6, 2014, "Internal Systems and Counterparty Credit Risk Management Policy" is formed, then approved by the Board of Directors and published in the Bank. Limits are defined by Board of Directors and controlled daily and reported to the Bank. In addition to that, related current limits are taken into capital accounts.

Other price risks:

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

IV. Explanations Related to Currency Risk

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

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

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

	June 23, 2014	June 24, 2014	June 25, 2014	June 26, 2014	June 27, 2014	September 30, 2014
USD	2.2337	2.2372	2.2566	2.2606	2.2786	2.2814
CHF	2.3833	2.3681	2.3812	2.3791	2.3996	2.3864
GBP	3.6576	3.6586	3.6862	3.6767	3.7003	3.7004
100 JPY	2.0530	2.0560	2.0720	2.0700	2.0850	2.0820
EURO	2.8765	2.8589	2.8734	2.8706	2.8943	2.8786

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IV. Explanations Related to Currency Risk (continued)

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

	Monthly Average Foreign Exchange Rate
USD	2.2108
CHF	2.3601
GBP	3.6046
100 JPY	2.0599
EURO	2.8497

September 30, 2014	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	64,425	372,097	-	27,700	464,222
Banks	50,179	183,495	54	2,514	236,242
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	3	-	-	3
Loans (*)	339,452	612,234	-	-	951,686
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	5	56	-	-	61
Total Assets	454,061	1,167,885	54	30,214	1,652,214
Liabilities					
Bank Deposits	14,646	23,361	-	1,484	39,491
Foreign Currency Deposits	381,964	1,133,855	-	295	1,516,114
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	79,457	20,922	-	-	100,379
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	893	3,008	-	-	3,901
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	75	1,934	-	-	2,009
Total Liabilities	477,035	1,183,080	-	1,779	1,661,894
Net Balance Sheet Position	(22,974)	(15,195)	54	28435	(9,680)
December 31, 2013					
Net Off-Balance Sheet Position	23,174	13,502	-	(27,550)	9,126
Financial Derivative Assets (***)	36,140	26,242	-	-	62,382
Financial Derivative Liabilities (***)	(12,966)	(12,740)	-	(27,550)	(53,256)
Non-Cash Loans (**)	162,402	426,434	-	30	588,866
Total Assets(*) (****)	447,777	933,616	176	29,993	1,411,562
Total Liabilities	419,226	964,020	-	2,745	1,385,991
Net Balance Sheet Position	28,551	(30,406)	176	27,248	25,571
Net Off-Balance Sheet Position	(30,221)	28,299	-	(25,896)	(27,818)
Financial Derivative Assets (***)	1,630	33,822	-	-	35,452
Financial Derivative Liabilities (***)	(31,851)	(5,523)	-	(25,896)	(63,270)
Non-Cash Loans (**)	211,200	393,423	838	9,118	614,579

(*) Foreign currency indexed loans amounting to TRY 405,004 (December 31, 2013: TRY 395,575) are included in the loan portfolio.

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

(***) It includes also TRY 7,064 and TRY 10,584 forward asset purchase & sale commitments (December 31, 2013: TRY 5,278 and TRY 7,319, respectively).

(****) TRY 141 asset from derivative financial instruments and TRY 132 liability from derivative financial instruments are not included (December 31, 2013: TRY 149 asset from derivative financial instruments are not included).

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IV. Explanations Related to Currency Risk (continued)

Foreign currency sensitivity:

The Bank holds EUR and USD currencies positions mainly.

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

Change in currency rate in %	Effect on profit or loss		Effect on equity	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
USD % 10 increase	40	(211)	-	-
USD % 10 decrease	(40)	211	-	-
EURO % 10 increase	(541)	(167)	-	-
EURO % 10 decrease	541	167	-	-
OTHER % 10 increase	94	5.332	-	-
OTHER % 10 decrease	(94)	(5.332)	-	-

V. Explanations Related to Interest Rate Risk

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

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

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

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

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

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V. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
September 30, 2014							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	600,727	600,727
Banks	204,263	-	-	-	-	32,010	236,273
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	25	534	559
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	164,399	175,014	303,226	-	4	138	642,781
Loans (*)	2,051,997	166,531	393,600	717,928	12,042	-	3,342,098
Held-To-Maturity Investments	1,528	-	68,940	30,460	-	-	100,928
Other Assets (**)	-	-	-	-	-	159,969	159,969
Total Assets	2,422,187	341,545	765,766	748,388	12,071	793,378	5,083,335
Liabilities							
Bank Deposits	22,867	14,408	-	-	-	3,415	40,690
Other Deposits	2,213,042	1,119,935	188,750	-	-	148,233	3,669,960
Money Market Borrowings	331,306	-	-	-	-	-	331,306
Sundry Creditors	-	-	-	-	-	50,722	50,722
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	8,272	30,322	78,770	-	-	-	117,364
Other Liabilities (***)	571	504	-	-	-	872,218	873,293
Total Liabilities	2,576,058	1,165,169	267,520	-	-	1,074,588	5,083,335
Balance Sheet Long Position	-	-	498,246	748,388	12,071	-	1,258,705
Balance Sheet Short Position	(153,871)	(823,624)	-	-	-	(281,210)	1,258,705
Off-Balance Sheet Long Position	-	-	-	-	-	85,148	85,148
Off-Balance Sheet Short Position	-	-	-	-	-	(85,121)	85,121
Total Position	(153,871)	(823,624)	498,246	748,388	12,071	(281,183)	27

(*) 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 45,428 intangible assets amounting to TRY 18,718, tax asset amounting to TRY 3,332 settlement account amount TRY 27,097, prepaid expenses amounting to TRY 8,875, net nonperforming loans amounting to TRY 53,167 and other assets amounting to TRY 3,352

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 748,815 , TRY 50,490 provisions, , settlement account amount TRY 50,117 and TRY 22,796 other liabilities.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
September 30, 2014				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey	-	-	-	-
Banks	0,08	0,19	-	12
Financial Assets At Fair Value Through Profit And Loss	-	-	-	10,38
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	-	7,38	-	3,34
Loans	6,44	5,80	-	12,84
Held-To-Maturity Investments	-	-	-	6,94
Liabilities				
Bank Deposits	0,91	2,02	-	-
Other Deposits	2,83	2,91	-	10,79
Money Market Borrowings	-	-	-	10,11
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2,24	2,49	-	6,45

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V. Explanations Related to Interest Rate Risk (continued)

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

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

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

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

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

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V. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

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

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

With the exception of items included under on trading accounts, and items which are other than subordinated debts considered on equity accounts in accordance with "Regulation on Equity of Banks" which have been published on the Official Gazette dated September 5, 2013 numbered 28756, the interest rate risk for all on-balance sheet and off-balance sheet items, which are interest sensitive, and for banking accounts has been calculated. In calculation of interest rate risk, the bank has no any assumptions for early repayment of loans and demand deposits. Interest rate risk arising from banking accounts is calculated and is reported to BRSA monthly.

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

	Unit of Currency	Applicable Shock (+ / -base point)*	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
1	TRY	500	(55,142)	% -7
		(400)	50,898	% 7
2	EURO	200	(4,660)	% 0
		(200)	5,082	% 0
3	USD	200	(9,520)	% -1
		(200)	10,405	% 1
Total (For Negative Shock)			66,385	% 9
Total (For Positive Shock)			(69,322)	%- 9

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

Interest rate sensitivity:

If interest rates had been increased by 0,5% in TRY and by 0,5% in FC and all other variables were held constant, the Bank's:

- Net profit would change by TRY 7,709 The change in profit mainly is related to loans and deposits (December 31, 2013: TRY 4,687).
- Possible changes in the interest rates effects the equity as a result of the revaluation of the available-for-sale assets decreases equity by TRY 235 (December 31, 2013: TRY 313).

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VII. Explanations Related to Liquidity Risk

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

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

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities:

September 30, 2014	Demand	Up to 1 Month	1-3 Month	3-12 Months	1-5 Years	Over 5 Years	Undistributed(*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey (***)	178,622	257,655	133,420	31,030	-	-	-	600,727
Banks	32,010	204,263	-	-	-	-	-	236,273
Financial Assets at Fair Value Through Profit and Loss	-	-	534	-	-	25	-	559
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	13,836	-	214,628	80,612	333,567	138	642,781
Loans (***)	-	2,051,997	166,531	393,600	717,928	12,042	-	3,342,098
Held-To-Maturity Investments	-	-	-	68,940	30,460	1,528	-	100,928
Other Assets	-	27,097	-	-	-	-	132,872	159,969
Total Assets	210,632	2,554,848	300,485	708,198	829,000	347,162	133,010	5,083,335
Liabilities								
Bank Deposits	3,415	22,867	14,408	-	-	-	-	40,690
Other Deposits	148,233	2,213,042	1,119,935	188,750	-	-	-	3,669,960
Money Market Borrowings	-	331,306	-	-	-	-	-	331,306
Sundry Creditors	-	50,722	-	-	-	-	-	50,722
Marketable Securities Issued	-	-	-	-	-	-	-	-
Funds Provided From Other Financial	-	8,272	30,322	78,770	-	-	-	117,364
Other Liabilities (**)	-	69,904	504	-	-	-	802,885	873,293
Total Liabilities	151,648	2,696,113	1,165,169	267,520	-	-	802,885	5,083,335
Liquidity Gap	58,984	(141,265)	(864,684)	440,678	829,000	347,162	(669,875)	-
December 31, 2013								
Total Assets	67,579	2,340,320	184,813	334,098	774,093	302,106	108,254	4,111,263
Total Liabilities	164,282	2,366,158	606,584	380,845	4,290	-	589,104	4,111,263
Liquidity Gap	(96,703)	(25,838)	(421,771)	(46,747)	769,803	302,106	(480,850)	-

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

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

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

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

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VII. Explanations on Credit Risk Mitigation Techniques

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

Collateral on the basis of risk classes

Risk Types	Amount	Financial Collateral	Other / Physical Collateral	Guaranties and Credit Derivatives
Contingent and Non-Contingent Receivables on Sovereigns	1,319,059	-	-	-
Contingent and Non-Contingent Receivables on Regional Governments and Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables on Administrative Units and Non-commercial Enterprises	221	75	-	-
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	462,766	1,291	-	-
Contingent and Non-Contingent Corporate Receivables	2,607,323	110,781	-	-
Contingent and Non-Contingent Retail Receivables	225,355	8,803	-	-
Contingent and Non-Contingent Receivables Secured by Property	1,216,430	-	-	-
Past Due Receivables	53,167	2	-	-
Receivables defined in high risk category by BRSA	33,191	1,051	-	-
Collateralized Mortgage Marketable Securities	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporate	-	-	-	-
Investment similar to collective investment funds	-	-	-	-
Other Receivables	2,409,599	-	-	-
Total	8,327,111	122,003	-	-

VIII. Risk Management Objectives and Policies

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

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

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

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VIII. Risk Management Objectives and Policies (continued)

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

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

Risk Management Group calculates Basel II capital adequacy calculation systematically, namely Credit Risk, Market Risk and Operational Risk, in accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Bank's" published in the Official Gazette dated September 6, 2014, numbered 29111."

From January 1, 2014 equity and the capital adequacy ratio of the Bank is calculated in accordance with the "Change in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 29111, dated September 6, 2014 and "Regulation on Equities of Banks" published in the Official Gazette no.28756, dated September 5, 2013.

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

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

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

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

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

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

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

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VIII. Risk Management Objectives and Policies (continued)

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

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

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

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

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

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

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

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	7,472	22,446	7,673	15,581
Balances with the Central Bank of Turkey	129,033	440,863	35,574	331,582
Other	-	913	-	-
Total	136,505	464,222	43,247	347,163

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

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Unrestricted demand deposits	129,033	1,564	35,574	1,134
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
FC Reserve deposits	-	439,299	-	330,448
Total	129,033	440,863	35,574	331,582

c) Explanations related to reserve deposits:

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

FC reserve deposits rates:

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

TRY reserve deposits rates:

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

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

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

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

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

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 25. (31 December, 2013: TRY 116).

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

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Forward Transactions	11	141	-	37
Swap Transactions	382	-	-	112
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	393	141	-	149

3. a) Information on banks:

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Banks				
Domestic	31	204,597	80,045	198,972
Foreign	-	31,645	-	7,380
Branches and head office abroad	-	-	-	-
Total	31	236,242	80,045	206,352

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

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

	June30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	25,792	-	78,516	-
Other	-	-	-	-
Total	25,792	-	78,516	-

Available-for-sale securities given as collateral for open market transactions are TRY 25,509 and TRY 283 hold for Takasbank respectively. (December 31, 2013: Available-for-sale securities given as collateral for Interbank money market and open market transactions are TRY 57,371, TRY 20,368 and TRY 777 hold for Takasbank respectively.)

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

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

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	294,031	-	321,603	-
Other	-	-	-	-
Total	294,031	-	321,603	-

Net book value of unrestricted financial assets available-for-sale is TRY 322,958 (December 31, 2013: TRY 105,694) and included in this amount there are unquoted stocks amounting TRY 138 (December 31, 2013: TRY 75).

b) Information on financial assets available for sale portfolio:

	September 30, 2014	December 31, 2013
Debt securities	642,668	525,161
Quoted on a stock exchange	642,668	525,161
Not quoted	-	-
Share certificates	138	75
Quoted on a stock exchange	-	-
Not quoted	138	75
Impairment provision (-)	(25)	(19,423)
Total	642,781	505,813

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

5. Information on loans:

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

	September 30, 2014		December 31, 2013	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	100	86	73	89
Corporate shareholders	100	86	73	89
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	15,994	23	14,228
Loans granted to employees	1,298	1,487	1,296	1,295
Total	1,398	17,567	1,392	15,612

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

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled	Other	Loans and Other Receivables	Restructured or Rescheduled	Other
Non-specialized loans	3,145,773	851	-	70,116	125,358	-
Discount notes	1,754,864	851	-	40,828	110,713	-
Export loans	457,757	-	-	17,310	6,570	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	113,227	-	-	-	7,784	-
Foreign loans	39,618	-	-	-	-	-
Consumer loans	23,539	-	-	9,000	291	-
Credit cards	-	-	-	-	-	-
Precious metals loans	-	-	-	-	-	-
Other	756,768	-	-	2,978	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	3,145,773	851	-	70,116	125,358	-

- c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and other Receivables	1,941,351	-	10,223	24,873
Non-specialized loans	1,941,351	-	10,223	24,873
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	1,204,422	851	59,893	100,485
Non-specialized loans	1,204,422	851	59,893	100,485
Specialized loans	-	-	-	-
Other Loans	-	-	-	-
Total	3,145,773	851	70,116	125,358

Number of Changes for the Payment Plan Extension	Standard Loans and Other Receivables		Watching Loans and Other Receivables	
1 or 2 times extended		851		121,697
3, 4 or 5 times extended		-		3,650
5 Over the extended		-		11
Total		851		125,358

	Standard Loans and Other Receivables	Watching Loans and Other Receivables
0 – 6 Month	-	2,210
6 – 12 Month	-	4,507
1 – 2 Year	218	7,443
2 – 5 Year	633	58,177
5 Years and Over	-	53,021
Total	851	125,358

As of September 30, 2014, in accordance with “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” (published in the Official Gazette on May 28, 2011, numbered 27947) the bank calculated general loan loss provision for standard loan, which the payments are rescheduled, principal balance amounting to TRY 41 and for watch list-loans, which the payments are rescheduled, principal balance amounting to TRY 5,857.

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

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	2,026	28,671	30,697
Housing Loans	445	3,434	3,879
Car Loans	-	307	307
General Purpose Loans	1,581	24,930	26,511
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	511	455	966
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	511	455	966
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Real Persons) (*)	1,167	-	1,167
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	3,704	29,126	32,830

(*) Overdraft Accounts includes TRY 274 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	27,215	748,648	775,863
Business Loans	16,029	115,060	131,089
Car Loans	1,801	7,413	9,214
General Purpose Loans	1,323	422,917	424,240
Other	8,062	203,258	211,320
Commercial loans with installment facility - Indexed to FC	3,904	189,453	193,357
Business Loans	-	-	-
Car Loans	3,904	61,308	65,212
General Purpose Loans	-	92,286	92,286
Other	-	35,859	35,859
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)	31,518	-	31,518
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	62,637	938,101	1,000,738

f) Domestic and foreign loans:

	September 30, 2014	December 31, 2013
Domestic loans	3,302,480	2,634,762
Foreign loans	39,618	28
Total	3,342,098	2,634,790

g) Loans granted to subsidiaries and associates:

None.

h) Specific provisions provided against loans:

	September 30, 2014	December 31, 2013
Specific provisions		
Loans and receivables with limited collectability	1,296	785
Loans and receivables with doubtful collectability	2,395	7,018
Uncollectible loans and receivables	45,258	28,573
Total	48,949	36,376

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
September 30, 2014			
(Gross amount before specific provision) (*)	-	799	3,999
Restructured Loans and Other Receivables	-	799	3,999
Rescheduled Loans and Other Receivables	-	-	-
December 31, 2013			
(Gross amount before specific provision)	-	795	5,307
Restructured Loans and Other Receivables	-	795	5,307
Rescheduled Loans and Other Receivables	-	-	-

(*) As of September 30, 2014 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 3,836 (December 31, 2013: TRY 4,214).

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
December 31, 2013 balance	3,243	17,486	49,145
Additions (+)	43,021	7,889	98
Transfers from other categories of non-performing loans (+)	-	20,676	41,344
Transfers to other categories of non-performing loans (-)	(32,744)	(29,277)	-
Collections (-)	(425)	(3,851)	(14,489)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
September 30, 2014 balance	13,095	12,923	76,098
Specific provision (-)	(1,296)	(2,395)	(45,258)
Net Balances on Balance Sheet	11,799	10,528	30,840

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, 2014 (Net)			
Loans to Real Persons and Legal Entities (Gross)	13,095	12,923	76,098
Specific provision (-)	(1,296)	(2,395)	(45,258)
Loans to Real Persons and Legal Entities (Net)	11,799	10,528	30,840
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2013 (Net)			
Loans to Real Persons and Legal Entities (Gross)	3,243	17,486	49,145
Specific provision (-)	(785)	(7,018)	(28,573)
Loans to Real Persons and Legal Entities (Net)	2,458	10,468	20,572
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

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

l) Explanations on write-off policy:

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

6. Information on held-to-maturity investments:

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

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	26,131	-	29,341	-
Other	-	-	-	-
Total	26,131	-	29,341	-

As of September 30, 2014, collateral or blocked investments held-to-maturity; Central Bank open market operations is TRY 2,633 and Central Bank of the interbank money market is TRY 5,508 and stock collateral balance is TRY 17,990. (December 31,2013 : Open market transactions in Central Bank and Interbank Markets are TRY 6, 683 and TRY 5,142, respectively and TRY 17,516 is kept as collateral in Takas bank).

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

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

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Treasury Bills	-	-	-	-
Bond, Treasury bill and similar securities	47,491	-	66,204	-
Other	-	-	-	-
Total	47,491	-	66,204	-

Book value of held to maturity investments classified as unrestricted financial assets is TRY 27,306. (December 31, 2013: TRY 3,350).

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

	September 30, 2014	December 31, 2013
Treasury bills	100,928	98,895
Bond, bills and other similar securities government bonds	-	-
Other public sector debt securities	-	-
Total	100,928	98,895

c) Information on held-to-maturity investments:

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Debt securities				
Quoted on a stock exchange	100,928	-	98,922	-
Not quoted on a stock exchange	-	-	-	-
Provision for impairment (-)	-	-	(27)	-
Total	100,928	-	98,895	-

d) Movement of held-to-maturity investments:

	September 30, 2014	December 31, 2013
Beginning balance	98,895	70,959
Foreign currency differences on monetary assets(*)	2,460	(1,613)
Purchases during year	20,016	82,678
Disposal through sales and redemptions	(20,443)	(53,129)
	-	-
Closing Balance	100,928	98,895

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

7. Information on associates (Net):

The Bank has no associates in the current period

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

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

9. Information on jointly controlled entities:

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

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

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

12. Information on tangible assets:

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

13. Information on intangible assets:

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

14. Investment Property (Net): None.

15. Explanations on deferred tax assets:

- a) As of September 30, 2014, deferred tax asset calculated on tax losses and tax deductions or exemptions: None. (December 31, 2013: 2,351). Deferred tax asset calculated on the other temporary differences is TRY 3,332 (December 31, 2013: TRY 5,123 deferred tax asset).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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

17. Information on other assets:

- a) Breakdown of other assets:

	September 30, 2014	December 31, 2013
Settlement Accounts	27,097	16,499
Prepaid Expenses	8,875	6,047
Advances Given	1,001	10
Other	2,351	2,229
Total	39,324	24,785

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

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) September 30, 2014 :

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	12,841	-	34,741	859,654	57,842	60,436	6,044	-	1,031,558
Foreign currency deposits	47,186	-	44,371	1,282,057	53,500	33,570	55,431	-	1,516,115
Residents in Turkey	43,951	-	42,317	1,241,869	52,941	32,579	53,275	-	1,466,932
Residents abroad	3,235	-	2,054	40,188	559	991	2,156	-	49,183
Public sector deposits	15,779	-	-	9,309	-	-	-	-	25,088
Commercial deposits	71,957	-	59,309	469,105	190,941	31,637	39,460	-	862,409
Other institutions deposits	471	-	1,766	135,742	1,710	95,102	-	-	234,791
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	3,414	-	-	37,275	-	-	-	-	40,689
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	30	-	-	-	-	-	-	-	30
Foreign Banks	3,384	-	-	37,275	-	-	-	-	40,659
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	151,648	-	140,187	2,793,142	303,993	220,745	100,935	-	3,710,650

a.2) December 31, 2013:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	10,510	-	20,802	760,868	98,136	11,309	3,327	-	904,952
Foreign currency deposits	79,130	-	63,887	846,654	82,344	37,544	44,454	-	1,154,013
Residents in Turkey	74,822	-	62,886	807,696	80,967	34,972	42,949	-	1,104,292
Residents abroad	4,308	-	1,001	38,958	1,377	2,572	1,505	-	49,721
Public sector deposits	6,105	-	-	-	-	-	-	-	6,105
Commercial deposits	65,886	-	89,204	365,290	59,011	50,946	1,706	-	632,043
Other institutions deposits	785	-	50	27,627	15,565	51,762	8	-	95,797
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	1,866	-	10,002	10,793	21,566	-	-	-	44,227
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	32	-	-	-	-	-	-	-	32
Foreign Banks	1,834	-	10,002	10,793	21,566	-	-	-	44,195
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	164,282	-	183,945	2,011,232	276,622	151,561	49,495	-	2,837,137

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

i. Information on saving deposits:

Saving Deposits (*)	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Saving deposits	230,623	200,830	791,757	698,101
Foreign currency saving deposits	66,071	44,404	703,928	418,527
Other deposits in the form of saving deposits	465	342	8,747	4,866
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	297,159	245,576	1,504,432	1,121,494

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

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

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

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

	September 30, 2014	December 31, 2013
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	1,641	2,341
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

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

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Forward Transactions	11	132	37	-
Swap Transactions	356	-	690	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	367	132	727	-

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

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
From Domestic Banks and Institutions	16,985	26,319	19,190	28,112
From Foreign Banks, Institutions and Funds	-	74,060	8,009	161,684
Total	16,985	100,379	27,199	189,796

b) Maturity analysis of borrowings:

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
Short-term	16,985	38,724	27,199	135,079
Medium and long-term	-	61,665	-	54,717
Total	16,985	100,379	27,199	189,796

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

Bank diversifies its funding resources by customer deposits and foreign borrowings 97% of bank deposits and 41% of other deposits are composed of foreign currency deposits.

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

4. Information on funds provided from repurchase agreement transactions :

	September 30, 2014		December 31, 2013	
	TRY	FC	TRY	FC
From domestic transactions	331,306	-	370,580	-
Financial institutions and organizations	331,304	-	370,575	-
Other institutions and organizations	-	-	-	-
Real persons	2	-	5	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	331,306	-	370,580	-

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

	September 30, 2014		December 31, 2013	
	Nominal	Carrying Value	Nominal	Carrying Value
Financial Assets Available for Sale	215,333	285,070	279,805	307,226
Held to Maturity Investments	47,088	46,236	67,007	63,354
Financial assets held for trading	-	-	-	-
Total	262,421	331,306	346,812	370,580

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

None.

6. Explanations on lease obligations (Net):

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

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

- b) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. As of September 30, 2014 operational lease expenses amounting to TRY 9,644 have been recorded in the profit and loss accounts (December 31,2013: TRY 10,248). The lease periods vary between 5 and 10 years.

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

7. Information on derivative financial liabilities for hedging purposes:

None.

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

8. Information on provisions:

a) Information on general provisions:

	September 30, 2014	December 31, 2013
General Provisions		
Provisions for First Group Loans and Receivables	19,392	21,001
- Additional Provision for Extended Period	41	355
Provisions for Second Group Loans and Receivables	1,380	1,457
- Additional Provision for Extended Period	5,857	4,308
Provisions for Non-cash Loans	3,058	3,247
Total	29,728	30,368

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 1,061 (December 31, 2013: TRY 50) on the foreign currency indexed loans are netted off from loans on the balance sheet.

c) The specific provisions of TRY 4,155 (December 31, 2013: TRY 3,931) were provided for unindemnified non cash loans.

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

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

	September 30, 2014	December 31, 2013
Employee termination benefit provision	6,421	5,314
Unused vacation provision	3,209	2,429
Total of provision for employee benefits	9,630	7,743

In accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits"; total benefit is calculated for each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement. According to communique numbered 28585 published in Turkish Trade Registry Gazette, as per IASR actuarial gain that is recorded under shareholders' equity amounting to TRY 358 as of September 30, 2014. (December 31, 2013: TRY 568)

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

e) Information on other provisions:

e.1) Provisions for possible losses: None.

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

	September 30, 2014	December 31, 2013
Specific provisions provided for unindemnified non cash loans	4,155	3,931
Other provisions (*)	6,977	7,257
Total	11,132	11,188

(*) Other provisions include TRY 4,877 of the remaining bonus provision accrued in 2014, TRY 766 of the remaining bonus provision accrued before 2014, TRY 302 of provisions for other assets, TRY 951 of litigation provision, TRY 71 of other provisions. (December 31, 2013: TRY 5,250 of the remaining remaining bonus provision accrued in 2013, TRY 658 of the remaining bonus provision accrued before 2013, TRY 302 of provisions for other assets, TRY 976 of litigation provision, TRY 71 of other provisions).

9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Information on corporate tax:

As of September 30, 2014, remaining tax liability after prepaid taxes are TRY 3,857. (December 31, 2013: None)

a.2) Explanations on taxes payable:

	September 30, 2014	December 31, 2013
Corporate Tax Payable	3,578	-
BITT	3,333	2,415
Taxation on Securities	3,319	2,977
Payroll Tax	1,165	1,636
Property Tax	313	282
Value Added Tax Payable	359	190
Stamp Tax	36	44
Other	287	105
Total	12,390	7,649

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

a.3) Information on premiums:

	September 30, 2014	December 31, 2013
Social Security Premiums-Employer	669	555
Social Security Premiums-Employee	432	360
Bank Social Aid Pension Fund Premium-Employer	58	49
Bank Social Aid Pension Fund Premium-Employee	29	24
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	-	-
Unemployment Insurance-Employer	-	-
Other	-	-
Total	1,188	988

b) Explanations on deferred tax liabilities, if any:

None.

10. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

As of September 30, 2014 the nominal value of the Bank's capital is amounting to TRY 650,000 and consists of 6,500 million shares

000 TL	September 30, 2014	December 31, 2013
Common stock(*)	650,000	500,000
Preferred stock	-	-

(*) Nominal Capital

b) The Bank does not apply registered share capital system.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

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

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.

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

- 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, 2014	December 31, 2013
From Associates, Subsidiaries, and Jointly Controlled Entities (Joint Vent.)	-	-
Valuation Difference	(8,899)	(32,944)
Foreign Exchange Difference	-	-
Total	(8,899)	(32,944)

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

1. Information on off-balance sheet liabilities:

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

	September 30, 2014	December 31, 2013
Loan granting commitments	103,741	85,587
Payment commitments for checks	45,150	157,758
Forward asset purchase and sales commitments	22,316	15,684
Other irrevocable commitments	12,752	21,605
Total	183,959	280,634

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

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

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

	September 30, 2014	December 31, 2013
Letters of credit	143,954	160,697
Bank acceptance loans	2,730	7,824
Other guarantees and collaterals	114,581	145,956
Total	261,265	314,477

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

	September 30, 2014	December 31, 2013
Definite letter of guarantees	1,164,751	1,007,719
Temporary letter of guarantees	167,131	194,290
Other letter of guarantees	215,779	164,896
Total	1,547,661	1,366,905

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

	September 30, 2014	December 31, 2013
Non-cash loans given against achieving cash loans	111,088	140,265
With maturity of 1 year or less than 1 year	102	90,911
With maturity of more than 1 year	110,986	49,354
Other non-cash loans	1,697,838	1,541,117
Total	1,808,926	1,681,382

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

TURKLAND BANK ANONİM ŞİRKETİ
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FOR THE PERIOD ENDED SEPTEMBER 30, 2014

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

IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	September 30, 2014		September 30, 2013	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	158,520	12,199	105,783	14,607
Medium and long term loans	83,891	9,884	44,714	1,807
Interest on non-performing loans	812	-	2,998	-
Total	243,223	22,083	153,495	16,414

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

b) Information on interest received from banks:

	September 30, 2014		September 30, 2013	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	80	268	121	222
Foreign banks	-	4	4	3
Branches and head office abroad	-	-	-	-
Total	80	272	125	225

c) Interest received from marketable securities portfolio:

	September 30, 2013		September 30, 2012	
	TRY	FC	TRY	FC
Trading securities	3	-	4	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	44,494	-	22,208	-
Held-to-maturity securities	5,769	-	3,275	-
Total	50,266	-	25,487	-

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

None.

2. a) Information on interest on funds borrowed:

	September 30, 2014		September 30, 2013	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	1,005	2,613	1,206	3,727
The Central Bank of Turkey	-	-	-	-
Domestic banks	835	529	665	708
Foreign banks	170	2,084	541	3,019
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	1,005	2,613	1,206	3,727

(*) Includes fees and commission expenses for borrowings.

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

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

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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, 2014								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TRY								
Bank deposits	-	2	-	-	-	-	-	2
Saving deposits	-	2,357	58,275	7,823	9,692	359	-	78,506
Public sector deposits	-	-	250	-	-	-	-	250
Commercial deposits	-	6,668	25,085	5,479	3,398	1,467	-	42,097
Other deposits	-	33	4,312	5,043	-	-	-	9,388
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	9,060	87,922	18,345	13,090	1,826	-	130,243
Foreign Currency								
Foreign currency deposits	-	624	22,725	1,421	830	1,325	-	26,925
Bank deposits	-	440	-	-	-	-	-	440
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	1,064	22,725	1,421	830	1,325	-	27,365
Grand Total	-	10,124	110,647	19,766	13,920	3,151	-	157,608
September 30, 2013								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulating Deposits	Total
TRY								
Bank deposits	-	2	-	-	-	-	-	2
Saving deposits	-	701	34,669	5,615	3,895	103	-	44,983
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	2,560	15,366	3,627	4,330	531	-	26,414
Other deposits	4	258	1,650	1,113	45	-	-	3,070
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	4	3,521	51,685	10,355	8,270	634	-	74,469
Foreign Currency								
Foreign currency deposits	3	630	16,834	2,587	425	3	-	20,482
Bank deposits	-	384	-	-	-	-	-	384
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	3	1,014	16,834	2,587	425	3	-	20,866
Grand Total	7	4,535	68,519	12,942	8,695	637	-	95,335

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

TURKLAND BANK ANONİM ŞİRKETİ
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FOR THE PERIOD ENDED SEPTEMBER 30, 2014

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

3. Information on Dividend Income: None.

4. Information on net trading income:

	September 30, 2014	September 30, 2013
Income	392,681	471,100
Gains on capital market operations	11	7,152
Gains on derivative financial instruments	15,247	8,082
Foreign exchange gains	377,423	455,866
Losses (-)	(391,400)	(465,629)
Losses on capital market operations	-	(694)
Losses on derivative financial instruments	(28,808)	(10,290)
Foreign exchange losses	(362,592)	(454,645)

5. Information on other operating income:

	September 30, 2014	September 30, 2013
Reversal of general loan loss provisions(*)	7,703	327
Reversal of free provisions	5,240	4,119
Reversal of specific provisions	4,592	2,603
Income from sales of assets written off	1,795	437
Expense of previous year	51	1,849
Provisions for expenditure collected from customers	31	48
Provisions for communication expense collected from customers	9	61
Other	335	992
Total	19,756	10,436

(*) In accordance with the change in the "Regulation and Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside"(published in the Official Gazette numbered 28789 dated October 08, 2013), banks may apply 0% for standard qualified cash and non-cash export credits, 0.5% for SME cash loans and 0.1% for noncash loans. Hence, the Bank applied the amendment beginning from January 2014. As of September 30, 2014, TRY 7,703 comprises of reversal of general loan loss provisions due to the transition to new regulation.

6. Provision for impairment of loans and other receivables:

	September 30, 2014	September 30, 2013
Specific provisions for loans and other receivables	16,389	8,897
III. Group Loans and Receivables	3,673	2,439
IV. Group Loans and Receivables	4,020	2,699
V. Group Loans and Receivables	8,696	3,759
General loan loss provision expenses	7,063	6,140
Marketable securities impairment losses	-	383
Financial assets at fair value through profit and loss	-	1
Investment securities available for sale	-	382
Impairment provision expense on investments	-	98
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	98
Other	1,000	1,501
Total	24,452	17,019

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

TURKLAND BANK ANONİM ŞİRKETİ
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IV. Explanations and Disclosures Related to the Statement of Income (continued)

7. Information on other operating expenses:

	September 30, 2014	September 30, 2013
Personnel expenses	54,008	46,914
Reserve for employee termination benefits	896	789
Taxes and duties	2,649	2,343
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	2,174	2,232
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	5,402	3,267
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	551	313
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	33,059	24,946
Rent expenses	9,644	7,393
Maintenance expenses	3,953	1,559
Advertisement expenses	376	219
Other expenses(*)	19,086	15,775
Loss on sales of assets	159	15
Other(**)	4,698	3,023
Total	103,596	83,842

(*) Included in other operating expenses; vehicle expenses are TRY 3,338, cleaning expenses are TRY 724, communication expenses are TRY 2,096, non-deductible expenses are TRY 243, heating- lightening expenses TRY 914, stationery expenses are TRY 527, computer usage expenses TRY 924, insurance expenses TRY 386, TRY 4,419 other provision expenses, TRY 1,292 expertise expense, TRY 735 representation expenses and other expenses are TRY 2,988 (September 30, 2013: vehicle expenses are TRY 2,936, communication expenses are TRY 1,771, cleaning expenses are TRY 1,706, non-deductible expenses TRY 298, heating-lightening expenses are TRY 891, stationery expenses are TRY 417, computer usage expenses TRY 1,113, insurance expenses TRY 328, TRY 4,131 other provisions, TRY 564 representation expenses and other expenses are TRY 1,620).

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 1,453, assurance and financial services expenses are TRY 1,674, unused vacation expenses are TRY 781 and other expenses are TRY 790. (September 30, 2013: TRY 1,288 the premiums paid to Saving Deposit Insurance Fund, assurance and financial services expenses are TRY 1,027, unused vacation expenses are TRY 500 and other expenses are TRY 208).

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

The Bank has TRY 10,320 current tax expense (September 30, 2013: None) and TRY 1,869 deferred tax income. (September 30, 2013 TRY 4,782 deferred tax expense) as of September 30, 2014

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

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

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

TURKLAND BANK ANONİM ŞİRKETİ
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IV. Explanations and Disclosures Related to the Statement of Income (continued)

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

Other fees and commissions received

	September 30, 2014	September 30, 2013
Expertise fees collected from customers	1,424	875
Insurance commissions	524	89
Transfer commissions	377	285
Information expense	206	13
Check commissions	219	137
Mortgage expense	318	263
Letters of credit commissions	36	14
Bills for collection commissions	4	1
Credit cards commissions and fees	3	3
Other banking operations income(*)	8,023	7,256
Total	11,134	8,936

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

Other fees and commissions given	September 30, 2014	September 30, 2013
Commissions given to banks	323	311
Bond exchange transaction fee	262	168
EFT commissions	183	128
Money transfer commissions	95	96
Clearing reserve commissions	69	24
ATM commissions	7	8
Credit card commissions	43	24
Other	49	56
Total	1,031	815

V. Explanations on the Risk Group of the Bank

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

a) September 30, 2014:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	73	3,211	23	11,151
Balance at end of period	-	-	100	86	-	16,066
Interest and commission income	-	-	-	17	83	76

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 100.

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

TURKLAND BANK ANONİM ŞİRKETİ
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V. Explanations on the Risk Group of the Bank (continued)

b) **December 31, 2013:**

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	59	3,194	6,954	4,376
Balance at end of period	-	-	73	3,211	23	11,151
Interest and commission income	-	-	9	26	-	-

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

c.1) Information on related party deposits balances:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Deposits						
Balance at beginning of period	1	-	969	1,223	33,545	289
Balance at end of period	-	-	1,497	969	109,943	33,545
Interest on deposits	-	-	-	-	3,415	329

In addition, the Bank has "Funds Borrowed" at an amount of TRY 21,885 used from risk group of the Bank (December 31, 2013: TRY 70,114) and TRY 1,497 (September 30, 2013: TRY 2,414) interest expense was incurred from funds borrowed in 2014.

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

None.

d) As of September 30, 2014, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 7,855 (September 30, 2013: TRY 6,290).

2. Disclosures for related parties:

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Borrowings	21,885	18.65
Deposits	111,430	3.00
Non-cash loans	16,153	0.82
Cash loans	-	-
Banks and other receivables	100	0.04

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

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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V. Explanations on the Risk Group of the Bank (continued)

- 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 0.29%. Details of these loans are explained in 1a above.

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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VI. Explanations on the Bank's domestic branches, agencies and branches abroad and off- shore branches

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

	Number	Employees			
Domestic branches	32	599			
			Country		
Rep-offices abroad	-	-	-		
				Total Assets	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

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

None.

VII. Explanations and notes related to subsequent events

None.

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

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations on the Operations of the Bank:

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

SECTION SEVEN

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

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

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

The independent auditor's limited review report dated November 10, 2014 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.