

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2011**

**(Convenience Translation of Publicly Announced Consolidated
Financial Statements and Independent Auditor's Report
Originally Issued in Turkish,
See in Note I. of Section Three)**



**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

To the Board of Directors of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.:

We have audited the accompanying consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") and its consolidated subsidiaries at 31 December 2011 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the consolidated financial statements; and for selecting and applying appropriate accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette No. 26333 dated 1 November 2006, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency ("the BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our independent audit is conducted in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the consolidated financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.



Basis for the qualified opinion:

As mentioned in Section II. Note 7.d1 of Explanations and Notes to the Consolidated Financial Statements; as of the balance sheet date, the accompanying financial statements include a general reserve amounting to TL130.000 thousand, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions and this reserve amount was charged to the income statement as an expense in the current period.

Independent Auditor's Opinion:

In our opinion, except for the effects of matter described in the "Basis for qualified opinion" paragraph above on the consolidated financial statements, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and its consolidated subsidiaries as of 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411 and other regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

As explained in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated 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.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Haluk Yalçın, SMMM

Istanbul, 21 March 2012

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CAPITAL: 2.500.000.000 TURKISH LIRA**

**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2011**

The Bank's Headquarter Address: Doğanbey Mahallesi Atatürk Bulvarı
No: 8 06107-Altındağ/ANKARA
Phone: (312) 584 20 00
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The consolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
- EXPLANATIONS ON ACCOUNTING POLICIES
- EXPLANATIONS ON THE FINANCIAL POSITION OF THE GROUP
- EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- INDEPENDENT AUDITOR'S REPORT

The accompanying consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.

Muharrem KARSLI
Chairman of the Board of
Directors

Hüseyin AYDIN
Member of the Board of
Directors
General Manager

Oğuz KAYHAN
Member of the Board of
Directors
Member of the Audit
Committee

Halil ÇELİK
Member of the Board of
Directors
Member of the Audit
Committee

Bilgehan KURU
Deputy
Assistant General Manager
Responsible for Financial
Reporting

Mehmet Şükrü TAŞCI
Head of General Accounting
and Reporting Unit

For the questions regarding this financial report, contact details of the personnel in charge is presented below:

Name/Title : Atakan BEKTAŞ / Financial Statements Unit Manager
Telephone Number : 0312 584 70 97 - 70 98
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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

I. HISTORY OF THE PARENT BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS, IF ANY

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("Ziraat Bankası" or "the Parent Bank") is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Bank was officially established by the re-organization of the Benefit Funds in 1888, to grant loans to farmers, to accept interest-bearing deposits and to act as a moneylender and an intermediary for agricultural operations. The Bank, which was given the authority to perform all the banking activities, has its head office located in Ankara and all shares of the Bank belong to the Undersecretariat of Treasury of the Turkish Republic.

II. EXPLANATION ABOUT THE PARENT BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO

The sole shareholder of the Bank is the Undersecretariat of Treasury of the Turkish Republic.

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

GENERAL INFORMATION ABOUT THE GROUP (Continued)

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS

Name	Administrative Function
Members of the Board of Directors	
Muharrem KARSLI	Chairman
Mehmet MUMCUOĞLU	Vice Chairman
Hüseyin AYDIN	General Manager and Board Member
Burhanettin AKTAŞ (*)	Member
Halil ÇELİK	Member
Hikmet Aydın SİMİT	Member
Mustafa ÇETİN	Member
Oğuz KAYHAN	Member
Dr. Ümran DEMİRÖRS	Member
Members of the Audit Committee	
Halil ÇELİK	Member
Oğuz KAYHAN	Member
Assistant General Managers	
Ali TOKER	Human Resources
Alpaslan ÇAKAR	Operational Transactions
Bilgehan KURU	Treasury Management
Bilgehan KURU (Deputy) (**)	Financial Management
Cem İNAL	Consumer Banking
Mehmet Cengiz GÖĞEBAKAN	Credit Policies
Musa ARDA	Credit Allocation and Management
Numan BEK	International Banking
Ömer Muzaffer BAKTIR	Marketing
Group Head	
Bülent YALIM	Internal Control and Risk Management
Chairman of the Internal Audit	
Ali ARAS	Chairman of the Internal Audit

(*) Resigned as of 5 January 2012.

(**) As a result of the Board of Directors decision on 15 March 2012, Osman Arslan was appointed as Assistant General Manager in charge of Financial Management.

The directors above-mentioned do not retain any shares of the Bank's capital.

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK

Name/Trade Name	Amount of Share	Percentage of Share %	Paid-in Shares	Unpaid Shares
Undersecretariat of Treasury	2.500.000	100	2.500.000	-

The sole shareholder of the Bank is the Undersecretariat of Treasury of the Turkish Republic.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
TURKISH, SEE IN NOTE I. OF SECTION THREE**

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

GENERAL INFORMATION ABOUT THE GROUP (Continued)

V. SUMMARY INFORMATION ON THE PARENT BANK'S ACTIVITIES AND SERVICES

The purpose of activity of the Bank is stated in articles of association as to perform all kinds of banking activities including acceptance of deposits. For this purpose, the Bank can perform all sorts of operations, without prejudice to the provisions of the banking regulations and other legislations, such as launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, acting as an intermediary in trade and issue of the financial instruments that are used in local and international markets, performing investment banking transactions, forwards dealing in domestic and foreign futures markets, providing funds from interbank money market, domestic and foreign markets, making all kinds of capital market transactions, acting as an intermediary in export and import transactions, acting as an agency for insurance and other financial institutions, participating in all sort of partnership that is founded by domestic or foreign banks or participated by them within the terms of the related legislation or establishing new partnerships for this purpose, performing all kinds of conservative transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, superficies and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the Registry Office.

As of 31 December 2011, Bank carries its activities with a grand total of 1.458 branches; 1.434 domestic branches including 1.373 branches, 27 bureaus, 32 private operation centers, 2 mobile branches (2010: 1.379 branches including 1.299 domestic branches, 25 bureaus, 53 private operation centers, 2 mobile branches) and 24 branches abroad including 16 branches and 8 sub branches (New York branch in United States, London branch in England, Tbilisi branch in Georgia, Baghdad and Arbil branches in Iraq, Athens, Gümülcine, İskeçe and Rodos branches in Greece, Sofia branch and Filibe/Plovdiv, Kardzhali and Varna sub branches in Bulgaria, Jeddah branch in Saudi Arabia, Lefkoşa, Gime, Güzelyurt, Gazimağusa and Gönyeli branches with Akdoğan, Near East University, Karaoğlanoğlu, Çatalköy and İskele sub branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran. Besides, preparations for opening a sub branch in Georgia (Batumi) is still continuing.

The Parent Bank signed a contract with T. İş Bankası A.Ş. on 22 January 2007 to provide longer installment plan and bonus points to their credit card users and benefit from all the advantages within Maximum credit card at merchants that are a part of Maximum plan. Also with this contract the Bank has the right to register members for Maximum. Transactions between the two banks are administered by Interbank Card Center.

Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Bank, in line with the demands of the customers, can enable the usage of agricultural loan limits associated with the Başakkart. All limits of loan accounts assigned to the Başakkart can be used via POS machines of the Bank in Başakkart Member Business points for the purchase of agricultural inputs (feed, grain, fuel, etc.). According to preferences of customers, maximum 75% of cash limits of loan accounts can be used through the branches/ATMs of the Bank. Repayments regarding the transactions with Başakkart can be made through the branches of the Bank. Agricultural products/services obtained by using Başakkart are repaid without any interest charge within the time periods defined by the Bank.

The Parent Bank and subsidiaries consolidated with the Parent Bank are together referred as the Group.

As of 31 December 2011, the number of the Group's employees is 25.319 (2010: 23.432).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

SECTION TWO
THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET	Note (Section Five I)	Current Period (31/12/2011)			Prior Period (31/12/2010)		
		TL	FC	Total	TL	FC	Total
		ASSETS					
I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	6.318.376	8.023.447	14.341.823	7.655.101	2.667.484	10.322.585
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	102.311	40.604	142.915	218.322	28.699	247.021
2.1 Financial Assets Held for Trading		102.311	40.604	142.915	218.322	28.699	247.021
2.1.1 Public Sector Debt Securities		51.574	14.139	65.713	190.632	26.229	216.861
2.1.2 Securities Representing a Share in Capital		34	-	34	2	-	2
2.1.3 Derivative Financial Assets Held for Trading		50.703	26.465	77.168	27.688	2.470	30.158
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Securities Representing a Share in Capital		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(3)	566.617	728.025	1.294.642	45.015	4.437.375	4.482.390
IV. MONEY MARKET PLACEMENTS		5.127	7.085	12.212	4.262	18.792	23.054
4.1 Interbank Money Market Placements		4.997	7.085	12.082	-	18.792	18.792
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables From Reverse Repurchase Agreements		130	-	130	4.262	-	4.262
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	33.887.985	4.473.922	38.361.907	35.951.236	3.913.703	39.864.939
5.1 Securities Representing a Share in Capital		124.010	93.675	217.685	118.521	46.467	164.988
5.2 Public Sector Debt Securities		33.322.751	4.307.957	37.630.708	35.626.091	3.827.181	39.453.272
5.3 Other Marketable Securities		441.224	72.290	513.514	206.624	40.055	246.679
VI. LOANS AND RECEIVABLES	(5)	64.315.851	8.907.766	73.223.617	51.982.988	6.549.737	58.532.725
6.1 Loans and Receivables		64.059.258	8.897.971	72.957.229	51.700.885	6.545.524	58.246.409
6.1.1 Loans Granted to Risk Group of The Bank		-	18.419	18.419	-	9.275	9.275
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		64.059.258	8.879.552	72.938.810	51.700.885	6.536.249	58.237.134
6.2 Loans under Follow-up		850.293	44.306	894.599	844.746	28.883	873.629
6.3 Specific Provisions (-)		593.700	34.511	628.211	562.643	24.670	587.313
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	27.600.761	5.031.576	32.632.337	32.331.613	4.124.540	36.456.153
8.1 Public Sector Debt Securities		27.592.135	5.006.548	32.598.683	32.325.669	4.103.420	36.429.089
8.2 Other Marketable Securities		8.626	25.028	33.654	5.944	21.120	27.064
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	60.644	635	61.279	52.252	535	52.787
9.1 Accounted with Equity Method		54.619	-	54.619	47.198	-	47.198
9.2 Unconsolidated Associates		6.025	635	6.660	5.054	535	5.589
9.2.1 Financial Associates		-	635	635	-	535	535
9.2.2 Non-financial Associates		6.025	-	6.025	5.054	-	5.054
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	6.520	-	6.520	6.520	-	6.520
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		6.520	-	6.520	6.520	-	6.520
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	39.371	39.371	-	25.999	25.999
11.1 Accounted with Equity Method		-	39.371	39.371	-	25.999	25.999
11.2 Unconsolidated Entities Under Common Control		-	-	-	-	-	-
11.2.1 Financial Entities Under Common Control		-	-	-	-	-	-
11.2.2 Non Financial Entities Under Common Control		-	-	-	-	-	-
XII. RECEIVABLE FROM LEASING TRANSACTIONS	(10)	127.924	386.015	513.939	81.221	262.195	343.416
12.1 Finance Lease Receivables		163.798	438.806	602.604	107.113	304.549	411.662
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		35.874	52.791	88.665	25.892	42.354	68.246
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair Value Hedges		-	-	-	-	-	-
13.2 Cash Flow Hedges		-	-	-	-	-	-
13.3 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(14)	923.673	33.684	957.357	822.799	25.439	848.238
XV. INTANGIBLE ASSETS (Net)	(15)	54.255	12.850	67.105	34.528	2.797	37.325
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		54.255	12.850	67.105	34.528	2.797	37.325
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-
XVII. TAX ASSET		288.166	2.529	290.695	319.061	3.228	322.289
17.1 Current Tax Asset		510	2.529	3.039	1.504	3.228	4.732
17.2 Deferred Tax Asset	(16)	287.656	-	287.656	317.557	-	317.557
XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	51.899	-	51.899	15.183	-	15.183
18.1 Held for Sale		51.899	-	51.899	15.183	-	15.183
18.2 Held from Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	807.768	66.351	874.119	536.252	64.200	600.452
TOTAL ASSETS		135.117.877	27.753.860	162.871.737	130.056.353	22.124.723	152.181.076

The accompanying explanations and notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

I. BALANCE SHEET	Note (Section Five II)	Current Period (31/12/2011)			Prior Period (31/12/2010)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES AND EQUITY					
I. DEPOSITS	(1)	88.697.824	25.073.972	113.771.796	102.828.014	23.304.815	126.132.829
1.1 Deposits Held By the Risk Group of the Bank		573.757	20.084	593.841	852.400	26.979	879.379
1.2 Other		88.124.067	25.053.888	113.177.955	101.975.614	23.277.836	125.253.450
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	29.897	14.514	44.411	5.514	85	5.599
III. FUNDS BORROWED	(3)	74.146	606.996	681.142	28.679	133.698	162.377
IV. MONEY MARKET BALANCES		23.319.266	2.517.720	25.836.986	5.003.477	20.611	5.024.088
4.1 Interbank Money Market Borrowings		-	871.480	871.480	-	-	-
4.2 Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3 Funds Provided under Repurchase Agreements		23.319.266	1.646.240	24.965.506	5.003.477	20.611	5.024.088
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		3.871.136	-	3.871.136	3.525.458	-	3.525.458
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		3.871.136	-	3.871.136	3.525.458	-	3.525.458
VII. MISCELLANEOUS PAYABLES		743.233	207.858	951.091	569.257	143.280	712.537
VIII. OTHER LIABILITIES	(4)	796.728	360.805	1.157.533	627.769	308.832	936.601
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	-	-	-	1	1
10.1 Finance Lease Payables		-	-	-	-	1	1
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-	-	-	-
11.1 Fair Value Hedges		-	-	-	-	-	-
11.2 Cash Flow Hedges		-	-	-	-	-	-
11.3 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XII. PROVISIONS	(7)	2.714.927	25.276	2.740.203	1.655.731	19.531	1.675.262
12.1 General Provisions		982.690	16.641	999.331	258.248	12.314	270.562
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Employee Benefits Provisions		659.293	344	659.637	602.937	479	603.416
12.4 Insurance Technical Reserves (Net)		817.630	-	817.630	425.156	-	425.156
12.5 Other Provisions		255.314	8.291	263.605	369.390	6.738	376.128
XIII. TAX LIABILITY	(8)	274.644	2.660	277.304	415.843	1.548	417.391
13.1 Current Tax Liability		274.644	2.557	277.201	415.843	1.271	417.114
13.2 Deferred Tax Liability		-	103	103	-	277	277
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
14.1 Held for Sale		-	-	-	-	-	-
14.2 Held from Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(9)	13.579.356	(39.221)	13.540.135	13.481.869	107.064	13.588.933
16.1 Paid-in Capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2 Capital Reserves		157.049	(39.221)	117.828	1.231.472	107.064	1.338.536
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(403.794)	(39.221)	(443.015)	670.695	107.064	777.759
16.2.4 Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6 Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7 Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17.361	-	17.361	17.295	-	17.295
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other Capital Reserves		543.482	-	543.482	543.482	-	543.482
16.3 Profit Reserves		8.339.732	-	8.339.732	5.688.477	-	5.688.477
16.3.1 Legal Reserves		2.400.181	-	2.400.181	2.104.475	-	2.104.475
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		5.305.510	-	5.305.510	3.000.593	-	3.000.593
16.3.4 Other Profit Reserves		634.041	-	634.041	583.409	-	583.409
16.4 Profit or Loss		2.491.992	-	2.491.992	3.983.615	-	3.983.615
16.4.1 Prior Years Profit/Loss		271.407	-	271.407	232.862	-	232.862
16.4.2 Net Period Profit/Loss		2.220.585	-	2.220.585	3.750.753	-	3.750.753
16.5 Minority Interest		90.583	-	90.583	78.305	-	78.305
TOTAL LIABILITIES AND EQUITY		134.101.157	28.770.580	162.871.737	128.141.611	24.039.465	152.181.076

The accompanying explanations and notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (31/12/2011)			Prior Period (31/12/2010)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		36.277.984	21.501.989	57.779.893	21.918.213	11.481.882	33.400.095
I. GUARANTEES AND WARRANTIES		4.046.227	8.004.544	12.050.771	2.600.548	4.958.421	7.558.969
1. Letters of Guarantee	(1),(3)	4.044.193	5.936.196	9.980.389	2.598.316	3.914.899	6.513.215
1.1. Guarantees Subject to State Tender Law		391.576	5.600.712	5.992.288	306.182	3.682.170	3.988.352
1.1.2. Guarantees Given for Foreign Trade Operations		2.959.867	-	2.959.867	1.782.538	6.414	1.788.952
1.1.3. Other Letters of Guarantee		692.750	335.484	1.028.234	509.596	226.315	735.911
1.2. Bank Acceptances		2.000	361.764	363.764	2.000	39.260	41.260
1.2.1. Import Letter of Acceptance		-	6.354	6.354	-	8.721	8.721
1.2.2. Other Bank Acceptances		2.000	355.410	357.410	2.000	30.539	32.539
1.3. Letters of Credit		34	1.682.194	1.682.228	232	988.117	988.349
1.3.1. Documentary Letters of Credit		34	1.682.194	1.682.228	232	988.117	988.349
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 the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	24.390	24.390	-	16.145	16.145
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1),(3)	30.968.423	8.435.865	39.404.288	17.265.254	4.304.638	21.569.892
2.1. Irrevocable Commitments		7.778.258	1.103.352	8.881.610	5.684.563	510.874	6.195.437
2.1.1. Asset Purchase and Sale Commitments		268.644	369.181	637.825	93.489	168.920	262.409
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		1.000	-	1.000	2.000	-	2.000
2.1.4. Loan Granting Commitments		143	84.384	84.527	-	10.446	10.446
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		2.461.000	15	2.461.015	2.303.845	25	2.303.870
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		3.822.106	15.925	3.838.031	2.673.734	13.660	2.687.394
2.1.10. Commitments for credit cards and banking services promotions		8.131	-	8.131	10.958	-	10.958
2.1.11. Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12. Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1.217.234	633.847	1.851.081	600.537	317.823	918.360
2.2. Revocable Commitments		23.190.165	7.332.513	30.522.678	11.580.691	3.793.764	15.374.455
2.2.1. Revocable Loan Granting Commitments		23.189.863	7.332.513	30.522.376	11.580.339	3.793.764	15.374.103
2.2.2. Other Revocable Commitments		302	-	302	352	-	352
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.263.254	5.061.580	6.324.834	2.052.411	2.218.823	4.271.234
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		1.263.254	5.061.580	6.324.834	2.052.411	2.218.823	4.271.234
3.2.1. Forward Foreign Currency Buy/Sell Transactions		133.195	134.512	267.707	9.352	10.353	19.705
3.2.1.1. Forward Foreign Currency Transactions-Buy		66.617	67.248	133.865	5.187	5.187	9.869
3.2.1.2. Forward Foreign Currency Transactions-Sell		66.578	67.264	133.842	4.670	5.166	9.836
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		1.130.059	4.927.068	6.057.127	2.043.059	2.268.470	4.251.529
3.2.2.1. Foreign Currency Swap-Buy		-	3.032.196	3.032.196	61.728	2.074.478	2.136.206
3.2.2.2. Foreign Currency Swap-Sell		1.130.059	1.894.872	3.024.931	1.981.331	133.992	2.115.323
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		213.013.294	14.787.539	227.800.833	144.406.358	7.756.224	152.162.582
IV. ITEMS HELD IN CUSTODY		21.157.268	1.292.258	22.449.526	12.078.223	645.959	12.724.182
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		3.561.620	1.133.079	4.694.699	2.917.066	515.859	3.432.925
4.3. Checks Received for Collection		977.787	14.781	992.568	867.258	15.434	882.692
4.4. Commercial Notes Received for Collection		2.770.680	143.105	2.913.785	2.161.082	75.767	2.236.849
4.5. Other Assets Received for Collection		8.893	-	8.893	8.442	-	8.442
4.6. Assets Received for Public Offering		13.672.892	93	13.672.985	5.920.736	305	5.921.041
4.7. Other Items Under Custody		163.747	1.200	164.947	201.987	38.594	240.581
4.8. Custodians		1.649	1.649	3.298	1.652	-	1.652
V. PLEDGES RECEIVED		191.856.026	13.410.956	205.266.982	132.328.135	7.076.522	139.404.657
5.1. Marketable Securities		269.329	38.111	307.440	261.337	13.549	274.886
5.2. Guarantee Notes		24.544.098	4.535.921	29.080.019	15.576.861	2.785.266	18.362.127
5.3. Commodity		1.249.461	14.118	1.263.579	1.227.795	25.555	1.253.350
5.4. Warranty		-	22.168	22.168	-	23.320	23.320
5.5. Immovable		154.552.016	7.077.136	161.629.152	107.218.486	3.277.901	110.496.387
5.6. Other Pledged Items		11.235.913	1.714.834	12.950.747	8.038.447	943.916	8.982.363
5.7. Pledged Items-Depository		5.209	8.668	13.877	5.209	7.015	12.224
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	84.325	84.325	-	33.743	33.743
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		249.291.198	36.289.528	285.580.726	166.324.571	19.238.106	185.562.677

The accompanying explanations and notes form an integral part of these consolidated financial statements.

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IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND 2010**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

III. STATEMENT OF INCOME			
INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period 01/01-31/12/2011	Prior Period 01/01-31/12/2010
I. INTEREST INCOME	(1)	13.828.840	12.471.110
1.1 Interest Income from Loans		7.454.331	5.816.548
1.2 Interest Income From Reserve Deposits		1.815	1.266
1.3 Interest Income from Banks		42.538	177.731
1.4 Interest Income from Money Market Placements		94	5.615
1.5 Interest Income from Marketable Securities		6.276.401	6.426.913
1.5.1 Financial Assets Held for Trading		10.266	21.173
1.5.2 Financial Assets at Fair Value through Profit and Loss		-	-
1.5.3 Financial Assets Available-for-Sale		3.210.445	2.706.928
1.5.4 Investments Held-to-Maturity		3.055.690	3.698.812
1.6 Finance Lease Income		38.692	28.086
1.7 Other Interest Income		14.969	14.951
II. INTEREST EXPENSES	(2)	8.434.665	7.025.715
2.1 Interest Expense on Deposits		7.297.676	6.540.267
2.2 Interest on Borrowings		16.583	5.948
2.3 Interest on Money Market Borrowings		1.099.760	456.102
2.4 Interest on Marketable Securities Issued		-	-
2.5 Other Interest Expense		20.646	23.398
III. NET INTEREST INCOME/EXPENSES (I - II)		5.394.175	5.445.395
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		540.424	621.466
4.1 Fees and Commissions Received		801.067	739.769
4.1.1 Non-cash Loans		46.850	28.706
4.1.2 Other		754.217	711.063
4.2 Fees and Commissions Paid		260.643	118.303
4.2.1 Non-cash Loans		167	12
4.2.2 Other		260.476	118.291
V. DIVIDEND INCOME	(3)	21.669	25.218
VI. TRADING PROFIT/LOSS (Net)	(4)	(47.361)	(7.974)
6.1 Profit/Loss from Capital Market Operations		102.543	23.645
6.2 Profit/losses on Derivative Financial Transactions	(5)	287.269	112.223
6.3 Profit/Loss from Foreign Exchanges		(437.173)	(143.842)
VII. OTHER OPERATING INCOME	(6)	1.526.962	1.555.576
VIII. TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI-VII)		7.435.869	7.639.681
IX. PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)	(7)	817.086	196.158
X. OTHER OPERATING EXPENSES(-)	(8)	3.684.448	2.907.954
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		2.934.335	4.535.569
XII. GAINS RECORDED AFTER MERGER		-	-
XIII. PROFIT/LOSS ON EQUITY METHOD		13.473	6.635
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(9)	2.947.808	4.542.204
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(10)	(713.977)	(779.636)
16.1 Current Tax Provision		(353.187)	(831.429)
16.2 Deferred Tax Provision		(360.790)	51.793
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)		2.233.831	3.762.568
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Non-current Assets Held for Resale		-	-
18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
18.3 Other Income From Discontinued Operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses for Non-current Assets Held for Resale		-	-
19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3 Other Expenses From Discontinued Operations		-	-
XX. PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/LOSSES (XVII+XXII)	(12)	2.233.831	3.762.568
23.1 Group's Profit/Loss		2.220.585	3.750.753
23.2 Minority Shares Profit/Loss		13.246	11.815
Earnings/Loss per Share		0,0009	0,0015

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY			
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Current Period (31/12/2011)	Prior Period (31/12/2010)
I.	ADDITIONS TO THE MARKETABLE SECURITY VALUATION DIFFERENCES ON AVAILABLE FOR SALE FINANCIAL ASSETS	(238.745)	1.187.917
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(17.038)	1.756
V.	PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)	-	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	(216)	62.223
IX.	DEFERRED TAXES RELATED TO VALUATION DIFFERENCES	85.332	(211.263)
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(170.667)	1.040.633
XI.	CURRENT YEAR PROFIT/LOSS	(1.050.107)	(599.181)
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	(1.055.826)	(576.649)
11.2	Reclassification of cash flow hedge transactions and presentation of the related under income statement	-	-
11.3	Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4	Other	5.719	(22.532)
XII.	TOTAL PROFIT/LOSS FOR THE CURRENT PERIOD (X+XI)	(1.220.774)	441.452

The accompanying explanations and notes form an integral part of these consolidated financial statements.

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2011
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY																		
	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Cancels Profits	Share Premium	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Minority Shares	Total Equity
I.		2,500,000	543,482	-	-	2,104,475	-	3,000,593	583,409	3,750,753	232,862	777,759	-	17,295	-	-	78,305	13,588,933
II.																		
III.																		
IV.																		
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XV.																		
XVI.																		
XVII.																		
XVIII.																		
18.1																		
18.2																		
18.3																		
		2,500,000	543,482	-	-	2,400,181	-	5,305,510	634,041	2,220,565	271,407	(443,015)	-	17,361	-	-	90,583	13,540,135

The accompanying explanations and notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 DECEMBER 2011 AND 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Current Period (31/12/2011)	Prior Period (31/12/2010)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		4.975.541	3.352.678
1.1.1 Interest Received		16.254.240	12.096.781
1.1.2 Interest Paid		(8.472.798)	(6.969.088)
1.1.3 Dividend Received		24.962	29.755
1.1.4 Fees and Commissions Received		796.514	734.948
1.1.5 Other Income		1.864.592	643.866
1.1.6 Collections from Previously Written-off Loans and Other Receivables		826.500	649.482
1.1.7 Payments to Personnel and Service Suppliers		(3.428.330)	(2.724.100)
1.1.8 Taxes Paid		(693.046)	(924.257)
1.1.9 Other		(2.197.093)	(184.709)
1.2 Changes in Operating Assets and Liabilities		(10.872.343)	2.469.143
1.2.1 Net (Increase)/Decrease in Trading Securities		145.844	222.712
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net (Increase)/Decrease in Banks		(4.839.565)	(1.630.120)
1.2.4 Net (Increase)/Decrease in Loans		(16.137.357)	(22.342.570)
1.2.5 Net (Increase)/Decrease in Other Assets		(244.336)	1.429.526
1.2.6 Net Increase/(Decrease) in Bank Deposits		21.802.965	(2.365.508)
1.2.7 Net Increase/(Decrease) in Other Deposits		(13.298.545)	25.792.394
1.2.8 Net Increase/(Decrease) in Funds Borrowed		504.344	141.081
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		1.194.307	1.221.628
I. Net Cash Provided from Banking Operations		(5.896.802)	5.821.821
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		1.560.969	(4.695.833)
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(22.196)	-
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3 Fixed Assets Purchases		(204.116)	(182.543)
2.4 Fixed Assets Sales		32.217	76.915
2.5 Cash for Purchase of Financial Assets Available for Sale		(51.482.049)	(25.750.842)
2.6 Cash Obtained from Sale of financial Assets Available for Sale		50.774.354	13.383.852
2.7 Cash Paid for Purchase of Investment Securities		(4.670.750)	(2.228.405)
2.8 Cash Obtained from sale of Investment Securities		9.241.040	10.005.190
2.9 Other		(2.107.531)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(1.078.595)	(1.051.175)
3.1 Cash from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Marketable Securities Issued		-	-
3.4 Dividends Paid		(1.078.595)	(1.051.175)
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		613.618	190.559
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		(4.800.810)	265.372
VI. Cash and Cash Equivalents at the Beginning of the Period	(I)	13.081.945	12.816.573
VII. Cash and Cash Equivalents at the End of the Period	(I)	8.281.135	13.081.945

The accompanying explanations and notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VII. PROFIT APPROPRIATION STATEMENT ⁽¹⁾		Current Period (31/12/2011)	Prior Period ⁽²⁾ (31/12/2010)
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1	Current Year Income	2.779.504	4.469.360
1.2	Taxes And Duties Payable (-) ⁽³⁾	678.830	807.390
1.2.1	Corporate Tax (Income tax)	(314.816)	(807.390)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(364.014)	-
A.	NET INCOME FOR THE YEAR (1.1-1.2)	2.100.674	3.661.970
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	105.034	183.099
1.5	Other Statutory Reserves (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1.995.640	3.478.871
1.6	First Dividend To Shareholders (-)	-	125.000
1.6.1	To Owners Of Ordinary Shares	-	125.000
1.6.2	To Owners Of Privileged Shares	-	-
1.6.3	To Owners Of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.7	Dividends To Personnel (-)	-	111.898
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	841.697
1.9.1	To Owners Of Ordinary Shares	-	841.697
1.9.2	To Owners Of Privileged Shares	-	-
1.9.3	To Owners Of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	-	95.359
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	-	2.304.917
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II. DISTRIBUTION OF RESERVES			
2.1	Appropriated Reserves	-	-
2.2	Second Legal Reserves (-)	-	-
2.3	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Privileged Shares	-	-
2.3.3	To Owners Of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.4	Dividends To Personnel (-)	-	-
2.5	Dividends To Board Of Directors (-)	-	-
III. EARNINGS PER SHARE			
3.1	To Owners Of Ordinary Shares	0,000840	0,001485
3.2	To Owners Of Ordinary Shares (%)	-	-
3.3	To Owners Of Privileged Shares	-	-
3.4	To Owners Of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE			
4.1	To Owners Of Ordinary Shares	-	0,000387
4.2	To Owners Of Ordinary Shares (%)	-	-
4.3	To Owners Of Privileged Shares	-	-
4.4	To Owners Of Privileged Shares (%)	-	-

- (1) Profit distribution is approved by the Ordinary General Assembly of the Parent Bank over the unconsolidated financial statements of the Parent Bank.
(2) The profit distribution table belonging to prior period becomes definite with the decision of Ordinary General Assembly after publishing of the audited financial statements as of 31 December 2010, and rearranged accordingly.
(3) The deferred tax asset of prior period amounting to TL50.632 is not subject to profit distribution.

The accompanying explanations and notes form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The Parent Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which are effective from 1 November 2005, the Turkish Commercial Code ("TCC") and Turkish tax legislation.

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA ("Banking Regulation and Supervision Agency") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Turkish Accounting Standards Board ("TASB") and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated 10 February 2007.

The Group prepared the consolidated financial statements as of 31 December 2009 in accordance with paragraphs 5 and 6 of Article 5 of the "Regulation on the Preparation of Consolidated Financial Statements of Banks" published in Official Gazette No. 26340, dated 8 November 2006, and consolidated one of its associates with equity method. In addition to this the "Communiqué Regarding the Change on Preparation of the Consolidated Financial Statements" published in Official Gazette No. 27824, dated 23 January 2011, and paragraphs 5 and 6 of Article 5 of the aforementioned Communiqué were abolished effective from 31 December 2010. Within this scope, the Bank extended its scope of consolidation as of 31 December 2010 and added into scope of consolidation 14 associates, subsidiaries and entities under common control which have not been consolidated to date, detailed in paragraphs 7, 8 and 9 of I. Explanations And Notes Related To Assets in Explanations and Disclosures Related to Consolidated Financial Statements. In addition, the Bank did not reflect this change in the scope of consolidation to its prior period financial statements in accordance with TAS1, "Turkish Accounting Standard on Presentation of Financial Statements" and reflected the change in Bank's shareholders' equity resulting from extension of scope of consolidation in "XVI. Other" of Changes In Shareholders' Equity table for 2010.

The financial statements of subsidiaries operating abroad have been prepared in accordance with the law and regulations of the country they operate. However, in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to these consolidated financial statements.

The consolidated financial statements have been prepared in TL, under the historical cost convention as modified in accordance with inflation adjustments applied until 31 December 2004, except for the financial assets and liabilities carried at fair value.

As of 31 December 2011, financial statements are presented comparatively with independently audited financial statements as of 31 December 2010.

Unless otherwise specified, all balances in the financial statements and footnotes are expressed in Thousand Turkish Lira ("TL").

The preparation of financial statements requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date or amount of contingent assets and liabilities explained and amount of income and expenses occurred in related period. Although these estimates rely on the management's best judgment, actual results can vary from these estimates. Judgments and estimates are explained in related notes.

The accounting policies and valuation principles applied in the preparation of these financial statements are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II. to XXV. below.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

Main activity of the Bank comprises banking services, such as; launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits in Turkish Lira and foreign currencies. The Bank's main funding source is Turkish Lira deposits, repurchase agreements, shareholders' equity and government funds transferred from the budget, ministerial offices and other public resources to the Bank by means of legislative and administrative decisions. The Bank directs these funds to assets with high return and low risk. These assets include predominantly domestic government bonds and loans. The Bank's liquidity structure covers the financing of all liabilities at due date. Although most of the sources in the Bank's balance sheet are with fixed interest rate, some of the securities in assets have floating interest rate. Since the remaining time to re-pricing date of sources is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the Bank adopts high return principle for its long-term placements.

Loans and securities are instruments from which the Bank gets returns above the average returns within its lines of activity. Letter of guarantees, bank loans, commercial letter of credits, repayment commitments for cheques and expense limit commitments for credit cards are the most important risk areas within the off-balance sheet accounts.

Since the Bank's total debt to the market is low among its total liabilities, the Bank can borrow easily from short-term markets, such as; Istanbul Stock Exchange ("ISE"), Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of the Bank is not presumed to be significantly affected from such a case since the Bank is a public bank with an extensive branch network.

Cost and return of foreign currency assets are subject to a close follow up. Positive margin of profit is sustained by adjusting deposit interest rates in line with the market interest rates.

Foreign currency operations are recognized at transaction date and valued by Bank's prevailing counter currency buying rate. At period ends, foreign currency asset and liability balances are valued at the Bank's period end counter currency buying rates and translated to Turkish currency and the resulting exchange differences are recognized as a "Foreign exchange gain or loss".

Foreign currency capital amounts transferred to equity participations operating abroad are evaluated and presented on the financial statements with the exchange rate on the date of the transfer.

Assets and liabilities and income statement items of branches abroad of the Bank are translated into Turkish Lira with the Bank's prevailing counter currency buying rates at the balance sheet date.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

a. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" and the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27") published in the Official Gazette No. 26340 dated 8 November 2006.

1. Consolidation principles for subsidiaries:

Subsidiaries (including special purpose entity) are all entities, in which the Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders' equity in scope of the materiality principle. Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from their acquisition date. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary. In the consolidated balance sheet, minority interest has been presented separately from the liabilities and the shares of the Group shareholders. Also, in the income statement, minority interest has been presented separately.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	2011		2010	
			Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Ziraat Hayat ve Emeklilik A.Ş.	İstanbul/Turkey	Insurance	99,98	99,98	99,98	99,98
Ziraat Sigorta A.Ş.	İstanbul/Turkey	Insurance	99,98	99,98	99,98	99,98
Ziraat Finansal Kiralama A.Ş.	İstanbul/Turkey	Leasing	50,25	50,25	50,01	50,01
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Investment Management	63,06	75,00	62,00	74,00
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Portfolio Management	65,44	74,90	65,44	74,90
Ziraat Bank International A.G.	Frankfurt/Germany	Banking	100,00	100,00	100,00	100,00
Turkish Ziraat Bank Bosnia dd	Sarajevo/Bosnia Herzegovina	Banking	100,00	100,00	100,00	100,00
Ziraat Bank (Moscow) CJSC	Moscow/Russia	Banking	99,91	99,91	99,91	99,91
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,36	99,36	97,62	97,62
Ziraat Banka Ad Skopje	Skopje/Macedonia	Banking	100,00	100,00	100,00	100,00

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES
(Continued)

a. Consolidation principles applied (Continued):

2. Consolidation principles of associates and joint ventures:

An Associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle.

Significant effect, refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder's equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	2011		2010	
			Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Azer Türk Bank ASC	Baku/Azerbaijan	Banking	50,00	50,00	50,00	50,00
Turkmen Turkish Joint Stock Commercial Bank	Ashgabat/Turkmenistan	Banking	50,00	50,00	50,00	50,00
Uzbekistan- Turkish Bank	Tashkent/Uzbekistan	Banking	50,00	50,00	50,00	50,00
Arap Türk Bankası A.Ş.	Istanbul/Turkey	Banking	15,43	15,43	15,43	15,43

3. Principles applied during share transfer, merger and acquisition: None.

4. Transactions with minority shareholders:

The Group considers transactions with minority shareholders as transactions within the Group. For acquisitions from minority shareholders, the difference between the acquisition cost and related portion of net assets' booked value is deducted from equity. Profit or loss resulting from sales to minority shareholders are booked under equity.

b. Presentation of unconsolidated subsidiaries and associates in consolidated financial statements:

Turkish lira denominated unconsolidated associates and subsidiaries are booked at cost value, less any impairment if any, in accordance with "Turkish Accounting Standards for Consolidated and Separate Financial Statamenets" ("TAS 27") are recognised in the consolidated financial statements.

When the cost of investments, associates and share certificates which are classified under available for sale portfolio is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value if any, considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Bank's derivative transactions mostly include currency swaps and foreign exchange purchase and sale transactions. The Bank has no embedded derivative instruments separated from the host contract.

The derivative instruments of the Bank are classified as trading or hedging instruments in accordance with Turkish Accounting Standard on TAS 39 "Financial Instruments: Recognition and Measurement". The Bank has no derivative instruments for hedging purposes as of the balance sheet date. Accordingly, the Bank is not subject to conditions whether derivative instruments do not meet the determination criteria for being classified as hedging instruments or whether such derivative transactions are finalized through sale, term expiry or fulfillment of obligations under the contract.

Derivative instruments are recognized at fair value on contractual date and subsequently re-valued at their fair values and associated with the income statement. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "trading derivative financial assets" and if the fair value difference is negative, it is disclosed under "financial liabilities at fair value through profit or loss" in "trading derivative financial liabilities". Fair value changes are recorded under "Derivative Financial Transactions Gains/Losses" in income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognized on an accrual basis using the internal rate of return method in conformity with TAS 39 "Financial Instruments: Recognition and Measurement". In accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions" came into force after being published in the Official Gazette numbered 26333 dated 1 November 2006, no interest accrual is calculated for non-performing loans. Realized interest accruals calculated for non-performing loans and recognized as income although not collected are reversed and interest income related to these loans is recognized as interest income only when they are collected.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Commission income from banking, agency, intermediary services and commissions from consumer loan that are not in the form of interest is recognized as income on the date they are collected. Whereas, commission income from trade and agricultural cash loans and from individual loans in which the commission is in the form of interest, (depending on the amount of commission that the interest rate is changed), are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle. As of December 2011, commissions obtained from consumer loans that are not in the form of interest, are booked into the related profit/loss accounts in accordance with the matching principle on an accrual basis using the effective interest rate. Other fees and commission expenses are recorded as expense on the date they are paid.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial instruments comprise financial assets and liabilities and derivative instruments. They are included in the balance sheet of the Group, if the Group is a legal party to these instruments.

Financial assets mainly constitute the Group's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

Financial assets are classified as investments held-to-maturity, bank loans and receivables, financial assets available for sale or held-for-trading at initial recognition.

Sale and purchase transactions of financial assets are accounted for using the settlement date basis.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

a. Financial assets at fair value through profit or loss:

Financial assets, which are classified as "financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Trading securities are initially recognized at cost. The cost of the securities is recognized as fair value. Subsequently, trading securities are carried at fair value in the financial statements.

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in ISE are carried at weighted average exchange prices of ISE as of the balance sheet date and those securities that are not traded in ISE are carried at prices of the Central Bank of the Republic of Turkey. Eurobonds are carried at prices in the over the counter markets. The positive difference between the cost and fair value of held for trading securities is accounted under "Other Interest and Income Accrual" and the negative difference is accounted under "Impairment Loss for Marketable Securities" account. The positive difference between the cost and amortized cost is accounted under "Interest income" account, the negative difference is accounted as impairment loss. The positive difference between the fair value and amortized cost is accounted under "Profit from capital market operations" account and the negative difference is accounted under "Loss from capital market operations" account.

b. Held-to-maturity financial assets:

Investments held to maturity include financial assets other than bank loans and receivables and those where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and where there are fixed or determinable payments with fixed maturity. Marketable securities classified as Financial Assets Held to Maturity may subject to exchange-repurchase bids or refundment transactions within the scope of early redemption.

Investments held to maturity are subsequently measured at amortized cost with internal rate of return, and they are accounted by setting forth provision for impairment loss (impairment loss expense) or by posting interest income accrual.

The Bank does not have any financial assets that are previously classified as investments held-to-maturity but prohibited to be classified in this portfolio for two years because of incompliance with the principles of financial assets classification.

Interests received from investments held to maturity are recognized as an interest income.

Held to maturity assets are initially recognized at cost. The cost of the securities is regarded as fair value.

c. Loans and receivables:

The Parent Bank loans and receivables represent financial assets other than those held for trading or held for sale in a short period generated through providing cash, assets or rendering services to the debtor.

The loans and receivables originated by the Parent Bank are initially carried at cost. Bank loans are measured at amortized cost with internal rate of return. Short-term and long-term loans are grouped as open or guaranteed; FC loans are recognized with fixed price and at period-ends revalued by the counter foreign exchange buying rate of the Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

c. Loans and receivables: (Continued)

The Parent Bank sets specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 26333 and dated 1 November 2006 on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions". Furthermore, while allocating specific provision, minimum rates defined in the related regulation and prudence principle are taken into account without considering collaterals. Allocated provisions are deducted from the income for the period. If the receivables for which provisions were set in the previous years are collected, provision for allowances are released and recognized as income under "Other Operating Income" account. Releases of current period provisions are made by the reversal of the amount from the "Provision for Impairment of Loans and Other Receivables" account.

d. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as "Loans and receivables", "Held-to-maturity assets" or "Financial asset at fair value through profit or loss".

Available for sale assets are initially recognized at cost. The cost of the securities is recognized as fair value.

Available-for-sale financial assets are subsequently re-measured at fair value in financial statements.

The difference between fair value and cost of available for sale financial assets is booked as interest income or impairment provision. Furthermore, amortised cost using the effective interest method and cost is compared and the difference is booked as interest income or impairment expense. Fair value and amortised cost of these securities are compared and the difference is recognized in shareholders' equity as "Marketable Securities Value Increase Fund". When these financial assets are disposed of or impaired the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortised cost using the effective interest method or appropriate valuation methods.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

A financial asset or a group of financial assets is subject to impairment loss only if there is an objective indication that the occurrence of one or more than one event ("loss event") subsequent to the initial recognition of that asset has an effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group.

If revalued amounts of financial assets at fair value through profit/loss is less than the prior revalued amounts, initially, value of prior records regarding the value increase are adjusted according to the recent value and if the impairment loss is more than the prior value increase, difference is reflected to "Impairment Expense for Marketable Securities". If there is an increase in value, initially recognized impairment loss is reversed.

If financial assets available for sale are subject to permanent impairment, the amount is charged to "Impairment Expense for Marketable Securities" account in accordance with the related TAS.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

If subsidiaries, associates, entities under common control and assets held to maturity are subject to permanent impairment, the amount is charged to "Impairment Expenses for Subsidiaries, Associates, Assets Held to Maturity".

The principles for the accounting of provisions for loans are explained in detail in Note VII. of this section.

Loans and other receivables are classified by the Parent Bank in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions" published in the Official Gazette numbered 26333 and dated 1 November 2006.

Apart from special provisions, as per the relevant regulations, Banks set aside general loan provisions for its loan and other receivables. The practice in which the general provision rate was considered as 0% for newly extended cash loans excluding credit card receivables, and which was implemented starting from 6 March 2010 according to Communiqué related to provisions was terminated by the Bank as of 1 January 2011. However, in line with Note (a) of the first paragraph of Article 7 of the Communiqué related to provisions, the general provision is set aside at 1% for standard cash loans effective from 1 January 2011. In accordance with the decision taken at the Assets and Liabilities Committee ("ALCO") meeting on 21 December 2010, the practice of applying a general and free provision rate at 3% to total loans, excluding interest loans, was terminated as of 1 January 2011. Accordingly, the existing free provision held for loans were transferred to general provision accounts. Moreover, the additional general provision resulting from the amendments to the "Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions" on 28 May 2011 and 18 June 2011 were reflected to the related accounts.

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities shall be offset and the net amount presented in the balance sheet when, and only when the Bank currently has a legally enforceable right to set off the recognized amounts or intends either to collect/settle on a net basis or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

Securities subject to repurchase agreements are classified under "held for trading", "available for sale" and/or "held-to-maturity" portfolios and they are valued based on the revaluation principles of the related portfolios. Funds obtained by these agreements are followed under the "Funds from Repurchase Agreements" account in the balance sheet and interest expense accrual is calculated using the internal rate of return method.

Funds given against securities purchased under agreements ("Reverse Repo") to resell are accounted under "receivables from reverse repurchase agreements" on the balance sheet and interest income accrual is calculated using internal rate of return method.

As of the balance sheet date, there are securities lending transactions.

XI. INFORMATION ON ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

Tangible assets acquired in consideration of receivables are accounted for in accordance with the requirements of the Communiqué on "Methods, Principles for Purchase and Sale of Precious Metal and Sale of Goods and Immovables Obtained in Return of Receivables" published in the Official Gazette numbered 26333 and dated 1 November 2006 and these assets are subject to revaluation by no means.

A discontinued operation is a part of the Parent Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

The Parent Bank has no discontinued operations.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, the Group has no goodwill.

Other intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Other intangible assets are amortized by using the straight line method based on their useful lives. Useful lives of other intangible assets are determined by the consideration of items as; useful life of asset, maintenance costs incurred to obtain expected economical benefit from assets and technical, technological or any other type of obsolescence. Amortization method used in the current period is not subject to any change. Depreciation period is 5 years (20% annual depreciation rate) for establishment/formation expenses for other intangible assets with uncertain leasing period or leasing period over 5 years and depreciation rate is proportional with period for those with certain leasing period.

The Group recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that do qualify as development are added to software's initial costs and amortized over 3 years considering the useful lives.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. The Parent Bank's tangible fixed assets purchased before 1 January 2005 are carried at inflation adjusted cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequent to 1 January 2005 are valued at historical cost. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives. No changes made in the current period regarding depreciation method.

Estimated depreciation rates of tangible fixed assets are as follows;

Buildings	: 2%
Vehicles, Furniture and Fixtures	: 2 - 20%

Where the carrying amount of an asset is greater than its estimated "Net Recoverable Amount", it is written down to its "Net Recoverable Amount" and the provision for the diminution in value is charged to the income statement.

Property and equipment has not been re-valued in order to be presented at fair value in the financial statements.

Gain or loss arising from the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

There are no mortgages, pledges or similar precautionary measures on tangible fixed assets or commitments given for the purchase or any restrictions designated for the use of those tangible fixed assets.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

The Group performs financial operations as “Lessor” and “Lessee”.

a. Accounting of leasing transactions for the lessee:

Financial Lease

The Group, as the lessee, recognizes its leasing operations in accordance with the requirements of TAS 17 “Leases”. Fixed assets that are acquired under financial leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under financial leases are recognized under the tangible fixed assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible fixed assets that are acquired under financial leasing are charged to liability account “Finance Lease Payable”, whereas interests are recognized in “Deferred Financial Leasing Expenses” account. At installment payments, principal and interest amount of installment amount are debited to “Financial Lease Payable” account, whereas interest is credited in “Deferred Financial Leasing Expenses” account and recorded to the other interest expenses.

The Parent Bank does not perform financial operations as “Lessor”.

Operational Lease

Leases, in which the majority of risk and return of property belongs to lessor, are classified as operating lease. Payments that are made as operating leases are accounted in income statements with linear method during the lease period.

b. Accounting of leasing transactions for lessor:

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined so as to form a fixed revenue return ratio using net investment method related to leased asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account.

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

Provisions other than the specific and general provisions set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding”.

The Group provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit and the liability is measurable. When a reliable estimate of the amount of obligation cannot be made, it is considered that a “contingent” liability exists and it is disclosed in the related notes to the financial statements.

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES (Continued)

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in which the change occurs.

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment Termination and Vacation Benefits

Employee benefits liabilities are recognized in accordance with TAS 19 "Employee Benefits" and the Group provides provision for retirement and termination liabilities by estimating the net present value of future payments arising from the retirement of employees and reflects this provision amount in the financial statements.

Under the Turkish legislation as supplemented by union agreements, Employment Termination Benefit payments are made in case of retirement or employment termination. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, Employment Termination Benefit Provision is calculated in two ways; if the employee is a state employee, the calculation is based on retirement pension for the working period of the state employee, and if the employee is a blue-collar worker the calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Employment Termination Benefit Provision ceiling).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days.

The Group is not employing its personnel by means of limited-period contracts.

b. Pension Rights

Some of the Parent Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. As of 31 December 2011 the number of personnel who benefit from the Fund, excluding dependents, is 14.325 (2010: 11.625). 10.925 of these members are active while 3.400 are passive members. (2010: 8.339 active members, 3.286 passive members).

In accordance with 23rd provisional clause of the Banking Act numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Act numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Act numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

In an application to the Constitutional Court on 19 June 2008, the cancellation of some articles of the new law regarding the transfer of pension funds to the Social Security Institution has been requested. In its meeting dated 30 March 2011, the Constitutional Court examined the cancellation application and rejected the request to suspend the articles.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS (Continued)

b. Pension Rights (Continued)

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Act, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

The technical balance sheet report as of 31 December 2011 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

XVII. EXPLANATIONS ON TAXATION

a. Current Tax

Turkish Tax Legislation does not permit the Parent Bank to file tax return over consolidated subsidiaries financial statements. Therefore, tax provisions which reflected to consolidated financial statements have been calculated per company.

Corporate Tax Law No. 5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 No.26205. Many clauses of the "New Tax Law" are effective from 1 January 2006. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current Tax (Continued)

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital in accordance with Corporate Tax Law or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Tax rates used in tax calculation considering the related countries' tax legislation as of 31 December 2011 are presented below:

Russia	20,00%
Kazakhstan	20,00%
Germany	15,00%
Bosnia Herzegovina	10,00%
Macedonia	10,00%

b. Deferred tax

In accordance with TAS 12 "Income Tax", the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

The deferred tax benefit is not taken into account in profit distribution in accordance with the relevant circular of BRSA.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES

Technical Reserves

Reserve for unearned insurance premiums, provisions for outstanding claims and reinsurer shares of these provisions which take place in the technical insurance accounts of financial statements are recorded in accordance with the below mentioned principles under Insurance Law No. 5684 effective as of 14 June 2007 and the provisions of the "Communiqué Regarding the Technical Reserves of Insurance and Reinsurance Companies and the Assets that these Reserves Recorded" published in Official Gazette No. 27655 dated 28 July 2010.

Reserve for unearned premiums:

Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense.

Unexpired risk provision:

In accordance with the "Communiqué Regarding the Technical Reserves of Insurance and Reinsurance Companies and the Assets that these Reserves Recorded", against the probability of compensations that may arise due to the in force insurance contracts being greater than reserve for premium deficiency, it is stated that the companies are obliged to perform adequacy test for a 12 month periods.

Reserve for outstanding claims:

Insurance companies provide reserve for outstanding claims, incurred and reported but not yet settled in the current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims. Within the calculation of reserve for outstanding claims, incurred and reported but not yet settled, entire shares of expense required for maturation of compensation reports including calculated or estimated expert, referee, consultant, court and communication expenses are taken into account and subrogation, salvage and similar revenue items are not discounted. Incurred subrogation, salvage and similar revenue items whose codes of practice will be determined by the undersecretariat are shown under the related credit account of the asset side of the balance sheet and interrelated with period income in condition that subrogation of rights has been gained.

Offset provision:

In Article 9 of "Communiqué Regarding the Technical Reserves of Insurance and Reinsurance Companies and the Assets that these Reserves Recorded" numbered 27655 dated 28 July 2010, it is stated that insurance companies provide offset provision for loan and earthquake assurances in order to compensate the possible fluctuations in the assurance rates and catastrophic risks in the succeeding accounting periods.

Mathematical provisions:

Mathematical provision is provided at sufficient level in accordance with actuarial principles in order to recompense the liabilities to policyholders of long-term life, health and individual accident insurance contracts and to the beneficiaries. In addition to the long-term life insurance contracts, on the condition that assurance given to individual accident, health, disability due to illness and serious illnesses, the mathematical provision for the amount of life insurance is made including the amount calculated in accordance with actuarial principles related to additional assurances.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIX. EXPLANATIONS ON BORROWINGS

The Group accounts its debt instruments in accordance with TAS 39 "Financial Instruments: Recognition and Measurement". In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

The Group has issued no convertible bonds and has no instruments representing its own borrowings.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

Since the Group does not have issued shares, there are no transaction costs related to share issue in the current period.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Group are presented in the "Off-Balance Sheet" commitments.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

There are no government incentives utilized by the Group as of the balance sheet date.

XXIII. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturities of 3 months or less following the date of acquisition, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The book value of these assets represents their fair values. Cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Bank.

For the purposes of the cash flow statement, "Cash" includes cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXIV. EXPLANATIONS ON SEGMENT REPORTING

Information about operating segments which are determined in line with TFRS 8 "Turkish Accounting Standard about Operating Segments" together with organizational and internal reporting structure of the Bank, are disclosed in Note VIII. of Section Four.

XXV. EXPLANATIONS ON OTHER MATTERS

The General Assembly for the year 2010 was carried out on 1 March 2011. In accordance with the decision taken, of the profit for the year 2010 amounting to TL3.712.602, TL278.458 is transferred to legal reserves, TL111.898 of TL116.000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL818.205 is distributed to the Undersecretariat of Treasury after deducting withholding tax of 15% (TL144.390) in cash on 30 March 2011. Besides, TL2.304.917 of the profit has been preserved and deferred tax income amounting to TL50.632 is not distributed. The remaining part of dividend reserved to be distributed to personnel (TL4.102) is transferred to the account of the Undersecretariat of Treasury as net TL3.487, after deducting withholding tax of 15% (TL615).

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SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE CONSOLIDATED CAPITAL ADEQUACY STANDARD RATIO

1. The Group's consolidated capital adequacy ratio, reasons and anticipated solutions in case the ratio is lower than the amount pre-determined by the Communiqué:

The Group's consolidated capital adequacy ratio calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 15,72% (2010: 19,24%).

2. The risk measurement methods used for calculation of consolidated capital adequacy ratio:

Consolidated Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette, dated 1 November 2006 and numbered 26333.

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

Amounts deducted from the capital in the calculation of shareholders' equity are not considered in the calculation of risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and value loss among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciation and value loss.

In the calculation of the amounts subject to credit risk regarding the transactions on the non-cash loans, the net receivable amount from the counter parties is calculated by deducting the specific provision amount set in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions", if any, and the net amount is multiplied by the conversion rates presented in Clause (1) in Article 5 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks". Then the risk ratios declared in the Capital Adequacy Analysis Form are used to weight the resulting amount.

To calculate the amounts subject to credit risk for foreign exchange and interest rate transactions, receivables from counter parties are multiplied by the conversion rates stated in Clause (2), Article 5 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" and weighted by risk weights declared in the Capital Adequacy Analysis Form.

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I. EXPLANATIONS ON THE CONSOLIDATED CAPITAL ADEQUACY STANDARD RATIO (Continued)

Information related to capital adequacy ratio:

Current Period	Risk Weights						
	The Parent Bank						
	0%	10%	20%	50%	100%	150%	200%
Credit Risk Base Amount							
Balance Sheet Items (Net)	52.351.581	-	1.775.476	16.339.203	45.821.684	1.198.149	4.847.168
Cash	1.331.212	-	66	-	-	-	-
Matured Marketable Securities	3	-	-	-	-	-	-
Central Bank of the Republic of Turkey	5.192.098	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	1.137.520	-	180.126	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	7.748.998	-	-	-	-	-	-
Loans ⁽¹⁾	5.246.346	-	396.074	16.100.257	42.047.967	1.198.149	4.847.168
Loans Under Follow-up (Net) ⁽¹⁾	-	-	-	-	102.417	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	31.823.531	-	-	-	8.884	-	-
Receivables from Forward Sale of Assets	-	-	-	-	3.231	-	-
Miscellaneous Receivables	7.571	-	73.378	-	156.844	-	-
Interest and Income Accruals	687.571	-	18.340	238.946	1.201.890	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	810.114	-	-
Fixed Assets	-	-	-	-	982.341	-	-
Other Assets	314.251	-	150.098	-	327.870	-	-
Off-Balance Sheet Items	299.575	-	373.286	-	7.770.437	-	-
Non-cash Loans and Commitments	299.575	-	287.758	-	7.769.680	-	-
Derivative Financial Instruments	-	-	85.528	-	757	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	52.651.156	-	2.148.762	16.339.203	53.592.121	1.198.149	4.847.168

⁽¹⁾ The balance of loans originated from funds whose risk does not belong to the Parent Bank which is presented in Loans Under Follow-up (Net) balance in the financial statements; is shown in the 0% risk weight column in the table above.

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I. EXPLANATIONS ON THE CONSOLIDATED CAPITAL ADEQUACY STANDARD RATIO (Continued)

Information related to capital adequacy ratio: (Continued)

Current Period	Risk Weights						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
Credit Risk Base Amount							
Balance Sheet Items (Net)	53.181.048	-	2.424.933	16.356.080	46.197.555	1.198.149	4.847.168
Cash	1.371.467	-	66	-	-	-	-
Matured Marketable Securities	3	-	-	-	-	-	-
Central Bank of the Republic of Turkey	5.192.098	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	1.080.383	-	211.446	-	-
Interbank Money Market Placements	12.082	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	130	-	-	-	-	-	-
Required Reserve Deposits	7.748.998	-	-	-	-	-	-
Loans	6.007.734	-	1.026.243	16.117.134	42.445.139	1.198.149	4.847.168
Loans Under Follow-up (Net) ⁽¹⁾	-	-	-	-	112.090	-	-
Financial Lease Receivables	-	-	-	-	513.939	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	31.830.361	-	24.507	-	105.688	-	-
Receivables from Forward Sale of Assets	-	-	-	-	3.231	-	-
Miscellaneous Receivables	7.571	-	125.296	-	191.419	-	-
Interest and Income Accruals	687.571	-	18.340	238.946	1.201.890	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	13.180	-	-
Fixed Assets	-	-	-	-	1.009.217	-	-
Other Assets	323.033	-	150.098	-	390.316	-	-
Off-Balance Sheet Items	299.575	-	374.495	-	7.856.722	-	-
Non-cash Loans and Commitments	299.575	-	287.758	-	7.855.965	-	-
Derivative Financial Instruments	-	-	86.737	-	757	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	53.480.624	-	2.799.428	16.356.080	54.054.277	1.198.149	4.847.168

⁽¹⁾ The balance of loans originated from funds whose risk does not belong to the Parent Bank which is presented in Loans Under Follow-up (Net) balance in the financial statements; is shown in the 0% risk weight column in the table above.

Summary information about the capital adequacy standard ratio:

	Consolidated		The Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	74.283.762	54.488.897	73.683.034	53.999.274
Market Risk Base Amount (MRBA)	6.658.413	5.677.713	6.431.913	5.526.838
Operational Risk Base Amount (ORBA)	11.391.588	10.001.389	10.895.348	10.009.066
Shareholders' Equity	14.517.728	13.498.028	14.208.686	13.350.237
Shareholders' Equity/(CRBA+MRBA+ORBA) * 100	15,72	19,24	15,61	19,20

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. EXPLANATIONS ON THE CONSOLIDATED CAPITAL ADEQUACY STANDARD RATIO (Continued)

Information related to components of consolidated shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2.500.000	2.500.000
Nominal Capital	2.500.000	2.500.000
Capital Commitments (-)	-	-
Inflation Adjustment for Paid-in Capital	543.482	543.482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	2.400.181	2.104.475
1st Degree Legal Reserves (TCC 466/1)	1.127.448	927.100
2nd Degree Legal Reserves (TCC 466/2)	1.272.733	1.177.375
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	5.939.551	3.584.002
Reserves Allocated per General Assembly Minutes	5.305.510	3.000.593
Retained Earnings	634.041	583.409
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	-	-
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	2.491.992	3.983.615
Net Profit for the Period	2.220.585	3.750.753
Retained Earnings	271.407	232.862
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	140.248	275.125
Subsidiary and Associate Shares and Gains on Sale of Real Estate To Be Added To Capital	-	-
Primary Subordinated Loans (up to 15% of the Core Capital) ⁽¹⁾	-	-
Minority Shares	90.583	78.305
Loss(-) Portion of Losses that Cannot be Covered by Reserves	-	-
Net Loss of the Period	-	-
Accumulated Loss	-	-
Leasehold Improvements (-) ⁽²⁾	34.382	16.666
Prepaid Expenses (-) ⁽³⁾	-	98.113
Intangible Assets (-)	32.723	20.659
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in 3 rd Clause 56 th Article of the Banking Act (-)	-	-
Total Core Capital	14.038.932	12.933.566

⁽¹⁾ In accordance with the "Regulation Related to the Change in the Regulation for Shareholders' Equities of Banks" issued on Official Gazette dated 10 March 2011 and numbered 27870, the related row's name is changed as "Primary Subordinated Loans Not Exceeding the Limits Mentioned in Paragraph 8".

⁽²⁾ In accordance with the regulation mentioned above, the name of "Leasehold Improvements" is changed as "Costs for Operational Leasing Development".

⁽³⁾ In accordance with the regulation mentioned above, the practice of making "Prepaid Expenses" a discount item from the Core Capital has been cancelled.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. EXPLANATIONS ON THE CONSOLIDATED CAPITAL ADEQUACY STANDARD RATIO (Continued)

Information related to components of consolidated shareholders' equity: (Continued)

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	999.331	270.562
45% of Movable Assets Revaluation Fund	-	-
45% of Immovable Assets Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	17.361	17.295
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Marketable Securities Revaluation Fund	(443.015)	349.992
From Subsidiaries and Associates	81.478	(647)
From Financial Assets Available for Sale	(524.493)	350.639
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	573.677	637.849
TIER-III CAPITAL	-	-
CAPITAL	14.612.608	13.571.415
DEDUCTIONS FROM CAPITAL	94.880	73.387
Shares in Unconsolidated Banks and Financial Institutions	-	-
Loans to banks, Financial Institutions (Domestic/Foreign), Holders of Qualified Shares in the form of Secondary Subordinated Loan and Loan Instruments Purchased from those Parties Qualified as Primary or Secondary Subordinated Loan	-	-
Shares of banks and financial institutions for which equity pick-up method was applied but whose assets and liabilities are not consolidated	93.990	73.197
Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or More of whose Capital is Owned by the Bank and which are Excluded from the Consolidation	-	-
Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose Capital is Owned by the Bank and that Exceeds 10% of the Total Core Capital and Supplementary Capital	-	-
Loans Granted that are not in Compliance with the Provisions Stated in Articles 50 and 51 of the Act	-	-
Total Net Book Value of the Bank's Real Estates in excess of 50% of the Equity and in accordance with Article 57 of the Act, Net Book Value of Real Estates and Commodities Acquired in Exchange of Loans and Receivables that should be disposed of; however that have not been disposed for the last 5 years since the beginning of the acquisition date	39	190
Other	851	-
TOTAL SHAREHOLDERS' EQUITY	14.517.728	13.498.028

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK:

Credit risk is the probable risks and losses arising from the partial or complete default of the opposite party that the Bank is engaging in relation by not complying to the obligations of the agreement made.

The limits of the credit customers are identified, after combined assessment of various factors like the financial and non-financial information of the credit customers, credit requirements, sectoral and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, regional heads, department heads, Assistant General Managers, General Manager, Credit Committee and Board of Directors.

The average limits identified related the credit portfolio are approved by the Board of Directors and revised when required. The identified limits are allocated by related departments on regional heads basis by considering the factors like portfolio structure, potentials of the customers and credit, regional and sectoral characteristics, competencies of the personnel.

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The Parent Bank's credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Heads/Branches.

In line with the budgeted targets, TL/FC Cash/Non-Cash Commercial/SME loan placements are issued and followed on sectoral and regional basis.

The loans issued by the branches are periodically analyzed on the basis of the limits, subjects, guarantees, maturities, accounts followed, outstanding balances, numbers of the customers, and followed on customer and regional basis.

After the opening of the lines of the commercial loans, the firms are continued to be monitored and the changes at the financial structures and market relations of the credit firms are followed. The credit limits are identified and approved for one year and renewed in case of no negative change in the situation of the customer (financial structure, market, guarantee, etc.).

Agricultural loans are the specialized loans of the Parent Bank and issued by the regional heads, agricultural banking branches and affiliated branches which are given credit issuance authority. The credit limit is determined by considering factors like activities related to agricultural production capacity, unit cost of the product subject to loan, operating capital requirement, investment amount, market value of the product, supporting payments, documentable receivables, income-loss, cash flow projection of the firm and payment ability of the customer. For the determination of the credibility, the financial information of the customers is also considered. The agricultural loan customers are followed through the periodic visits made to the facilities production is operated and the changes at the credit worthiness are identified. The new limit issuances and changes at the limits are made after the on-site detections.

The Parent Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors' credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Parent Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Parent Bank's credit risk significantly declines.

On January 2011 the Parent Bank started applying internal ratings processes as a decision support system for analysing credit worthiness and determining credit allocation for SME-Commercial-Corporate consumer loans.

The Parent Bank is not engaging in credit transaction that are not defined at the legislation and not put into the practice.

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II. EXPLANATIONS ON CREDIT RISK (Continued):

The Parent Bank makes provision in conformity with the “Communiqué on Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”.

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

Since the Parent Bank’s abroad lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, the Parent Bank is not believed to be exposed to a significant credit risk as a result of these operations.

Foreign financial institution and country risks of the Parent Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the clients.

The Parent Bank engages in foreign currency swaps and forward transactions considering its asset-liability balance and legal limits. These are not considered to generate material risk given the amount of these transactions in the balance sheet.

In line with the Regulation on provisions, if the cash risk of a customer classified as nonperforming, the non-cash is classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the Parent Bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 cash loans in the total cash loan portfolio is 11% (2010: 15%).

The percentage of top 100 non-cash loans in the total non-cash loan portfolio is 71% (2010: 75%).

The percentage of top 100 cash and non-cash loans in the total cash and non-cash loan portfolio is 17% (2010: 17%).

General provision made by the Bank for the credit risk is TL999.331 (2010: TL270.562).

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK: (Continued)

Credit risk by types of borrowers and geographical concentration:

	Individual and Corporate Loans		Loans to Banks and Other Financial Institutions		Marketable Securities ⁽¹⁾		Other Loans ⁽²⁾	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Sectoral distribution	72.069.298	56.631.955	1.401.870	1.957.870	71.059.991	76.568.113	2.316.981	5.654.200
Private Sector	20.760.089	17.213.184	708.993	937.568	25.314	39.243	14.368	133.060
Public Sector	1.350.610	670.038	7.229	528.455	70.527.105	76.313.185	207.003	32.731
Banks	-	-	685.648	491.847	289.853	50.697	2.092.378	5.468.617
Individual Customers	49.958.599	38.748.733	-	-	-	-	3.232	2.932
Equity instruments	-	-	-	-	217.719	164.988	-	16.860
Geographical distribution	72.069.298	56.631.955	1.401.870	1.957.870	71.059.991	76.568.113	2.316.981	5.654.200
Domestic	70.265.266	55.450.917	1.353.922	1.891.029	70.353.595	76.041.839	1.357.978	4.430.641
European Union Countries	664.337	538.443	33.341	40.368	282.695	223.886	381.506	217.355
OECD Countries ⁽³⁾	-	-	-	8.253	-	8.391	82	57.384
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	464.365	255.046	13.553	18.026	172.110	111.177	393.109	874.378
Other Countries	675.330	387.549	1.054	194	251.591	182.820	184.306	74.442

(1) Includes Marketable Securities Designated at Fair Value through Profit or Loss, Available for Sale and Held to Maturity.

(2) Includes the transactions that are not presented in the first 3 columns but defined as loans and receivables in the 48th article of Banking Act numbered 5411. The unallocated other loans and receivables are presented under "individual customers" line.

(3) OECD countries other than EU countries, USA and Canada.

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Capital Expenditures	Net income
Current Period					
Domestic	159.070.727	145.043.686	11.494.295	-	2.220.724
European Union Countries	1.454.480	2.356.147	51.654	-	112
OECD Countries ⁽¹⁾	7.444	898	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1.043.519	1.027.517	349.738	-	3.447
Other Countries	1.188.397	903.354	155.084	-	9.548
Subsidiaries, Investments and Joint Ventures	-	-	-	107.170	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	162.764.567	149.331.602	12.050.771	107.170	2.233.831
Prior Period					
Domestic	148.731.334	134.782.608	7.172.528	-	3.747.224
European Union Countries	1.099.715	1.721.763	45.346	-	(300)
OECD Countries ⁽¹⁾	11.350	1.146	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1.261.053	1.256.878	314.521	-	(786)
Other Countries	992.318	831.457	26.574	-	16.430
Subsidiaries, Investments and Joint Ventures	-	-	-	85.306	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	152.095.770	138.593.852	7.558.969	85.306	3.762.568

(1) OECD Countries other than EU countries, USA and Canada.

(2) Assets and liabilities that could not be distributed on a consistent basis.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK: (Continued)

Sectoral concentrations for cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	22.950.572	35,83	332.387	3,74	16.768.330	32,43	201.399	3,08
Farming and Raising Livestock	22.603.867	35,29	330.439	3,71	16.520.797	31,95	197.808	3,02
Forestry	-	-	-	-	-	-	-	0,00
Fishing	346.705	0,54	1.948	0,02	247.533	0,48	3.591	0,05
Manufacturing	2.181.803	3,41	2.851.763	32,05	3.598.316	6,96	2.124.240	32,45
Mining	74.693	0,12	218.959	2,46	416.967	0,81	121.208	1,85
Production	2.088.730	3,26	2.334.513	26,24	3.137.641	6,07	1.836.977	28,06
Electric, Gas and Water	18.380	0,03	298.291	3,35	43.708	0,08	166.055	2,54
Construction	1.059.939	1,65	246.378	2,77	669.062	1,29	207.551	3,17
Services	5.816.829	9,08	3.566.287	40,08	6.095.327	11,79	1.987.082	30,36
Wholesale and Retail Trade	2.205.077	3,44	366.725	4,12	1.971.802	3,81	237.473	3,63
Hotel Food and Beverage Services	369.671	0,58	270.380	3,04	311.606	0,60	215.407	3,29
Transportation and Telecommunication	846.469	1,32	176.413	1,98	889.433	1,72	113.919	1,74
Financial Institutions	134.304	0,21	1.361.414	15,30	1.237.690	2,39	720.180	11,00
Real Estate and Leasing Services	31.766	0,05	783.079	8,80	20.803	0,04	17.707	0,27
Self Employment Services	22.770	0,04	58	0,00	19.198	0,04	44	0,00
Education Services	82.528	0,13	4.485	0,05	64.166	0,12	2.781	0,04
Health and Social Services	2.124.244	3,32	603.733	6,79	1.580.629	3,06	679.571	10,38
Other ⁽¹⁾	32.050.115	50,03	1.901.156	21,37	24.569.850	47,52	2.025.252	30,94
Total	64.059.258	100,00	8.897.971	100,00	51.700.885	100,00	6.545.524	100,00

⁽¹⁾ Consumer loans are presented in other line.

The table below shows the maximum exposure to credit risk for the components of the financial statements:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit/Loss	142.915	247.021
Banks	1.294.642	4.482.390
Interbank Money Market Placements	12.212	23.054
Available-for-Sale Financial Assets	38.361.907	39.864.939
Held-to-Maturity Investments	32.632.337	36.456.153
Loans	73.223.617	58.876.141
Other Assets	693.336	502.339
Total credit risk exposure of balance sheet items	146.360.966	140.452.037
Financial guarantees	12.050.771	7.558.969
Commitments	39.404.288	21.569.892
Total credit risk exposure of off-balance sheet items	51.455.059	29.128.861
Total credit risk exposure	197.816.025	169.580.898

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II. EXPLANATIONS ON CREDIT RISK: (Continued)

Credit quality per class of financial assets is as follows:

Financial Assets	Current Period			Prior Period		
	Neither past due nor impaired	Past due but not impaired	Total	Neither past due nor impaired	Past due but not impaired	Total
Banks	1.294.642	-	1.294.642	4.482.390	-	4.482.390
Financial Assets at Fair Value Through Profit or Loss	142.915	-	142.915	247.021	-	247.021
Loans:	69.241.119	3.716.110	72.957.229	54.514.409	3.732.000	58.246.409
Corporate Loans	17.666.517	729.498	18.396.015	16.367.560	532.079	16.899.639
Consumer Loans	29.658.241	2.402.036	32.060.277	22.767.869	2.258.563	25.026.432
Specialized Loans	21.916.361	584.576	22.500.937	15.378.980	941.358	16.320.338
Available-for-Sale Financial Assets	38.361.907	-	38.361.907	39.864.939	-	39.864.939
Held-to-Maturity Investments	32.632.337	-	32.632.337	36.456.153	-	36.456.153

Carrying amount per class of financial assets whose terms have been renegotiated:

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Loans:	579.478	929.958
Corporate Loans	113.076	556.985
Consumer Loans	29.452	34.638
Specialized Loans	436.950	338.335
Other	-	-
Available-for-Sale Financial Assets	-	-
Held-to-Maturity Investments	-	-

III. EXPLANATIONS ON THE MARKET RISK

- a) Whether measures are taken to hedge against market risk under the framework of the Parent Bank's risk management policies, measures taken for the risk management by the Board of Directors when the Bank is exposed to market risks, methods used to measure market risk and timing of market risk measurement:

The Parent Bank has established market risk management operations and taken the necessary measures in order to hedge market risk within its financial risk management purposes, in accordance with "Measurement and Assessment of the Capital Adequacy of Banks" issued in the Official Gazette numbered 26333 and dated 1 November 2006.

Market risk management strategy policy and implementation procedures of the Parent Bank are determined within the context of "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

Parent Bank pays attention not to change the position materially in the view of foreign exchange position management and maximum position amount is limited. Also, there is position limit application for limiting interest rate risk stated within the context of market risk of Bank.

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III. EXPLANATIONS ON THE MARKET RISK (Continued)

Parent Bank calculates the amount subject to the total market risk by using Standard Method as per monthly periods within the context of legal reporting. This amount is included in the calculation of Parent Bank's Standard Capital Adequacy Ratio.

Daily Value at Risk ("VAR") forecasts is made based on financial instruments with different risk factors and portfolios in the Parent Bank and is reported to the related units. Also, backward testing is performed so as to measure performance of used model. Parent Bank limits market risk exposure by VAR based limit within the context of "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

Also, Parent Bank performs monthly market risk stress tests so as to observe the effect of excessive market fluctuations that are not covered by models over the Parent Bank's financial position.

Information Related to Market Risk:

	Current Period	Prior Period
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	399.475	379.793
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	21.946	16.326
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	111.252	57.020
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	-	1.078
(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) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	532.673	454.217
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	6.658.413	5.677.713

b) Average market risk table calculated at the end of each month during the period: (Values belong to the Parent Bank)

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	397.381	405.682	394.521	252.905	367.395	193.508
Equity Share Risk	31.698	33.348	30.188	20.668	26.352	3.846
Currency Risk	92.292	103.546	79.213	31.007	47.322	19.553
Commodity Risk	1.156	1.954	1.565	890	1.078	759
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Amount Subject to Total Risk	6.531.588	6.806.625	6.318.588	3.818.375	5.526.838	2.720.825

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IV. EXPLANATIONS ON OPERATIONAL RISK

a) The method used in calculating the consolidated operational risk and the interval in which the market risk measurement is done:

Operational risk is defined as the probability of loss or damage due to the overlooked errors and irregularities arising from failures of the internal controls of the Parent Bank, and not responding timely by the Parent Bank's management and the personnel, errors and irregularities of the information systems, and due to the disasters earthquake, flood or fire.

Parent Bank is calculating Operational Risk Base Amount based on consolidated financial statements on yearly basis using "Basic Indicator Method". In this method, the parameter which determinates the operational risk is the gross income. Gross income is composed of the total of net interest income and net non interest income in general whereas profit and loss from sale of available for sale securities and held to maturity securities and extraordinary income is excluded from calculation. Calculation of Operational Risk Base Amount is done by multiplying the averages of the three years gross income by 12,5.

The Parent Bank's operation risk managerial policy and application procedures are determined within the context of "Operational Risk Management Regulation".

Operational Risk Management actions are conducted by Internal Control and Risk Management Department. In this context generally;

- Realized operational risks are followed in the "Operational Risk Lost Database". At this database, under the context of the identification of operational risk, the lost operational risk information occurred at the Bank are collected appropriate to the standards anticipated at the Basel II.
- The calculation of economic capital with the Advanced Measurement Techniques that are projected to be performed by the banks rendering service on a global scale as envisaged within the framework of Basel II Accord is applied by the Bank and operations regarding the improvement of the techniques are continuing.
- "Operational Risk Map" studies have been conducted, to be used in the internal control audit program by the help of operational risk indicators, operational risk database and unit/volume information for transactions identified in order to determine the risk levels of branches.
- "Self Evaluation Studies" are undertaken in the format of working groups that are formed with the personnel selected from branches and regional heads with the aim of carrying out on-site determination of risks with referrals as the opinions of personnel.
- Within the scope of Information Securities and Risk Management Operations, and in coordination with the related departments of the Parent Bank, study on the Parent Bank Business Sustainability Plan has been carried out. The current Emergency State Plan has been revised and the "T.C. Ziraat Bankası A.Ş. Business Continuity and Emergency State Plan" has been prepared by combining two plans. Within this scope, training has been arranged for Parent Bank personnel in order to inform them about their responsibilities and make the Plan a part of institutional culture.

b) The Bank does not apply standard method.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE CURRENCY RISK

- a) Whether the Parent Bank is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the Board of Directors:**

The Parent Bank's policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, VAR is calculated for daily foreign exchange position and reported to the related departments.

Moreover, dealer's positions and limits for foreign exchange transactions are under the authorization of the Board of Directors.

- b) Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material:**

None.

- c) Management policy for foreign currency risk:**

"Liquidity Gap Analysis", "Repricing Gap Analysis" and "Structural Liquidity Gap Analysis" which takes into account historical repricing rates of foreign currency accounts, are prepared periodically in order to define liquidity and interest rate risks at US Dollar and Euro, which are mainly used by the Parent Bank in its operations. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders' Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

- d) Current foreign exchange bid rates of the Parent Bank for the last 5 business days prior to the financial statement date:**

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
23.12.2011	1,8840	2,4544	1,9168	0,33142	0,27440	2,0161	1,8549	0,31629	2,9604	0,48865	2,4152
26.12.2011	1,8811	2,4544	1,9094	0,33057	0,27345	2,0118	1,8430	0,31589	2,9408	0,48621	2,4096
27.12.2011	1,8903	2,4645	1,9165	0,33210	0,27501	2,0223	1,8526	0,31642	2,9611	0,48840	2,4223
28.12.2011	1,9012	2,4629	1,9252	0,33178	0,27560	2,0250	1,8651	0,31620	2,9500	0,49237	2,4421
29.12.2011	1,9074	2,4575	1,9249	0,33113	0,27563	2,0238	1,8652	0,31665	2,9416	0,49264	2,4478
30.12.2011	1,8816	2,4390	1,9199	0,32834	0,27406	2,0076	1,8461	0,31466	2,9205	0,48661	2,4343

- e) Simple arithmetic average of the Parent Bank's current foreign exchange bid rates for the last 30 days prior to the balance sheet date:**

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
1,8609	2,4438	1,8844	0,32928	0,27179	1,9967	1,8188	0,31583	2,9047	0,48127	2,3880

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V. EXPLANATIONS ON THE CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

	EUR	USD	Yen	Other FC ⁽¹⁾	Total
Current Period					
Assets					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	4.709.957	2.312.105	450	1.000.935	8.023.447
Banks	207.758	355.214	525	164.528	728.025
Financial Assets at Fair Value Through Profit and Loss	9.663	4.476	-	-	14.139
Money Market Placements	-	5.504	-	1.581	7.085
Financial Assets Available-for-Sale	2.889.153	1.533.108	-	51.661	4.473.922
Loans ⁽²⁾	4.073.960	4.595.452	-	239.918	8.909.330
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	9.423	2.818	-	27.765	40.006
Investments Held-to-Maturity	1.898.119	3.036.318	-	97.139	5.031.576
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Fixed Assets	7.653	1.960	-	24.071	33.684
Intangible Assets	1.304	3.205	-	8.341	12.850
Other Assets	352.436	82.852	-	15.797	451.085
Total Assets	14.159.426	11.933.012	975	1.631.736	27.725.149
Liabilities					
Interbank Deposits	92.982	507.752	-	17.689	618.423
Foreign Currency Deposits	14.478.772	9.248.235	364	728.178	24.455.549
Money Market Borrowings	280.489	2.237.231	-	-	2.517.720
Funds Provided from Other Financial Institutions	123.149	483.847	-	-	606.996
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	178.612	27.850	-	1.396	207.858
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	203.019	151.138	-	34.584	388.741
Total Liabilities	15.357.023	12.656.053	364	781.847	28.795.287
Net Balance Sheet Position	(1.197.597)	(723.041)	611	849.889	(1.070.138)
Net Off-Balance Sheet Position⁽³⁾	981.926	551.405	-	(396.023)	1.137.308
Financial Derivative Assets	1.011.239	1.567.061	-	521.144	3.099.444
Financial Derivative Liabilities	29.313	1.015.656	-	917.167	1.962.136
Non-cash Loans	2.263.083	5.456.942	-	284.519	8.004.544
Prior Period					
Total Assets	12.160.209	9.123.548	689	836.544	22.120.990
Total Liabilities	12.786.714	10.507.943	1.320	623.132	23.919.110
Net Balance Sheet Position	(626.505)	(1.384.395)	(631)	213.412	(1.798.120)
Net Off-Balance Sheet Position⁽³⁾	614.981	1.287.224	-	38.302	1.940.507
Financial Derivative Assets	644.690	1.396.673	-	38.302	2.079.665
Financial Derivative Liabilities	29.709	109.449	-	-	139.158
Non-cash Loans	1.422.690	3.445.529	1.357	88.845	4.958.421

(1) Of the foreign currencies presented in the other FC column of assets 56,78% is Gold, 3,24% is GBP, 7,70% is MKD, and the remaining 32,28% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 36,66% is GBP, 27,95% is CHF, 8,40% is DKK and the remaining 26,99% is other foreign currencies.

(2) TL1.388 equivalent of USD and TL176 equivalent of EUR loans are originated as foreign currency indexed loans (2010: TL2.745 equivalent of USD and TL2.376 equivalent of EUR).

(3) Indicates the net balance of receivables and payables on derivative financial instruments.

(4) The foreign currency capital investments to Subsidiaries, Associates and Joint Ventures are evaluated with historical rates on the date of the fair value determination and capital investments made in the subsequent periods are evaluated with the rates on the date of the capital investment and followed with their domestic currency equivalents. No exchange rate difference arises from such investments.

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V. EXPLANATIONS ON THE CURRENCY RISK (Continued)

The Group's sensitivity to foreign currency rates has been analyzed and 10% increase/decrease is anticipated in the US Dollar and EURO other foreign currency units. 10% is the rate used in the Parent Bank's internal reporting. The following table shows the result of analysis.

	Change in exchange rate in %	Effect on Profit / Loss ⁽¹⁾⁽²⁾	
		Current Period	Prior Period
USD	%10 increase	(16.742)	(1.331)
	%10 decrease	16.742	1.331
EUR	%10 increase	(9.684)	(8.518)
	%10 decrease	9.684	8.518
Other	%10 increase	46.466	28.602
	%10 decrease	(46.466)	(28.602)

⁽¹⁾ The effects on profit or loss and shareholders' equity are presented before tax, in the above table.

⁽²⁾ Investments related to subsidiaries and joint ventures operating abroad in foreign currency are followed by their fair values. Since TL amount of their fair values are fixed as of the valuation date, they do not create currency risk and is not considered in the analysis above.

VI. EXPLANATIONS ON THE INTEREST RATE RISK

The Parent Bank's structural interest rate management policy and methods of applications are set under the scope of "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

The structural interest rate risk analysis is made based on the income and economic value approaches. Under economic value approach, the Parent Bank is applying the Banking Accounts Interest Shock Value Loss analysis, whereas under income approach the Bank is applying Net Interest Margin/Income analysis. The Banking Accounts Interest Shock Value Loss Analysis is applied over interest rate sensitive balance sheet items excluding the positions subject to the market risk and the results are compared with discounted total assets. At the Net Interest Margin/Income analysis the change in the interest income of the Parent Bank resulting from changes in interest rates is analyzed. About the structural interest rate risk; the macaulay duration, convexity and repricing gap analysis are applied at the Parent Bank. The Parent Bank limits the interest rate exposure. Moreover, an early warning system regarding the structural interest rate risk has also been established by the Parent Bank.

Using possible changes in the interest rate, the changes in the assets and the liabilities of the Group have been analyzed. With this respect;

In order to analyze the effect of the increases and decreases in the interest rate on the interest income/expense of the Group, interest rate sensitive instruments in balance sheet have been grouped on the basis of repricing periods. As a result of the funding/placing of these assets and liabilities with the changing interest rates, the net interest income of the Parent Bank has been analyzed. In this analysis, TL and foreign currency interest rates are increased/decreased by the ratios seen at the tables below and the amounts of the repriced assets and liabilities are assumed to be constant during the balance sheet period. The below mentioned analysis is presenting the net interest income of the Group generated within the balance sheet period.

Change in Interest Rate		Net Interest Income Effect ⁽¹⁾⁽²⁾	
TL	FC	Current Period	Prior Period
3 points increase	1 point increase	(659.966)	(485.267)
2 points increase	0.66 point increase	(439.649)	(323.208)
1 point increase	0.33 point increase	(219.824)	(161.604)

⁽¹⁾ Demand deposits are excluded.

⁽²⁾ Net interest income effect presented above reflects amounts before tax.

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VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Change in Interest Rate		Net Interest Income Effect ⁽¹⁾⁽²⁾	Net Interest Income Effect ⁽¹⁾⁽²⁾
TL	FC	Current Period	Prior Period
3 points decrease	1 point decrease	659.966	485.267
2 points decrease	0.66 point decrease	439.649	323.208
1 point decrease	0.33 point decrease	219.824	161.604

⁽¹⁾ Demand deposits are excluded.

⁽²⁾ Net interest income effect presented above reflects amounts before tax.

On the other hand, the analysis of the interest sensitivity of the financial assets of the Parent Bank which are monitored within the positions exposed to market risk only (Fair Value through Profit or Loss and Securities Available for Sale) is presented below. The interest rate sensitivity analysis expressed the effect of 1 basis point increases in TL, 0.33 basis point increase in FC and 3 basis point increases in TL and 1 basis point increase in FC over accounting records. The financial assets recorded under so-called accounts are repriced as a result of the foregoing interest rate increases and the effect of the change in prices aroused on the equity and profit/loss accounts is stated. The effect of the changes in prices calculated for the positions exposed to market risk is resulting from the financial assets available for sale.

Change in Interest Rate ⁽¹⁾		Effect on Profit and Loss	Effect on Shareholders' Equity	Effect on Profit and Loss	Effect on Shareholders' Equity
TL	FC	Current Period	Current Period	Prior Period	Prior Period
3 points increase	1 point increase	(1.486)	(776.360)	(1.939)	(809.272)
1 point increase	0.33 point increase	(459)	(266.062)	(664)	(277.327)

⁽¹⁾ The effects on profit and loss and shareholders' equity in the table above present the amounts before tax.

a) **Measurement of interest rate sensitivity of assets, liabilities and off-balance sheet items:**

Interest rate sensitivity of assets and liabilities is followed periodically by applying various analysis methods.

b) **Effects of interest rate fluctuations in the market on financial position and cash flow of the Bank, expectations on interest income, limitations on daily interest rates by the Bank's Board of Directors:**

To eliminate the negative effects of interest rate fluctuations in the market on the balance sheet of the Parent Bank, Assets-Liabilities Committee follows interest margin and monitors its effects on profitability on a consistent basis. The committee makes interest rate arrangements especially for sources and defines the limits for the maximum interest rates considering the interest rate risk. In order to limit the effects of change in interest rates on the Bank's financial structure; risk limit, which is approved by the Board of Directors, is periodically monitored.

c) **Measures taken for the current interest rate risk of the Parent Bank and expected effects on the following periods' net income and shareholders' equity:**

In the current period, in order to decrease the interest rate risk level, as much as market conditions allow, the Bank used long-term derivative financial instruments and completed preparations for issuing bonds.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	31.397	2.864	-	-	-	14.307.562	14.341.823
Banks	265.994	477.337	27.142	-	-	524.169	1.294.642
Financial Assets at Fair Value Through Profit and Loss	4.048	3.635	41.209	6.786	10.033	77.204	142.915
Money Market Placements	8.445	-	-	3.767	-	-	12.212
Financial Assets Available-for-Sale	10.396.345	4.552.253	7.970.371	10.174.213	4.650.606	618.119	38.361.907
Loans Given	19.690.452	5.892.076	19.216.992	24.885.855	3.215.367	322.875	73.223.617
Investments Held-to-Maturity	7.748.070	15.992.006	3.529.773	2.539.078	2.823.410	-	32.632.337
Other Assets	25.307	10.358	40.448	361.965	106.176	2.318.030	2.862.284
Total Assets	38.170.058	26.930.529	30.825.935	37.971.664	10.805.592	18.167.959	162.871.737
Liabilities							
Interbank Deposits	3.245.493	-	2.000	-	-	93.409	3.340.902
Other Deposits	69.985.081	12.465.935	7.408.313	282.620	69	20.288.876	110.430.894
Money Market Borrowings	25.363.314	-	471.812	1.860	-	-	25.836.986
Sundry Creditors	3.285	4.934	3.589	-	-	939.283	951.091
Issued Marketable Securities	-	-	-	-	-	-	-
Funds provided from Other Financial Institutions	171.164	33.159	447.316	29.479	24	-	681.142
Other Liabilities	45.537	49.736	116.549	4.430.822	46.824	16.941.254	21.630.722
Total Liabilities	98.813.874	12.553.764	8.449.579	4.744.781	46.917	38.262.822	162.871.737
Balance Sheet Long Position	-	14.376.765	22.376.356	33.226.883	10.758.675	-	80.738.679
Balance Sheet Short Position	(60.643.816)	-	-	-	-	(20.094.863)	(80.738.679)
Off-Balance Sheet Long Position	15.878	527.502	-	-	-	-	543.380
Off-Balance Sheet Short Position	-	-	(3.290)	(532.800)	-	-	536.090
Total Position	(60.627.938)	14.904.267	22.373.066	32.694.083	10.758.675	(20.094.863)	7.290

(1) Balances without fixed maturity are shown in the "Up to 1 Month" and "Non-Interest Bearing" columns.

(2) TL3.860.700 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the "1-5 Years" column. TL10.436 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

(3) Deferred tax asset is shown under the "Non-Interest Bearing" column.

(4) Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in other assets.

(5) Total shareholders' equity is shown under the "Non-Interest Bearing" column.

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VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments (Values belong to the Parent Bank):

Current Period	EUR	USD	Yen	TL
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	5,00
Banks	2,38	2,18	-	-
Financial Assets at Fair Value Through Profit and Loss	3,36	5,57	-	7,80
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,65	6,14	-	8,43
Loans Given ⁽²⁾	5,01	4,22	-	17,04
Investments Held-to-Maturity	6,23	7,00	-	9,51
Liabilities				
Interbank Deposits ⁽³⁾	2,94	2,90	-	11,13
Other Deposits ⁽⁴⁾	2,07	2,73	-	6,87
Money Market Borrowings	3,30	2,77	-	10,81
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3,17	1,55	-	7,46

- ⁽¹⁾ The ratio in TL column shows interest rate applied to reserve requirement for Central Bank of Northern Cyprus.
⁽²⁾ Credit card loans are not included.
⁽³⁾ Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.
⁽⁴⁾ Related ratios include demand deposits.

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VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	35.991	2.232	-	-	-	10.284.362	10.322.585
Banks	3.351.914	9.453	181.595	-	272	939.156	4.482.390
Financial Assets at Fair Value Through Profit and Loss	183.398	4.592	24.351	23.735	10.945	-	247.021
Money Market Placements	23.054	-	-	-	-	-	23.054
Financial Assets Available-for-Sale	10.862.955	6.026.177	9.714.304	10.138.196	2.757.369	365.938	39.864.939
Loans Given	17.565.009	3.988.212	14.121.019	20.017.543	2.517.668	323.274	58.532.725
Investments Held-to-Maturity	12.597.522	16.390.142	2.344.460	2.051.560	3.072.469	-	36.456.153
Other assets	382	9	68	9	-	2.251.741	2.252.209
Total assets	44.620.225	26.420.817	26.385.797	32.231.043	8.358.723	14.164.471	152.181.076
Liabilities							
Interbank Deposits	2.349.981	13.367	-	-	-	57.224	2.420.572
Other Deposits	81.728.633	16.179.636	6.309.738	169.989	783	19.323.478	123.712.257
Money Market Borrowings	5.024.088	-	-	-	-	-	5.024.088
Sundry Creditors	67	-	-	-	-	712.470	712.537
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2.027	10.268	71.415	79.902	105	-	163.717
Other Liabilities	5.609	311	2.601	3.182.120	-	16.957.264	20.147.905
Total Liabilities	89.110.405	16.203.582	6.383.754	3.432.011	888	37.050.436	152.181.076
Balance Sheet Long Position	-	10.217.235	20.002.043	28.799.032	8.357.835	-	67.376.145
Balance Sheet Short Position	(44.490.180)	-	-	-	-	(22.885.965)	(67.376.145)
Off Balance Sheet Long Position	20.606	108	202	-	-	-	20.916
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(44.469.574)	10.217.343	20.002.245	28.799.032	8.357.835	(22.885.965)	20.916

- (1) Balances without fixed maturity are shown in the "Up to 1 Month" and "Non-Interest Bearing" column.
(2) TL3.180.350 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the "1-5 Years" column.
TL345.108 of fund balance is not granted as loan and is shown in the "Non-Interest Bearing" column.
(3) Deferred tax asset is shown in the "Non-Interest Bearing" column.
(4) Net balance of loans under follow-up is shown in the "Non-Interest Bearing" column of loans.
(5) Total shareholders' equity is shown in the "Non-Interest Bearing" column.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Average interest rate applied to the monetary financial instruments (Values belong to the Parent Bank):

	EUR	USD	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	5,00
Banks	0,84	1,05	-	-
Financial Assets at Fair Value Through Profit and Loss	3,56	5,58	-	8,78
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,68	6,04	-	8,22
Loans Given ⁽²⁾	4,06	3,74	-	14,90
Investments Held-to-Maturity	6,23	7,00	-	8,79
Liabilities				
Interbank Deposits ⁽³⁾	0,88	0,21	-	6,93
Other Deposits	1,65	2,23	-	6,95
Money Market Borrowings	-	-	-	6,66
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3,04	0,93	-	7,13

⁽¹⁾ The ratio in TL column shows interest rate applied to reserve requirement for Central Bank of Northern Cyprus.

⁽²⁾ Credit card loans are not included.

⁽³⁾ Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.

VII. EXPLANATIONS ON THE LIQUIDITY RISK

General principles of liquidity and financial emergency state management and the related application procedures are considered in the scope of "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management consist of subjects about early warning system and process of transition to liquidity and financial emergency state management.

The Bank calculates liquidity adequacy ratio and reports to BRSA on a weekly basis in accordance with the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 and dated 1 November 2006. The liquidity adequacy of the Bank is over the limit values specified in the mentioned regulation.

The Bank performs "Remaining Maturity Analysis" for the observation of the maturity structure of the balance sheet, "Liquidity Gap" and "Structural Liquidity Gap Analysis" for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Bank's liquidity and in the worst case scenario and the loss associated with it. The renewal of deposits which constitutes the Bank's most crucial funding resource is monitored on a daily basis. Besides, in order to compare the Bank's level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector and legal liquidity rates are monitored.

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VII. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

According to the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 dated 1 November 2006, from 1 June 2007, at the weekly and monthly calculations of the banks, the liquidity ratio requirement is 80% for the foreign currency assets/liabilities and 100% for the total assets/liabilities at minimum. The liquidity ratios for 2011 and 2010 are as follows:

Current Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	446,14	293,62	227,38	157,38
Maximum (%)	558,04	436,26	277,85	196,57
Minimum (%)	320,63	172,03	170,36	119,83

Prior Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	590,41	458,90	285,73	204,77
Maximum (%)	718,37	573,02	362,97	228,54
Minimum (%)	446,74	381,04	259,59	182,13

- a) **Basis for the current liquidity risk of the Parent Bank and whether the necessary measures taken, limitations imposed by the Parent Bank's Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:**

The Parent Bank's source of funds is mainly formed of deposits. The Parent Bank's deposits do not fluctuate considerably in line with the broadly dispersed customer network. Besides, internal and external sources that can be used to meet the immediate liquidity need are monitored periodically. Borrowing limits of the Parent Bank from organized markets and other financial institutions can cover the corresponding liquidity gaps with different periods. The Parent Bank limits its liquidity risk exposure by the approval of Board of Directors in context with "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

- b) **Consistency of payments with the assets and liabilities and the interest rates, measurement of the probable effects of the actual inconsistency on profitability:**

The consistency of payments with the assets and liabilities and the interest rates is followed regularly by the management and no structural inconsistency that effects the Parent Bank's financial structure exists.

- c) **Internal and external sources for short and long-term liquidity needs of the Parent Bank, unused significant liquidity sources:**

Although the average maturity of the Parent Bank's assets is long when compared with the deposits, securities with coupon payments constituting majority of the securities portfolio supply regular cash inflow for the Parent Bank. Besides, volume of deposits constituting the majority of the liabilities is not subject to significant changes. The Parent Bank also provides funds from repo transactions.

- d) **Evaluation of amount and sources of the Parent Bank's cash flows:**

The Parent Bank's major source of funds is deposits, and these funds are invested in securities portfolio, other banks and loan placements. Since most significant cash inflows are originated from securities portfolio and cash inflows from these assets are regular, the liquidity risk of the Parent Bank is suggested to be reduced. Furthermore, periodical collections on loans have the role of covering the Parent Bank's need for funds.

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VII. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

Presentation of liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾⁽²⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	14.338.959	-	2.864	-	-	-	-	14.341.823
Banks	524.169	265.994	477.337	27.142	-	-	-	1.294.642
Financial Assets at Fair Value Through Profit and Loss	34	30.480	3.535	41.587	57.171	10.105	3	142.915
Money Market Placements	-	8.445	-	-	3.767	-	-	12.212
Financial Assets Available-for-Sale	980	383.083	437.511	1.466.648	22.980.649	12.875.594	217.442	38.361.907
Loans Given	56.487	2.175.318	4.551.027	25.020.124	35.394.011	5.760.262	266.388	73.223.617
Investments Held-to-Maturity	-	209.154	1.965.451	1.203.968	23.569.028	5.684.736	-	32.632.337
Other Assets	596.883	25.307	10.358	40.659	365.197	106.176	1.717.704	2.862.284
Total Assets	15.517.512	3.097.781	7.448.083	27.800.128	82.369.823	24.436.873	2.201.537	162.871.737
Liabilities								
Interbank Deposits	93.409	3.245.493	-	2.000	-	-	-	3.340.902
Other Deposits	20.288.876	69.985.081	12.465.935	7.408.313	282.620	69	-	110.430.894
Funds Provided from Other Financial Instruments	-	3.373	26.622	208.623	180.007	262.517	-	681.142
Money Market Borrowings	-	25.363.314	-	471.812	1.860	-	-	25.836.986
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	522.334	355.234	4.934	3.589	-	-	65.000	951.091
Other liabilities ⁽³⁾	1.208.429	237.348	138.836	116.560	4.409.784	703.424	14.816.341	21.630.722
Total liabilities	22.113.048	99.189.843	12.636.327	8.210.897	4.874.271	966.010	14.881.341	162.871.737
Liquidity Gap	(6.595.536)	(96.092.062)	(5.188.244)	19.589.231	77.495.552	23.470.863	(12.679.804)	-
Prior Period								
Total Assets	11.749.553	12.775.180	6.041.507	31.546.612	68.569.382	19.612.541	1.886.301	152.181.076
Total Liabilities	20.815.047	89.838.701	16.466.053	6.445.333	3.360.284	664.179	14.591.479	152.181.076
Liquidity Gap	(9.065.494)	(77.063.521)	(10.424.546)	25.101.279	65.209.098	18.948.362	(12.705.178)	-

⁽¹⁾ Assets which are required for banking operations and could not be converted into cash in short-term, such as: tangible assets, associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net non-performing loans as well as securities representing a share in capital; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

⁽²⁾ Deferred tax asset is included under the "Undistributed" column.

⁽³⁾ TL3.860.700 of the funds balance, whose risk is not born by the Parent Bank, is included in other liabilities and shown under the "1-5 Year" column, fund balance amounted to TL10.436 is not granted as loan and is included under "Up to One Month" column.

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VII. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

Presentation of liabilities according to their remaining maturities:

Current Period ⁽¹⁾	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank Deposits	3.356.298	920	8.404	-	-	3.365.622
Other Deposits	90.511.211	12.595.471	7.569.455	294.925	431	110.971.493
Funds borrowed from other financial institutions	3.237	26.896	210.219	186.580	315.531	742.463
Funds borrowed from Interbank money market	25.383.876	-	474.656	1.860	-	25.860.392
Total	119.254.622	12.623.287	8.262.734	483.365	315.962	140.939.970
Prior Period⁽¹⁾						
Bank deposits	2.408.588	13.462	-	-	34.955	2.457.005
Other deposits	101.269.809	16.373.349	6.430.988	179.491	783	124.254.420
Funds borrowed from other financial institutions	2.013	-	102.506	7.913	61.588	174.020
Funds borrowed from Interbank money market	5.026.573	-	-	-	-	5.026.573
Total	108.706.983	16.386.811	6.533.494	187.404	97.326	131.912.018

⁽¹⁾ Amounts related with the fund balances are not included in the table since decomposition on the basis of their remaining maturities could not be performed.

VIII. EXPLANATIONS ON OPERATING SEGMENTS

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 "Turkish Accounting Standard about Operating Segments"

The Group has operations in retail banking, corporate and commercial banking, agricultural banking, investment banking and international banking areas.

Known as having the most extensive branch network in retail (consumer) banking sector, the Bank renders services, such as; deposits, consumer loans, loans originated from funds whose risk does not belong to the Bank, credit cards, automatic payment, cheques and notes, money transfer order, foreign exchange transactions, internet banking, mobile banking, safe-deposit box, retirement plan and insurance brokerage services. Moreover, existing instruments are improved and new banking instruments are created in order to benefit from services undertaken as being a state bank in increasing the profitability of the Parent Bank. By Finart system, which is working in a centralized manner, the Parent Bank has the technical infrastructure required by modern banking sector to meet its clients' needs.

In the context of corporate and commercial banking, the Group gives loans for operations, mid-term and long-term investment loans, foreign trade financing loans, financial leasing, letter of credits and guarantees in Turkish Lira and foreign currencies; renders other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

As the Parent Bank is the main financial institution that meets the financing needs of agricultural sector, it extends agricultural operations and investment loans from its own sources for vegetable and animal production, fishery products and agricultural mechanization directly to producers and agricultural credit corporations. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from funds.

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VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Treasury operations are conducted by the Fund Management and Fund Management Middle Office Departments. By foregoing departments, the Parent Bank's liquidity is used for Turkish Lira, foreign exchange and securities transactions in local and international organized and over-the-counter markets, and enables sources of funds in Turkish Lira and foreign currencies according to the needs of the Parent Bank. The Parent Bank acts as an intermediary for transaction of securities and Eurobonds by the related departments, for transaction of shares and public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of investment funds founded by the Parent Bank and Ziraat Yatırım Menkul Değerler A.Ş. and keeps records of these financial instruments and the Parent Bank performs repo/reverse repo transactions. Besides the Parent Bank performs derivative transactions which are accounted as held for trading. As financial derivative transactions, the Parent Bank performs foreign currency forward agreements and currency swap transactions. Investment banking transactions have been further developed with the portfolio management services supplied by the investment consultants and group portfolio management and brokers.

Besides, the Parent Bank has commission revenue from insurance and other finance institutions by rendering agency services through its branches.

The Parent Bank performs its international banking operations via foreign branches, bureaus, representative offices and equity investments abroad.

Operations abroad include the banking operations of the Group in Germany, Bosnia, Kazakhstan, Macedonia and Russia.

As of 31 December 2011, explanations on segment reporting as shown below are in line with Communiqué on "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures".

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VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting:

	Retail Banking	Commercial and SME Banking ⁽¹⁾	Specialized Banking ⁽²⁾	Investment Banking	International Banking	Foreign Operations	Consolidation Adjustments	Total Operations of the Group
Current Period								
Total Operating Income/Expense ⁽³⁾	2.924.558	695.700	761.156	2.956.039	40.293	82.775	(24.652)	7.435.869
Net Operating Profit	925.297	315.170	336.789	1.307.600	17.829	18.190	(8.209)	2.912.666
Income from Subsidiaries ⁽⁴⁾	-	-	-	-	-	-	-	21.669
Income Before Taxes	-	-	-	-	-	-	-	2.947.808
Tax Provision	-	-	-	-	-	-	-	(713.977)
Net Profit for the Period	-	-	-	-	-	-	-	2.233.831
Segment Assets-net ⁽⁵⁾	33.116.319	15.551.130	22.857.553	84.386.509	2.952.747	2.752.254	(1.610.825)	160.005.687
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	-	-	107.170
Undistributed Assets ⁽⁵⁾	-	-	-	-	-	-	-	2.758.880
Total Assets	-	-	-	-	-	-	-	162.871.737
Segment Liabilities - net ⁽⁵⁾	23.141.676	11.183.884	20.331.651	85.161.273	2.947.325	2.063.501	(1.305.025)	143.524.285
Undistributed Liabilities ⁽⁵⁾	-	-	-	-	-	-	-	5.807.317
Shareholders' Equity	-	-	-	-	-	-	-	13.540.135
Total Liabilities	-	-	-	-	-	-	-	162.871.737
Other Segment Items	-	-	-	-	-	-	-	-
Capital Investment	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	75.817
Restructuring Costs	-	-	-	-	-	-	-	-

⁽¹⁾ Shows the Group's commercial and SME loans with interest and commission income related to these loans.

⁽²⁾ Current period for Specialized Banking column shows agricultural loans with interest and commission income related to these loans.

⁽³⁾ For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.

⁽⁴⁾ "Dividend income", a part of operating income of the Parent Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed to segments.

⁽⁵⁾ The total of tangible and intangible assets, tax asset and assets held for sale is shown in "Undistributed Assets" row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in "Undistributed Liabilities" row.

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VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting: (Continued)

	Retail Banking	Commercial and SME Banking ⁽¹⁾	Specialized Banking ⁽²⁾	Investment Banking	International Banking	Foreign Operations	Consolidation Adjustments	Total Operations of the Group
Current Period								
Total Operating Income/Expense ⁽³⁾	2.540.491	552.816	811.026	3.683.389	31.525	65.171	(44.737)	7.639.681
Net Operating Profit	1.270.227	358.416	524.149	2.373.259	20.369	6.441	(17.292)	4.535.569
Income from Subsidiaries ⁽⁴⁾	-	-	-	-	-	-	-	25.218
Income Before Taxes	-	-	-	-	-	-	-	4.542.204
Tax Provision	-	-	-	-	-	-	-	(779.636)
Net Profit for the Period	-	-	-	-	-	-	-	3.762.568
Segment Assets-net ⁽⁵⁾	25.427.301	15.674.203	16.685.924	89.202.577	2.634.472	1.824.303	(1.176.497)	150.272.283
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	-	-	85.306
Undistributed Assets ⁽⁵⁾	-	-	-	-	-	-	-	1.823.487
Total Assets	-	-	-	-	-	-	-	152.181.076
Segment Liabilities - net ⁽⁵⁾	21.283.067	13.067.593	17.770.987	79.567.149	2.642.211	1.307.963	(950.995)	134.687.975
Undistributed Liabilities ⁽⁵⁾	-	-	-	-	-	-	-	3.904.168
Shareholders' Equity	-	-	-	-	-	-	-	13.588.933
Total Liabilities	-	-	-	-	-	-	-	152.181.076
Other Segment Items								
Capital Investment	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	56.571
Restructuring Costs	-	-	-	-	-	-	-	-

⁽¹⁾ Trade and corporate banking column includes results of operations and total assets and liabilities of 4 corporate and 28 trade branches of the Parent Bank. Since any trading and corporate banking operations in other branches could not be distributed; they are not included in this column.

⁽²⁾ Real estate loans transferred from Emlak Bank and agricultural loans, liabilities regarding these loans and operating income related with them are included in "Specialized Banking" column. Besides, income from specialized banking operations are presented at "Specialized Banking" column and since the Parent Bank's deposit interest expense from related operations cannot be decomposed; these amounts are presented in operating profit row within "Retail Banking" column. Furthermore, since the operating expense related with "Specialized Banking" cannot be separated, it is presented in "Retail Banking" column.

⁽³⁾ For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.

⁽⁴⁾ "Dividend income", a part of operating income of the Parent Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed between segments.

⁽⁵⁾ The total of tangible and intangible assets, tax asset and tangible fixed assets held for sale is shown in "Undistributed Assets" row, whereas the total of provisions and tax liability is shown in "Undistributed Liabilities" row.

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IX. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES

a) Information regarding the fair value of financial assets and liabilities:

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	145.524.715	139.359.261	146.034.486	140.101.946
Due From Interbank Money Market	12.212	23.054	12.212	23.054
Banks	1.294.642	4.482.390	1.294.642	4.482.390
Available-for-sale Financial Assets	38.361.907	39.864.939	38.361.907	39.864.939
Held-to-maturity Investments	32.632.337	36.456.153	33.142.108	37.198.630
Loans	73.223.617	58.532.725	73.223.617	58.532.933
Financial Liabilities	115.404.029	127.007.742	115.404.029	127.007.742
Bank Deposits	3.340.902	2.420.572	3.340.902	2.420.572
Other Deposits	110.430.894	123.712.257	110.430.894	123.712.257
Funds Borrowed From Other Financial Institutions	681.142	162.377	681.142	162.377
Issued Marketable Securities	-	-	-	-
Miscellaneous Payables	951.091	712.537	951.091	712.537

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

b) Information on fair value measurements recognized in the financial statements:

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related footnotes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Parent Bank's balance sheet, are presented with respect to such basis of classification in the table below:

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IX. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued)

b) Information on fair value measurements recognized in the financial statements: (Continued)

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	65.713	77.168	34	142.915
Government Debt Securities	65.713	-	-	65.713
Share Certificates	-	-	34	34
Trading Derivative Financial Assets	-	77.168	-	77.168
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets	37.781.580	511.281	51.661	38.344.522
Equity Securities ⁽¹⁾	94.419	105.792	89	200.300
Government Debt Securities	37.579.136	-	51.572	37.630.708
Other Marketable Securities	108.025	405.489	-	513.514
Total Assets	37.847.293	588.449	51.695	38.487.437
Trading Derivative Financial Liabilities	-	44.369	-	44.369
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	44.369	-	44.369

⁽¹⁾ Since equity securities under the heading Level 3 of financial assets available for sale amounting to TL17.385 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	216.861	30.158	2	247.021
Government Debt Securities	216.861	-	-	216.861
Share Certificates	-	-	2	2
Trading Derivative Financial Assets	-	30.158	-	30.158
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets (Net)	39.711.231	101.415	35.205	39.847.850
Equity Securities ⁽²⁾	47.415	100.411	73	147.899
Government Debt Securities	39.418.140	-	35.132	39.453.272
Other Marketable Securities ⁽¹⁾	245.676	1.004	-	246.679
Total Assets	39.928.093	131.573	35.207	40.094.872
Trading Derivative Financial Liabilities	-	5.599	-	5.599
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	5.599	-	5.599

⁽¹⁾ The fair values of debt securities classified under Level 3 are determined with the internal rate of return method.

⁽²⁾ Since equity securities under the heading of financial assets available for sale TL17.089 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

X. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

1. Transaction, Custody, Management and Consultancy Services of the Parent Bank on behalf of Third Parties:

The Parent Bank acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The Parent Bank does not provide consultancy and management services.

2. Transactions with other financial institutions under fiduciary transaction agreements and financial services rendered to other financial institutions under the scope of fiduciary transactions and the effects of such services to the financial position of the Parent Bank or the Group:

The Parent Bank has no fiduciary transactions.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1.094.881	260.320	1.081.166	234.490
Central Bank of the Republic of Turkey	5.223.495	7.717.601	6.573.935	2.399.955
Other	-	45.526	-	33.039
Total	6.318.376	8.023.447	7.655.101	2.667.484

1. a) Information on Required Reserves:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to the Central Bank of the Republic of Turkey's Communiqué numbered 2005/1 "Required Reserves". The Bank's total domestic liabilities excluding the items stated in the Communiqué as deductibles, the deposits accepted on behalf of foreign branches from Turkey and loans obtained by the banks but followed under foreign branches constitute the required reserves liabilities.

As of the balance sheet date, according to CBRT's Communiqué about Required Reserves No. 2005/1, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity 11%; for deposits up to 3-months maturity 11%; for deposits up to 6-months maturity 8%; for deposits up to 1-year maturity 6%; for deposits up to 1-year and longer maturity 5%; for TL liabilities other than deposits up to 1-year maturity 11%; for TL liabilities other than deposits between 1- and 3-years maturity 8%; for TL liabilities other than deposits more than 3-years maturity 5%; for foreign currency deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 11%; for foreign currency liabilities other than deposits up to 1-year maturity 11%; for foreign currency liabilities other than deposits up to 3-years maturity 9%; and for foreign currency liabilities other than deposits more than 3-years maturity 6%.

No interest is charged by CBRT for Turkish Lira and Foreign Currency denominated reserve requirements

As of 31 December 2011, total reserve requirement of the Group is TL12.977.192 including Central Banks abroad. (2010: TL9.006.929)

b) Information on the account of the Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	5.192.098	-	6.549.245	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves ⁽¹⁾⁽²⁾	31.397	7.717.601	24.690	2.399.955
Total	5.223.495	7.717.601	6.573.935	2.399.955

⁽¹⁾ Required reserve of branches abroad amounting to TL40.505 is presented in this line (2010: TL30.582).

⁽²⁾ TL4.917.924 of the current period's foreign currency required reserve is part of the TL required reserve that is held in foreign currency.

2. a) Information on financial assets at fair value through profit and loss given or blocked as collateral or subject to repurchase agreements:

a.1) Bank has no financial assets at fair value through profit and loss subject to repo transactions.

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1. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

2. a) Information on financial assets at fair value through profit and loss given or blocked as collateral or subject to repurchase agreements: (Continued)

a.2) Information on financial assets at fair value through profit and loss given or blocked as collateral:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, Treasury Bills and Similar Securities	4.711	-	3.067	-
Other	-	-	-	-
Total	4.711	-	3.067	-

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

Derivative Financial Assets Held-for-Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	982	6	253	21
Swap Transactions	49.721	26.459	27.435	2.449
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	50.703	26.465	27.688	2.470

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	505.577	52.759	501	1.218.748
Foreign Banks	61.040	675.266	44.514	3.218.627
Foreign Head Office and Branches	-	-	-	-
Total	566.617	728.025	45.015	4.437.375

b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	165.039	2.211.751	-	-
USA, Canada	343.019	826.223	-	-
OECD Countries ⁽¹⁾	23.108	89.217	-	-
Off-shore Banking Regions	-	-	-	-
Other	159.156	107.589	45.984	28.362
Total	690.322	3.234.780	45.984	28.362

⁽¹⁾ OECD countries except EU countries, USA and Canada.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

4. a) Explanation regarding to the comparison of net values of financial assets available-for-sale given or blocked as collateral and subject to repurchase agreements:

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	17.061	-
Assets Blocked/Given as Collateral	65.066	31.227
Total	82.127	31.227

- b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	38.588.871	39.710.655
Quoted in Stock Exchange	38.125.304	39.674.520
Not Quoted in Stock Exchange	463.567	36.135
Share Certificates	219.917	165.581
Quoted in Stock Exchange	94.717	47.519
Not Quoted	125.200	118.062
Provision for Impairment (-)	446.881	11.297
Total	38.361.907	39.864.939

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	2.165
Legal Entities	-	-	-	2.165
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	9.216	-	3.360
Loans Granted to Employees	249.450	85	212.820	2
Total	249.450	9.301	212.820	5.527

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

b) Information on the first and second group loans and other receivables including restructured or rescheduled 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
Cash Loans				
Non-Specialized Loans	47.132.953	42.915	3.031.922	99.612
Discount Notes	67.896	-	114	-
Export Loans	1.273.996	-	1.360	324
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.373.473	-	-	-
International Loans	1.310.348	471	929	-
Consumer Loans	26.436.162	10.658	2.314.212	18.238
Credit Cards	1.597.623	497	68.695	-
Precious Metals Loans	-	-	-	-
Other ⁽¹⁾	15.073.455	31.289	646.612	81.050
Specialized Lending ⁽²⁾	20.286.015	310.126	547.488	37.088
Other Receivables	-	-	-	-
Interest Income Accruals	1.469.110	-	-	-
Total	68.888.078	353.041	3.579.410	136.700

⁽¹⁾ Decomposition of rediscount of restructured or rescheduled loans and loans and other receivables under close monitoring could not be obtained from existing data processing system.

⁽²⁾ Agricultural loans originated from funds are shown in specialized lending.

c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled ⁽¹⁾	Loans and Other Receivables ⁽¹⁾	Restructured or Rescheduled ⁽¹⁾
Short-term Loans	19.536.660	27.419	502.308	12.699
Non-specialized Loans	7.804.341	2.724	251.730	4.670
Specialized Loans	11.732.319	24.695	250.578	8.029
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	49.351.418	325.622	3.077.102	124.001
Non-specialized Loans ⁽²⁾	39.734.869	40.191	2.780.192	94.942
Specialized Loans	9.616.549	285.431	296.910	29.059
Other Receivables	-	-	-	-

⁽¹⁾ Decomposition of rediscount of restructured or rescheduled loans and loans and other receivables under close monitoring could not be obtained from existing data processing system.

⁽²⁾ Agricultural loans originated from funds are shown in specialized lending.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	423.967	28.030.751	28.454.718
Real Estate Loans	2.597	7.928.815	7.931.412
Vehicle Loans	1.978	319.839	321.817
Consumer Loans	416.893	19.616.400	20.033.293
Abroad ⁽²⁾	2.499	165.697	168.196
Other	-	-	-
Consumer Loans- Indexed to FC	-	17	17
Real Estate Loans	-	17	17
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	14.085	88.615	102.700
Real Estate Loans	-	8.129	8.129
Vehicle Loans	-	-	-
Consumer Loans	13.813	44.908	58.721
Other	272	35.578	35.850
Individual Credit Cards-TL	1.509.037	888	1.509.925
With Installment	511.765	807	512.572
Without Installment	997.272	81	997.353
Individual Credit Cards-FC	2.205	-	2.205
With Installment	-	-	-
Without Installment	2.205	-	2.205
Personnel Loans-TL	19.225	154.405	173.630
Real Estate Loans	-	980	980
Vehicle Loans	-	-	-
Consumer Loans	6.001	152.615	158.616
Abroad ⁽²⁾	22	810	832
Other	13.202	-	13.202
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	629	3.734	4.363
Real Estate Loans	-	1.143	1.143
Vehicle Loans	-	-	-
Consumer Loans	503	1.020	1.523
Other	126	1.571	1.697
Personnel Credit Cards-TL	68.198	24	68.222
With Installment	26.577	20	26.597
Without Installment	41.621	4	41.625
Personnel Credit Cards-FC	113	-	113
With Installment	-	-	-
Without Installment	113	-	113
Overdraft Accounts-TL (Real Person)	316.458	-	316.458
Overdraft Accounts-FC (Real Person)	482	-	482
Total ⁽¹⁾	2.354.399	28.278.434	30.632.833

⁽¹⁾ TL239.521 of interest income accrual could not be decomposed therefore accruals are not included in the table above.

⁽²⁾ TL832 of consumer loans used by the personnel abroad and TL272.266 of consumer loans have been shown under "International Loans" of 5-b Table.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

e) Information on commercial installment loans and corporate credit cards:

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	259.925	4.455.794	4.715.719
Business Loans	108	130.763	130.871
Vehicle Loans	2.908	385.134	388.042
Consumer Loans	235.339	3.576.483	3.811.822
Other	21.570	363.414	384.984
Commercial Installment Loans-Indexed to FC	1.046	30.250	31.296
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	704	9.165	9.869
Other	342	21.085	21.427
Commercial Installment Loans-FC	25.704	72.212	97.916
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	10.778	57.642	68.420
Other	14.926	14.570	29.496
Corporate Credit Cards-TL	85.848	214	86.062
With Installment	142	200	342
Without Installment	85.706	14	85.720
Corporate Credit Cards-FC	288	-	288
With Installment	-	-	-
Without Installment	288	-	288
Overdraft Account-TL (Legal Entity)	15.165	-	15.165
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	387.976	4.558.470	4.946.446

⁽¹⁾ Since interest income accruals could not be decomposed by type accruals are not included in the table above.

f) Loans according to types of borrowers:

	Current Period	Prior Period
Public	1.472.561	1.336.305
Private	70.015.558	55.986.538
Interest Income Accruals of Loans	1.469.110	923.566
Total	72.957.229	58.246.409

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	70.176.371	56.528.619
Foreign Loans	1.311.748	794.224
Interest Income Accruals of Loans	1.469.110	923.566
Total	72.957.229	58.246.409

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

h) Loans granted to subsidiaries and investments:

None (31 December 2010: None).

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	17.444	16.529
Loans and other receivables with doubtful collectability	106.956	107.410
Uncollectible loans and other receivables	503.811	463.374
Total	628.211	587.313

j) Information on non-performing receivables (net):

1) Information on loans and other receivables included in non-performing receivables which are restructured or rescheduled by the Group:

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current period			
(Gross amounts before the specific provisions)	2.981	23.208	63.547
Loans and other receivables which are restructured	2.981	23.208	63.547
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before the specific provisions)	7.855	11.087	38.965
Loans and other receivables which are restructured	7.855	11.087	38.965
Rescheduled loans and other receivables	-	-	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

j) Information on non-performing loans (net): (Continued)

2) Information on the movement of non-performing receivables:

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Prior Period Ending Balance	83.627	171.061	618.941
Additions (+)	547.779	86.646	215.435
Transfers from other Categories of Loans under Follow-Up (+)	-	397.262	382.874
Transfers to other categories of Loans under Follow-Up (-)	397.262	382.874	-
Collections (-) ⁽¹⁾	156.156	103.297	567.047
Write-offs (-)	24	15	2.351
Corporate and Commercial Loans	14	-	1.387
Consumer Loans	10	15	964
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance ⁽²⁾	77.964	168.783	647.852
Specific Provision (-)	17.444	106.956	503.811
Net Balance on Balance Sheet ⁽²⁾	60.520	61.827	144.041

⁽¹⁾ The restructured and rescheduled loans are included on the stated sum.

⁽²⁾ Includes the loans originated from funds amounting to TL154.205 whose risk does not belong to the Parent Bank and therefore no provision is provided.

3) Information on foreign currency non-performing loans:

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	13.066	10.257	20.983
Specific Provision (-)	3.655	9.909	20.947
Net Balance on Balance Sheet	9.411	348	36
Prior Period:			
Period Ending Balance	6.855	9.483	12.545
Specific Provision (-)	1.799	10.360	12.511
Net Balance on Balance Sheet	5.056	(877)	34

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

j) Information on non-performing loans (net): (Continued)

4) Gross and net amounts of non-performing receivables according to user groups:

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period (Net)	60.520	61.827	144.041
Loans to Real Persons and Legal Entities (Gross)	77.964	117.726	647.852
Specific Provisions (-)	17.444	55.899	503.811
Loans to Real Persons and Legal Entities (Net)	60.520	61.827	144.041
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	51.057	-
Specific Provisions (-)	-	51.057	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	67.098	63.651	155.567
Loans to Real Persons and Legal Entities (Gross)	83.627	123.507	618.941
Specific Provisions (-)	16.529	59.856	463.374
Loans to Real Persons and Legal Entities (Net)	67.098	63.651	155.567
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	47.554	-
Specific Provisions (-)	-	47.554	-
Other Loans and Receivables (Net)	-	-	-

k) Information on liquidating policy of uncollectible loans and other receivables:

Execution proceedings are carried out for the collection of receivables from loan services of the Parent Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Parent Bank and assets of the debtor(s) are realized while receivables of the Parent Bank's are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels, and authorizations transferred to the Branch/Regional Offices. When the debtor offers exceed authorizations transferred to the Branch/Regional Offices or includes matters outside the scope of current legislation agreements and the Branch/Regional Offices submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

l) Explanations on write-off policy:

The Parent Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

m) Other explanations and disclosures:

Current Period	Commercial ⁽²⁾	SME	Consumer ⁽¹⁾	Agricultural ⁽¹⁾	Total
Neither Past Due nor Impaired Loans	10.720.509	6.946.008	29.658.241	21.916.361	69.241.119
Past Due but not Impaired Loans	729.498	-	2.402.036	584.576	3.716.110
Impaired Loans	120.743	156.204	262.073	355.579	894.599
Total	11.570.750	7.102.212	32.322.350	22.856.516	73.851.828
Specific Provisions of Impaired Loans(-)	109.324	130.272	210.217	178.398	628.211
Net Loan Amount	11.461.426	6.971.940	32.112.133	22.678.118	73.223.617

⁽¹⁾ TL1.198.462 consumer, TL2.507.770 agricultural, and TL168 commercial loans originated from fund whose risk does not belong to the Parent Bank, are shown in the Neither Past Due nor Impaired Loans.

⁽²⁾ Because the overdue but not-impaired commercial and SME loans could not be decomposed, the whole amount has been shown in the "Commercial" column.

Prior Period	Commercial ⁽²⁾	SME	Consumer ⁽¹⁾	Agricultural ⁽¹⁾	Total
Neither Past Due nor Impaired	11.089.773	5.385.264	22.660.393	15.378.980	54.514.410
Past Due but not Impaired Loans	532.971	-	2.257.671	941.358	3.732.000
Impaired Loans	105.186	151.382	237.423	379.637	873.628
Total	11.727.930	5.536.646	25.155.487	16.699.975	59.120.038
Specific Provisions of Impaired Loans(-)	103.265	128.096	192.957	162.995	587.313
Net Loan Amount	11.624.664	5.408.550	24.962.530	16.536.981	58.532.725

⁽¹⁾ TL1.153.742 consumer, TL2.093.805 agricultural, and TL168 commercial fund sourced loans whose risk does not belong to the Parent Bank, are shown under the Neither Past Due nor Impaired Loans.

⁽²⁾ Because the overdue but non-impaired commercial and SME loans could not be decomposed, the whole amount has been shown under the Commercial column.

With respect to the classes of loans, the aging analysis of the loans that are past due but not impaired are as follows:

Current Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	119.506	25.159	10.116	-	154.781
Consumer Loans	42.720	16.008	5.284	-	64.012
Agricultural Loans	112.600	28.416	8.624	-	149.640
Total	274.826	69.583	24.024	-	368.433

⁽¹⁾ The amounts at the table are the total of the overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans which are equal to TL3.347.677.

Prior Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	66.055	17.093	8.160	-	91.308
Consumer Loans	79.316	16.506	5.688	-	101.510
Agricultural Loans	92.361	49.564	4.442	-	146.367
Total	237.732	83.163	18.290	-	339.185

⁽¹⁾ The amounts at the table are the total of the overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans which are equal to TL3.392.815.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information on held-to-maturity investments:

a) Information on comparative net values of held-to-maturity investments subject to repo transactions and given as a collateral/blocked:

a.1) Held-to-maturity investments subject to repo transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	6.920.200	1.638.210	4.960.309	-
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	6.920.200	1.638.210	4.960.309	-

a.2) Held-to-maturity investments given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	9.241.832	1.023.067	5.301.398	-
Other	-	-	-	-
Total	9.241.832	1.023.067	5.301.398	-

b) Information on held-to-maturity government bonds and treasury bills:

	Current Period	Prior Period
Government Bonds	32.501.880	36.388.471
Treasury Bills	96.803	40.618
Other Public Sector Debt Securities	-	-
Total	32.598.683	36.429.089

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	32.632.337	36.456.153
Quoted in a Stock Exchange	30.199.138	34.125.948
Not Quoted in a Stock Exchange	2.433.199	2.330.205
Provision for Impairment (-)	-	-
Total	32.632.337	36.456.153

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information on held-to-maturity investments: (Continued)

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	36.456.153	44.843.796
Addition to Scope of Consolidation	-	75.656
Foreign Currency Differences on Monetary Assets	817.892	(17.236)
Purchases During the Year	4.599.332	1.559.127
Disposals through Sales and Redemptions	(9.241.040)	(10.005.190)
Provision for Impairment (-)	-	-
Period End Balance	32.632.337	36.456.153

Within the year 2008, the Parent Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TL23.630.115, EUR717.616 thousand and USD1.483.317 thousand to held-to-maturity portfolio with fair values of TL22.971.669, EUR702.950 thousand and USD1.562.742 thousand respectively which have been taken into consideration as book values after reclassification. The Bank has also reclassified securities previously classified in financial assets at fair value through profit and loss portfolio with nominal values of EUR37.951 thousand and USD45.501 thousand to held-to-maturity portfolio with fair values of EUR37.178 thousand and USD62.311 thousand respectively which have been taken into consideration as book values after reclassification in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" published in the Official Gazette No. 27040 dated 31 October 2008 by TASB.

Revaluation differences of reclassified available for sale securities before deferred tax are TL68.984, EURO(23.067) thousand and USD(15.207) thousand respectively and are recorded under shareholders' equity. These balances will be amortized until the redemption date of related securities using straight-line method and recorded as interest income or expense. As of balance sheet date, positive revaluation difference, which is accounted under shareholders' equity, is TL4.225, negative revaluation differences which are accounted under shareholders' equity are USD14.017 thousand and EUR11.511 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR39.287 thousand and USD69.560 thousand respectively.

If reclassified held for trading securities had not been reclassified, income accrual equal to TL17.682 would have been recorded. As of 31 December 2011, the reclassification from held for trading securities to held-to-maturity investments has an income impact equal to TL(9.892).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information about associates (net):

a) 1) Information about unconsolidated associates:

	Description	Address (City/ Country)	The Parent Bank's Share Percentage, if Different, Voting Percentage (%)	The Parent Bank's Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	İstanbul/Turkey	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	İstanbul/ Turkey	11,11	9,09

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	24.961	18.559	10.345	967	-	2.694	1.465	-
2	44.844	33.989	2.465	2.634	4	18.340	14.132	-

⁽¹⁾ Since shares of associates are not traded in the stock market, fair values cannot be identified.

⁽²⁾ Current period information of associates has been provided from unaudited financial statements as of 31 December 2011. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2010.

⁽³⁾ Total non-current assets include property and equipment.

b) 1) Explanation regarding consolidated associates:

	Description	Address (City/ Country)	The Parent Bank's Share Percentage, if Different, Voting Percentage (%)	The Parent Bank's Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	İstanbul/Turkey	20,00	15,43

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	3.012.586	353.977	25.087	56.317	27.770	48.095	23.669	-

⁽¹⁾ Since shares of ArapTürk Bankası A.Ş. are not traded in the stock market, fair values cannot be identified.

⁽²⁾ Current period information of Arap Türk Bankası A.Ş. has been provided from audited financial statements as of 31 December 2011. Prior period profit/loss information of ArapTürk Bankası A.Ş. have been provided from audited financial statements as of 31 December 2010.

⁽³⁾ The shareholding right of the Arap Türk Bankası A.Ş. which is 62,37%, excluding dividends, was transferred to the Savings Deposit Insurance Fund ("SDIF") with Council of Ministers Decree No. 2011/2001, was promulgated in Official Gazette No. 27982, dated 2 July 2011. Hikmet Aydın Simit and Oğuz Kayhan, who were members of the Executive Board of the Bank, have been appointed as the executive board members of Arap Türk Bankası A.Ş. by the SDIF. As per Decision No. 77 of the SDIF Board on 1 March 2012, the aforementioned shareholding rights were transferred back to the Libyan Foreign Bank. As a result of the General Assembly decision of Arap Türk Bankası A.Ş. on 15 March 2012, Hikmet Aydın Simit and Oğuz Kayhan resigned from their roles at Arap Türk Bankası.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information about associates (net): (Continued)

2) Information about consolidated associates:

	Current Period	Prior Period
Beginning Balance	47.198	106.428
Movement During the Period	7.421	(59.230)
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation ⁽¹⁾	-	47.198
Transfer ⁽¹⁾	-	(106.428)
Sales	-	-
Revaluation	7.421	-
Impairment Provision	-	-
Ending Balance	54.619	47.198
Capital Commitments	-	-
Period Ending Share of Capital Participation	-	-

⁽¹⁾ Axa Sigorta A.Ş. is classified under "Associates" in the prior period while it is classified under "Available for Sale Securities" in the current period; in addition Arap Türk Bankası A.Ş. has been added to the consolidation scope.

3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	54.619	47.198
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

4) Consolidated associates quoted to a stock exchange:

None (2010: None).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Information on subsidiaries (net):

a) Information about unconsolidated subsidiaries:

	Description	Address (City/ Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Risk Group Share Percentage (%)
1	Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	İstanbul/Turkey	62,50	52,54
2	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/Turkey	62,50	64,61

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	23.203	12.659	3.955	909	-	2.474	4.571	-
2	10.672	4.795	74	243	118	569	345	-

⁽¹⁾ Since shares of subsidiaries are not traded in the stock market, fair values cannot be identified.

⁽²⁾ Current period information of subsidiaries have been provided from audited financial statements as of 31 December 2011. Prior period profit/loss information have been provided from audited financial statements as of 31 December 2010.

b) Information about consolidated subsidiaries:

Investments related to subsidiaries and joint ventures operating abroad in foreign currency are followed by their fair values. For these subsidiaries, fair value is determined by valuation reports, TL equivalents of investments related to subsidiaries are fixed as of revaluation date and revaluation differences added to subsidiaries' values are recognized in "Marketable Securities Value Increase Fund" under shareholder's equity.

	Description	Address (City/ Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	İstanbul/Turkey	100,00	99,98
2	Ziraat Sigorta A.Ş.	İstanbul/Turkey	100,00	99,98
3	Ziraat Finansal Kiralama A.Ş.	İstanbul/Turkey	100,00	50,25
4	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100,00	63,06
5	Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	60,00	65,70
6	Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
7	Turkish Ziraat Bank Bosnia dd	Sarajevo/Bosnia Herzegovina	100,00	100,00
8	Ziraat Bank (Moscow) CJSC	Moscow/Russia	100,00	99,91
9	Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	100,00	99,36
10	Ziraat Banka Ad Skopje	Skopje/Macedonia	100,00	100,00

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Information on subsidiaries (net): (Continued)

b) Information about consolidated subsidiaries: (Continued)

	Total Assets ⁽³⁾	Shareholders' Equity ⁽³⁾	Total Non-Current Assets ⁽³⁾	Interest Income ⁽³⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽³⁾	Prior Period Profit / Loss ⁽³⁾	Fair Value ⁽¹⁾
1	900.164	120.234	1.258	60.295	466	51.829	48.521	-
2	196.835	75.205	840	10.167	-	42.170	13.738	-
3	559.230	126.953	779	38.972	-	16.904	15.408	-
4	83.922	72.231	1.082	20.381	695	11.429	8.989	-
5	10.133	9.587	32	527	527	1.253	1.909	-
6	2.212.864	378.572	3.285	51.211	5.428	8.585	1.696	323.328
7	202.734	86.869	9.055	9.720	469	965	97	48.632
8	97.228	50.545	3.444	6.007	112	2.234	1.105	43.477
9	210.333	142.075	9.537	6.493	960	3.909	1.003	124.043
10	101.141	44.642	3.528	5.266	1.875	(142)	1.865	37.469

- ⁽¹⁾ The subsidiaries that are not presented with fair value are carried at cost less impairment, since they are not traded in stock exchange and accordingly, fair value cannot be determined and they are carried at cost less impairment if any. For the subsidiaries having fair value, fair value represents Ziraat Banks's portion.
- ⁽²⁾ The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. represents net sales.
- ⁽³⁾ Information on subsidiaries shown in the above table has been provided from audited financial statements as of 31 December 2011, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2010.

2) Information about consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	629.955	-
Movements During the Period	-	629.955
Additions to Scope of Consolidation ⁽¹⁾	-	629.955
Purchases	56.930	-
Bonus Shares Obtained	7.343	-
Dividends from current year income	-	-
Transfers to available for sale assets	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the End of the Period	694.228	629.955
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

- ⁽¹⁾ According to the Communiqué Related to Making Amendments to Communiqué about Publicly Announced Financial Statements of Banks and Related Disclosures issued in the Official Gazette numbered 27824 dated 23 January 2011, the Parent Bank consolidates all of its financial subsidiaries as of 31 December 2010.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Information on subsidiaries (net): (Continued)

3) Sectoral information on subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	576.949	520.975
Insurance Companies	39.984	39.984
Factoring Companies	-	-
Leasing Companies	57.443	49.860
Financing Companies	-	-
Other Financial Subsidiaries	19.852	19.136

c) Subsidiaries which are quoted on a stock exchange:

None (2010: None).

9. Information on entities under common control (joint ventures):

Entities under Common Control (Joint Ventures) ⁽¹⁾	The Parent Bank's Share ⁽²⁾	Group's Share	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	8.075	8.075	91.275	17.167	6.788	10.393	5.559
Uzbekistan- Turkish Bank	20.173	20.181	210.924	2.929	3.203	7.175	5.159
Azer Türk Bank ASC	13.840	15.044	78.471	76.865	568	35.039	32.761
Total	42.088	43.300	380.670	96.961	10.559	52.607	43.479

⁽¹⁾ Information on entities under joint control is provided from the audited financial statements as of 31 December 2011.

⁽²⁾ Represents the Parent Bank's share in the shareholders equity of these entities under common control based on the shareholding rate of the Bank.

Entities under common control domiciled and operating abroad followed by their fair values. For these entities under common control, fair value is determined by independent valuation firm's report and revaluation differences are accounted as the value of entities under common control and in "Marketable Securities Value Increase Fund" under shareholders' equity.

10. Information on finance lease receivables (net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	48.198	45.830	39.921	33.303
1-5 Years	420.762	361.944	280.383	233.901
More than 5 Years	133.644	106.165	91.358	76.212
Total	602.604	513.939	411.662	343.416

11. Information on derivative financial assets for hedging purposes:

The Bank has no derivative financial assets for hedging purposes.

12. Information on investment property:

None (2010: None).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

13. Information on assets held for sale and tangibles corresponding discontinuing operations:

The Group does not have any discontinuing operations. The assets held for sale are composed of immovables acquired due to consumer trade and agricultural loans and immovables for which has no necessity of usage exists by the Parent Bank. Those immovables considered for sales are announced at the web site of the Parent Bank.

The Group's total immovables acquired amount to TL52.321 consisting of TL656 due to consumer loans, TL50.576 due to commercial loans and TL1.089 due to agricultural loans. Total depreciation expense is TL422 for these held for sale assets.

14. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End:					
Cost	1.370.685	52.906	26.155	225.088	1.674.834
Accumulated Depreciation (-)	608.004	46.895	11.192	160.505	826.596
Net Book Value	762.681	6.011	14.963	64.583	848.238
Current Period End:					
Net Book Value at the Beginning of the Period	762.681	6.011	14.963	64.583	848.238
Change During the Period (Net)	38.104	30	722	112.526	151.382
Depreciation net (-)	14.605	2.054	3.474	18.224	38.357
Impairment (-)	3.906	-	-	-	3.906
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	1.405.218	52.947	26.544	336.975	1.821.684
Accumulated Depreciation at Period End (-)	622.944	48.960	14.333	178.090	864.327
Closing Net Book Value	782.274	3.987	12.211	158.885	957.357

15. Explanations on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	50.072	15.166	34.906	21.066	4.402	16.664
Establishment Costs	6.000	3.267	2.733	4.831	2.880	1.951
Goodwill	-	-	-	-	-	-
Intangible Rights	46.527	17.061	29.466	33.222	14.512	18.710
Total	102.599	35.494	67.105	59.119	21.794	37.325

16. Information on deferred tax asset:

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards ("TAS 12") "Income Taxes". In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets resulting from the same tax authority and deferred tax liabilities are net off in the financial statements.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

16. Information on deferred tax asset: (Continued)

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions are shown below:

	Current Period	Prior Period
Deferred Tax Assets	287.656	317.557
Deferred Tax Liabilities	103	277
Net Deferred Tax Assets	287.553	317.280
Net Deferred Tax Income/Expense	(360.790)	51.793

	Current Period	Prior Period
Reserve for Employment Termination Benefits	106.644	97.940
Short Term Employee Benefits	25.283	22.649
Other Provisions	18.840	17.443
Valuation of Financial Assets	131.294	178.552
Other	5.492	696
Net Deferred Tax Assets	287.553	317.280

	Current Period	Prior Period
As of 1 January	317.280	344.819
Addition to Scope of Consolidation	-	1.283
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax Income	(360.790)	51.793
Deferred Tax Expenses (Net)	(360.790)	51.793
Deferred Tax recognized Under Shareholders' Equity	331.063	(80.615)
Deferred Tax Assets	287.553	317.280

17. Information on other assets:

As of 31 December 2011 and 2010, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES TO LIABILITIES

1. a) Information on maturity structure of deposits collected:

1) For deposit banks:

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	6.304.736	-	3.428.901	39.652.721	4.902.631	567.637	917.720	-	55.774.346
Foreign Currency Deposits	4.140.131	-	3.754.863	8.434.294	2.093.157	670.848	4.792.693	-	23.885.986
Residents in Turkey	3.455.580	-	3.473.756	7.619.667	1.888.860	493.388	4.127.028	-	21.058.279
Residents Abroad	684.551	-	281.107	814.627	204.297	177.460	665.665	-	2.827.707
Public Sector Deposits	5.710.531	-	2.131.409	4.867.465	242.075	301.806	57.185	-	13.310.471
Commercial Inst. Deposits	2.319.645	-	2.655.822	2.963.686	714.921	1.070.363	60.559	-	9.784.997
Other Inst. Deposits	1.813.833	-	644.007	2.861.162	2.164.509	116.823	74.761	-	7.675.094
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	93.409	-	3.196.706	48.787	-	-	2.000	-	3.340.902
CBRT	3.780	-	376	-	-	-	-	-	4.151
Domestic Banks	30.444	-	3.044.061	-	-	-	2.000	-	3.076.507
Foreign Banks	37.746	-	152.269	48.787	-	-	-	-	238.805
Participation Banks	21.439	-	-	-	-	-	-	-	21.439
Other	-	-	-	-	-	-	-	-	-
Total	20.382.285	-	15.811.706	58.828.115	10.117.293	2.727.477	5.904.920	-	113.771.796

Prior Period	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	6.140.203	-	10.634.241	38.091.351	2.802.331	396.027	550.097	-	58.614.250
Foreign Currency Deposits	3.739.464	-	5.126.887	7.205.763	2.182.635	759.053	4.002.588	-	23.016.390
Residents in Turkey	3.222.839	-	4.924.481	6.709.710	1.664.318	464.778	3.647.069	-	20.633.195
Residents Abroad	516.625	-	202.406	496.053	518.317	294.275	355.519	-	2.383.195
Public Sector Deposits	5.873.427	-	1.631.287	4.803.742	678.124	2.410	13.871	-	13.002.861
Commercial Inst. Deposits	2.492.029	-	3.990.121	10.889.272	882.668	241.408	37.746	-	18.533.244
Other Inst. Deposits	1.078.355	-	1.178.823	7.111.987	1.119.916	50.230	6.201	-	10.545.512
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	57.224	-	2.310.761	36.307	12.417	-	3.863	-	2.420.572
CBRT	3.531	-	1.539	-	-	-	-	-	5.070
Domestic Banks	11.899	-	2.278.123	23.920	10.356	-	3.863	-	2.328.161
Foreign Banks	32.424	-	31.099	12.387	2.061	-	-	-	77.971
Participation Banks	9.370	-	-	-	-	-	-	-	9.370
Other	-	-	-	-	-	-	-	-	-
Total	19.380.702	-	24.872.120	68.138.422	7.678.091	1.449.128	4.614.366	-	126.132.829

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

I. a) Information on maturity structure of deposits collected: (Continued)

b) Information on saving deposits:

1) Amounts exceeding the deposit insurance limit:

a) Saving deposits under the guarantee of deposit insurance and exceeding the deposit insurance limit
(Values belong to the Parent Bank):

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽²⁾	30.206.627	30.298.251	25.297.249	28.090.165
Foreign Currency Saving Deposits ⁽²⁾	7.404.412	6.883.869	9.275.852	7.051.300
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	412.909	287.445	42.243	22.157
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

⁽¹⁾ In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL17.026 and TL5.792 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2010: Bulgaria and Greece, TL6.730, TL4.802, respectively).

⁽²⁾ Related deposit balances do not include foreign branches.

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL3.253 of demand deposits is not included in the above calculation, since the Parent Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş..

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the Banks. As total of capital amount and interest expense accruals of saving deposits up to TL50 attributable to a real person is covered by the insurance, TL377.859 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 7 November 2006 and numbered 26339.

1) Information on saving deposits/real persons' private current and accession accounts not related to commercial transactions in a Turkish branch of the Parent Bank whose head office is in abroad, and reasons if it is covered in where the head office is located (Information belongs to the Parent Bank):

The Parent Bank's head office is located in Turkey.

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

1. a) Information on maturity structure of deposits collected: (Continued)

b) Information on saving deposits: (Continued)

3) Amounts which are not covered by deposit insurance:

a) Saving deposits not covered by the deposit insurance fund: (Values belong to the Parent Bank)

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	4.436	33.935
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors and Their Close Families	1.199	2.038
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 held for trading:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	943	28	241	-
Swap Transactions	28.910	14.486	5.273	85
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	44	-	-	-
Total	29.897	14.514	5.514	85

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	74.146	71.330	28.679	14.941
Foreign Banks, Institutions and Funds	-	535.666	-	118.757
Total	74.146	606.996	28.679	133.698

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	63.631	157.307	27.090	22.055
Medium and Long-Term	10.515	449.689	1.589	111.643
Total	74.146	606.996	28.679	133.698

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3. c) Further information is disclosed for the Group's area of liability concentrations. Main liability concentration areas are fund suppliers, sector groups or other risk concentration criteria:

69,85% of the Group's liabilities consist of deposits. Deposits are having a diversified base and have steady structures. The Group's liabilities are not subject to a significant concentration risk.

4. If other liabilities exceed 10% of the balance sheet total, name and amount of sub-accounts constituting at least 20% of these liabilities:

Other liabilities do not exceed 10% of the balance sheet total.

5. Information on finance lease payables (net):

In financial leases, rental installments are determined by the cost of the leasehold good, interest rate for commercial loans and maturity of the agreement. Installment amounts stated in agreements are equally distributed. The Group has no significant liabilities under the scope of these agreements.

Information on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	-	-	1	1
Between 1-5 Years	-	-	-	-
More than 5 Years	-	-	-	-
Total	-	-	1	1

6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes.

7. Explanations on provisions:

- a) Information on general provisions:

	Current Period	Prior Period
General Provisions	999.331	270.562
Allocated for Group-I Loans and Receivables	840.216	129.527
Allocated for Group-II Loans and Receivables	93.884	74.796
Allocated for Non-Cash Loans	40.199	24.963
Other	25.032	41.276

Information required regarding the number of changes and extended terms in the original payment schedule of loans in accordance with the changes made in "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions" on 28 May 2011:

- i) Rescheduled loans and other receivables that are standard:

31 December 2011	Up to 1 Month	1-3 Months	3-12 Months	5 Years and Over	Total	
Number of rescheduled loan agreements	326	612	6.831	5.322	-	13.091
Risk Amount	3.825	14.275	222.762	252.905	-	493.767

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

a) Information on general provisions: (Continued)

ii) Rescheduled loans and other receivables that are closely monitored:

31 December 2011	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Number of rescheduled loan agreements	207	56	319	692	-	1.274
Risk Amount	4.564	3.394	15.990	37.579	-	61.527

b) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

There are no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables.

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL2.747.

d) Information on other provisions:

1) Information on general provisions for possible risks:

Apart from special provisions, as per the relevant regulations, Banks set aside general loan provisions for its loan and other receivables. The practice in which the general provision rate was considered as 0% for newly extended cash loans excluding credit card receivables, and which was implemented starting from 6 March 2010 according to Temporary Article 4 of the Regulation on Provisions, was terminated by the Bank as of 1 January 2011. However, in line with Note (a) of the first paragraph of Article 7 of the Communiqué related to provisions, the general provision is set aside at 1% for standard cash loans effective from 1 January 2011. In accordance with the decision taken at the Assets and Liabilities Committee ("ALCO") meeting on 21 December 2010, the practice of applying a general and free provision rate at 3% to total loans, excluding interest loans, was terminated as of 1 January 2011. Accordingly, the existing free provisions of TL266.330 held for loans were transferred to general provision accounts. Based on the decision of the Bank management on December 2011, TL130.000 was provided as free provisions as a precaution taking into account possible developments in the economy and markets. Moreover, the provision of TL10.000 is due to the cash transfers made by Bank officials and there exists other provision amounting to TL248.

	Current Period	Prior Period
General provisions for possible risks	140.248	275.125

2) The names and amounts of sub-accounts of other provisions exceeding 10% of the total provision amount:

Since the Parent Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, based on the information provided by the legal department, lawsuits against the Parent Bank over TL100 amounts to TL59.817. Full provision has been provided in the accompanying financial statements for law suits ended against the Parent Bank but not finalized yet, amounting to TL9.059. In addition to these, for the interest expenses calculated for the lawsuits against the Parent Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, general provision equal to TL62.932 has been provided.

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

d) Information on other provisions: (Continued)

2) The names and amounts of sub-accounts of other provisions exceeding 10% of the total provision amount: (Continued)

Furthermore, based on the decision of the Bank management, provision amounting to TL20.000, included in the current year, without taking into consideration the guarantees of the loans and in line with the conservatism principle, is provided for the consumer loans followed under standart loan portfolio due to, and that also have amounts in the non performing loan portfolio in the Act on Preservation of Consumers numbered 4077 and accordance with the "Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions", published in Official Gazette numbered 26333, dated 1 November 2006.

The Bank also provided provisions amounting to TL2.747 for unindemnified non-cash loans, TL15.424 for previously unconfirmed current account recordings and TL13.316 for other provisions. As a result, in addition to the provisions mentioned above, the other provision balance on the Bank's balance sheet amounts to TL263.605 (2010: TL376.128).

e) Liabilities on reserve for employee termination benefits:

1) Employment termination benefits and unused vacation rights

The Group accounts for its vacation and retirement pay obligations in accordance with the TAS 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
As of 1 January	491.494	429.000
Addition to Scope of Consolidation	-	1.638
Payments in the period	(47.577)	(43.453)
Charge for the period	89.305	104.309
Total	533.222	491.494

As of 31 December 2011, unpaid vacation liability amounted to TL126.415 (2010: TL111.922) is presented under the "Employee Benefits Provision" in the financial statements.

2) Pension Rights related to the Parent Bank

The technical balance sheet report as of 31 December 2011 which is prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2011 and 2010.

The liability related to the Parent Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

e) Liabilities on reserve for employee termination benefits: (Continued)

2) Pension Rights related to the Parent Bank (Continued):

According to related Actuary Report, the Fund's surplus is TL810.181 (2010: TL633.381) as of 31 December 2011.

	Current Period	Prior Period
Present value of funded obligations	181	(121.619)
-Pension benefits transferable to SSI	(266.234)	(316.767)
-Post employment medical benefits transferable to SSI	266.415	195.148
Fair value of plan assets	810.000	755.000
Actuarial Surplus	810.181	633.381

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

To represent mortality rates both before and after retirement, CSO 1980 Female/Male mortality table is used.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Bank Placements	612.231	76	583.664	77
Property and Equipment	160.771	20	160.323	21
Marketable Securities	26.498	3	5.972	1
Other	10.500	1	5.041	1
Total	810.000	100	755.000	100

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of 31 December 2011, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL92.957 (2010: TL263.512).

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	92.957	263.512
Taxation on Income From Securities	108.177	90.373
Property Tax	840	747
Banking Insurance Transactions Tax (BITT)	41.494	31.125
Foreign Exchange Transactions Tax	4	4
Value Added Tax Payable	1.363	1.713
Other	22.489	28.658
Total	267.324	416.132

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	219	92
Social Security Premiums - Employer	279	26
Parent Bank Social Aid Pension Fund Premium - Employee	3.263	110
Parent Bank Social Aid Pension Fund Premium - Employer	4.598	192
Pension Fund Membership Fees and Provisions - Employee	7	6
Pension Fund Membership Fees and Provisions - Employer	17	16
Unemployment Insurance - Employee	493	164
Unemployment Insurance - Employer	989	364
Other	12	12
Total	9.877	982

b) Information on deferred tax liabilities, if any:

The Group's deferred tax liability amounts to TL103 (2010: TL277). The net deferred tax asset is TL287.553 (2010: TL317.280) in the accompanying financial statements.

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

9. Information on subordinated loans:

There is no subordinated loan.

10. Information on shareholders' equity:

a) Presentation on paid-in capital:

	Current Period	Prior Period
Common stock	2.500.000	2.500.000
Preferred stock	-	-

b) Paid-in capital amount, explanation whether the registered capital system is applicable by the bank, if so the registered capital ceiling amount:

The Parent Bank does not have a registered capital system.

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

There is no share capital increase and increased capital shares.

d) Information on additions from capital reserves to capital in the current period:

There is no increase from capital reserves.

e) Capital commitments in the last fiscal year and continue until the end of the following interim period, general purpose of these commitments and estimated resources required for these commitments:

The Parent Bank has no capital commitments.

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

In the current period, the Parent Bank follows its operations in line with the previous periods. The Parent Bank's balance sheet has been managed with precaution by being affected by the interest, rate of exchange and credit risks at the minimum level. This helps to reduce the effects of fluctuations in the market to the Parent Bank is performance and contributes to the profitability structure to be sustainable.

g) Information on preferred shares:

The Bank has no preferred shares.

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under common control	-	-	-	(647)
Revaluation Difference	-	-	-	(647)
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	(403.794)	(39.221)	670.695	107.711
Revaluation Difference	(549.986)	(39.221)	937.985	107.711
Deferred Tax Effect	134.345	-	(196.156)	-
Foreign Exchange Differences	11.847	-	(71.134)	-
Total	(403.794)	(39.221)	670.695	107.064

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III. EXPLANATIONS AND NOTES TO THE OFF-BALANCE SHEET ACCOUNTS

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	2.461.015	2.303.870
Asset Purchase Commitments	637.825	262.409
Commitments for Credit Card Expenditure Limits	3.838.031	2.687.394
Loan Granting Commitments	84.527	10.446
Other Irrevocable Commitments	1.851.081	918.360
Subsidiaries and Associates Capital Contribution Commitments	1.000	2.000
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	8.131	10.958
Total	8.881.610	6.195.437

b) Nature and amount of possible losses and commitments arising from the off-balance sheet items including the below mentioned:

Bank has no possible losses arising from the off-balance sheet items.

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

	Current Period	Prior Period
Guarantee Letters	9.980.389	6.525.045
Bank Acceptances	374.545	42.433
Letter of Credits	1.695.837	991.491
Total	12.050.771	7.558.969

2) Certain guarantees, temporary guarantees, surety ships and similar transactions:

	Current Period	Prior Period
Letter of Temporary Guarantees	421.609	203.060
Letter of Certain Guarantees	5.398.981	3.376.221
Letters of Advance Guarantees	3.130.140	2.187.538
Letters of Guarantees given to Customs Offices	100.452	113.749
Other Letters of Guarantees	929.207	632.647
Total	9.980.389	6.513.215

c) 1) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	301.982	587.103
With Original Maturity of One Year or Less	123.676	32.410
With Original Maturity of More than One Year	178.306	554.693
Other Non-Cash Loans	11.748.789	6.971.865
Total	12.050.771	7.558.970

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III. EXPLANATIONS AND NOTES TO THE OFF-BALANCE SHEET ACCOUNTS (Continued)

I. Information on off-balance sheet liabilities: (Continued)

e) 2) Information on sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	71.486	1,77	51.571	0,64	53.810	2,07	63.253	1,28
Farming and Raising livestock	70.540	1,74	50.682	0,63	52.446	2,02	62.556	1,26
Forestry	-	0,00	-	0,00	-	0,00	-	0,00
Fishing	946	0,02	889	0,01	1.364	0,05	697	0,01
Manufacturing	1.056.482	26,11	4.954.522	61,90	684.400	26,32	3.224.012	65,02
Mining	259.156	6,40	488.577	6,10	151.356	5,82	310.049	6,25
Production	638.665	15,78	4.344.009	54,27	431.248	16,58	2.852.062	57,52
Electric, Gas and Water	158.661	3,92	121.936	1,52	101.796	3,91	61.901	1,25
Construction	649.232	16,05	669.249	8,36	305.715	11,76	195.078	3,93
Services	2.145.837	53,03	1.201.679	15,01	1.453.625	55,90	764.862	15,43
Wholesale and Retail Trade	452.946	11,19	229.216	2,86	255.478	9,82	73.751	1,49
Hotel, Food and Beverage Services	15.650	0,39	26.646	0,33	8.996	0,35	2.193	0,04
Transportation and Telecommunication	387.899	9,59	128.204	1,60	338.884	13,03	83.423	1,68
Financial Institutions	817.996	20,22	187.458	2,34	524.792	20,18	201.229	4,06
Real Estate	4.725	0,12	10.679	0,13	1.105	0,04	4	0,00
Self-employment Services	5.533	0,14	67	0,00	5.038	0,19	103	0,00
Education Services	10.592	0,26	6.184	0,08	5.636	0,22	13.698	0,28
Health and Social Services	450.496	11,13	613.225	7,66	313.696	12,06	390.461	7,87
Other	123.190	3,04	1.127.523	14,09	102.998	3,96	711.216	14,34
Total	4.046.227	100,00	8.004.544	100,00	2.600.548	100,00	4.958.421	100,00

c) 3) Information on the non-cash loans classified under Group I and Group II:

	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash loans	3.999.646	7.990.685	46.581	13.859
Letters of Guarantee	3.997.612	5.922.337	46.581	13.859
Bank Acceptances	2.000	361.764	-	-
Letters of Credit	34	1.682.194	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	24.390	-	-

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III. EXPLANATIONS AND NOTES TO THE OFF-BALANCE SHEET ACCOUNTS (Continued)

2. Explanations on derivative transactions:

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	6.324.834	4.271.234
Forward Transactions	267.707	19.705
Swap Transactions	6.057.127	4.251.529
Futures Transactions	-	-
Option Transactions	-	-
Interest Related Derivative Transactions (II)	-	-
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	-	-
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	6.324.834	4.271.234
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	-	-
Total Derivative Transactions (A+B)	6.324.834	4.271.234

The Parent Bank has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

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III. EXPLANATIONS AND NOTES TO THE OFF-BALANCE SHEET ACCOUNTS (Continued)

2. Explanations on derivative transactions: (Continued)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	15.965	(37.067)	(3.290)	31.680	-	7.288
- Outflow	(1.920.418)	(640.035)	(65.520)	(532.800)	-	(3.158.773)
- Inflow	1.936.383	602.968	62.230	564.480	-	3.166.061
Interest rate derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Total outflow	(1.920.418)	(640.035)	(65.520)	(532.800)	-	(3.158.773)
Total inflow	1.936.383	602.968	62.230	564.480	-	3.166.061

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	20.606	108	202	-	-	20.916
- Outflow	2.081.265	30.493	34.317	-	-	2.146.075
- Inflow	(2.060.659)	(30.385)	(34.115)	-	-	(2.125.159)
Interest rate derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Total outflow	2.081.265	30.493	34.317	-	-	2.146.075
Total inflow	(2.060.659)	(30.385)	(34.115)	-	-	(2.125.159)

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III. EXPLANATIONS AND NOTES TO THE OFF-BALANCE SHEET ACCOUNTS (Continued)

3. Explanations on contingent assets and liabilities:

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

The Group's liability resulting from the cheques given to its customers amounts to TL2.461.015 (2010: TL2.303.870)

The Competition Board started an investigation into some banks and financial institutions, including T.C. Ziraat Bankası A.Ş., with a decision dated 2 November 2011, No. 11-55/1438 – M. The investigation, which is still ongoing and is not expected to have an effect on the financial statements, is to determine if these institutions have carried out any of the actions stated in the 4th decree of the Preservation of Competition Law (Law No. 4054), in relation with the restrictive trade agreements, concerted practices and accord of attempt.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

4. Explanations on services in the name of others:

The Parent Bank acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Parent Bank does not provide consultancy and management services.

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IV. EXPLANATIONS AND NOTES TO THE INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	7.100.410	353.921	5.648.961	167.587
Short Term Loans	1.921.473	76.898	1.775.750	51.793
Medium and Long Term Loans	5.075.741	276.666	3.766.364	115.569
Interest on Non-Performing Loans	103.196	357	106.847	225
Premiums from Resource Utilization Support Fund	-	-	-	-

⁽¹⁾ Includes fees and commissions income on cash loans.

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	8.604	-	153.347	-
Domestic Banks	17.241	577	3.189	677
Foreign Banks	2.419	13.697	704	19.814
Head Office and Branches	-	-	-	-
Total	28.264	14.274	157.240	20.491

c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	6.992	3.274	19.754	1.419
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	3.000.539	209.906	2.524.817	182.111
From Held-to-maturity Investments	2.757.847	297.843	3.440.266	258.546
Total	5.765.378	511.023	5.984.837	442.076

d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	3.820	9.976

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	14.716	1.867	1.609	4.339
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	14.698	704	1.599	4.218
Foreign Banks	18	1.163	10	121
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	14.716	1.867	1.609	4.339

⁽¹⁾ Includes fees and commissions expenses on cash loans.

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IV. EXPLANATIONS AND NOTES TO THE INCOME STATEMENT (Continued)

b) Information on interest expenses given to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	27.535	-

c) Information on interest given on securities issued:

The Parent bank has no securities issued.

d) Maturity structure of the interest expense on deposits:

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	138.041	-	-	-	-	-	138.041
Saving Deposit	25	345.359	3.370.690	435.039	47.035	63.035	-	4.261.183
Public Sector Deposit	351	76.000	378.778	45.916	3.945	1.137	-	506.127
Commercial Deposit	154	118.959	667.580	185.014	63.795	3.784	-	1.039.286
Other Deposit	69	36.060	509.333	319.179	11.278	4.089	-	880.008
Deposit With 7 Days Notification	-	-	-	-	-	-	-	-
Total	599	714.419	4.926.381	985.148	126.053	72.045	-	6.824.645
FC								
Foreign Currency Deposit	8.405	79.454	192.909	66.048	14.248	107.869	-	468.933
Bank Deposit	3.712	300	81	-	-	5	-	4.098
Deposit With 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	-	-	-	-	-	-	-
Total	12.117	79.754	192.990	66.048	14.248	107.874	-	473.031
Grand Total	12.716	794.173	5.119.371	1.051.196	140.301	179.919	-	7.297.676

3. Explanations on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	18.658	16.487
Other ⁽¹⁾	3.011	8.731
Total	21.669	25.218

⁽¹⁾ Shows the Group's dividend income from equity investments, subsidiaries, associates and entities under common control.

4. Information on trading profit/loss (net):

	Current Period	Prior Period
Profit	3.599.867	1.519.177
Profit from the Capital Market Transactions	103.883	24.725
Profit on Derivative Financial Instruments	1.533.269	493.611
Foreign Exchange Gains	1.962.715	1.000.841
Loss (-)	3.647.228	1.527.151
Loss from the Capital Market Transactions	1.340	1.080
Loss on Derivative Financial Instruments	1.246.000	381.388
Foreign Exchange Loss	2.399.888	1.144.683

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IV. EXPLANATIONS AND NOTES TO THE INCOME STATEMENT (Continued)

5. Information on profit/loss on derivative financial operations:

	Current Period	Prior Period
Effect of the change in exchange rates on profit/loss	(982.513)	72.619
Effect of the change in interest rates on profit/loss	1.269.782	39.604
Total	287.269	112.223

6. Information on other operating income:

Information on factors covering the recent developments which has significant effect on the Parent Bank's income and the extent of effect on income:

There are no significant matters covering the recent developments which have significant effect on the Parent Bank's income. Main component of the Parent Bank's other operating income consists of reversals from prior period provisions amounting to TL(244.869) and insurance and pension premiums amounting to TL1.125.504.

7. Provision expenses for impairment on loans and other receivables:

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	194.816	145.323
Group III Loans and Receivables	16.375	18.362
Group IV Loans and Receivables	57.034	56.623
Group V Loans and Receivables	121.407	70.338
General Provision Expenses ⁽²⁾	467.350	9.110
Provision Expenses for the Possible Losses ⁽²⁾	131.535	1.748
Marketable Securities Impairment Expense	2.916	218
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	2.916	218
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	41	39.196
Associates	41	39.196
Subsidiaries	-	-
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	-
Other ⁽³⁾	20.428	563
Total	817.086	196.158

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL155.015 are presented in other operating income (2010: TL249.590).

⁽²⁾ The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL8.189 are presented in other operating income (2010: TL512.797).

⁽³⁾ Based on the decision of the Bank management, provision amounting to TL20.000, included in the current year and without taking into consideration the guarantees of the loans, is provided for the consumer loans followed under standard loan portfolio that also have amounts in the non performing loan portfolio in compliance with the Act on Preservation of Consumers numbered 4077. The provision is made in accordance with the "Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions", published in Official Gazette numbered 26333, dated 1 November 2006 and considering the conservation principle without taking into consideration the collateral of these loans.

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IV. EXPLANATIONS AND NOTES TO THE INCOME STATEMENT (Continued)

8. Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1.375.305	1.286.290
Reserve for Employee Termination Benefits	89.187	104.357
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	61.194	48.546
Intangible Assets Impairment Expense	-	781
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	14.623	8.025
Impairment Expense for Equity Shares subject to the Equity Method	-	-
Impairment Expense for Investment Securities that will be Disposed	-	-
Amortization Expenses of Investment Securities that will be Disposed	285	182
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	797.580	1.008.566
Operational Leasing Expenses	76.365	52.071
Maintenance Expenses	41.925	32.786
Advertisement Expenses	37.272	21.253
Other Expenses	642.018	902.456
Loss on Sales of Assets	1.630	405
Other ⁽¹⁾	1.344.644	450.802
Total	3.684.448	2.907.954

⁽¹⁾ TL209.381 (2010: TL159.153) of other item consists of Saving Deposit Insurance Fund accrual expense while TL199.880 (2010: TL176.299) consists of taxes, duties and charges expense. Furthermore, as of 31 December 2011, the other balance includes insurance provision expenses amounting to TL322.848, compensation expenses paid amounting to TL311.795 and premium expenses amounting to TL281.495.

9. Information on tax provision for continuing and discontinued operations:

The Group does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	5.394.175	5.445.395
Net Fees and Commissions Income	540.424	621.466
Dividend Income	21.669	25.218
Trading Income/Expense (Net)	(47.361)	(7.974)
Other Operating Income	1.526.962	1.555.576
Provision for Loan or Other Receivables Losses (-)	817.086	196.158
Other Operating Expenses (-)	3.684.448	2.907.954
Earning/Loss from Subsidiaries Consolidated with Equity Pick-up	13.473	6.635
Income/(Loss) From Continuing Operations	2.947.808	4.542.204

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IV. EXPLANATIONS AND NOTES TO THE INCOME STATEMENT (Continued)

10. Information on tax provision for continued and discontinued operations

As of 31 December 2011, TL(713.977) (2010: TL(779.636)) of the Group's total tax provision expense which amounts to TL(353.187) (2010: TL(831.429)) consists of current tax expense while TL(360.790) (2010: TL51.793) consists of deferred tax income.

11. Explanation on net income/loss for the period for continued and discontinued operations:

The Group's net operating income after tax amounts to TL2.220.585 (2010: TL3.750.753).

12. Information on net profit/loss:

a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the Parent Bank in the current period:

The Parent Bank, mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations and insurance agencies.

b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (2010: None).

13. If other items in the income statement exceed 10% of the income statement total, sub-accounts constituting at least 20% of these items are shown below:

As of 31 December 2011, the Group's other fee and commission income amounting to TL754.217 (2010: TL711.063) consists of TL193.991 (2010: TL143.277) credit card fees and commission income, TL169.191 (2010: TL114.945) insurance commission and the remaining TL391.035 (2010: TL374.327) money order, account management fee and other commission income.

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

1. In accordance with the Turkish Accounting Standards, the disclosures on shareholders' equity are made accordingly in the order of financial statement items in this section:

a) Explanations on inflation adjustment differences for equity items:

As per the BRSA's Circular numbered 5 announced on 28 April 2005 it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA' decree numbered 1623 on 21 April 2005.

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V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY (Continued)

1. In accordance with the Turkish Accounting Standards, the disclosures on shareholders' equity are made accordingly in the order of financial statement items in this section: (Continued)

b) Explanations on profit distribution:

The General Assembly for the year 2010 was carried out on 1 March 2011. In accordance with the decision taken, of the profit for the year 2010 amounting to TL3.712.602, TL278.458 is transferred to legal reserves, TL111.898 of TL116.000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL818.205 is distributed to the Undersecretariat of Treasury after deducting withholding tax of 15% (TL144.390) in cash on 30 March 2011. Besides, TL2.304.917 of the profit has been preserved and deferred tax income amounting to TL50.632 is not distributed. The remaining part of dividend reserved to be distributed to personnel (TL4.102) is transferred to the account of the Undersecretariat of Treasury as net TL3.487, after deducting withholding tax of 15% (TL615).

Bank is planning to distribute its 2011 profit in accordance with its articles of association. However, as of the report date, there is no decision taken regarding the profit distribution.

c) Explanations on Available For Sale Financial Assets:

Available for sale financial assets are not included in the current income statement, until their collections, disposals, sales or losses are realized and those assets are recognized under the "Marketable Securities Revaluation Fund" under equity. In accordance with TAS 39 and due to the change in the Parent Bank's intention to hold the previously classified as available for sale securities to maturity the Bank has reclassified the securities under available for sale portfolio to held to maturity portfolio. The valuation differences of these securities is presented under shareholders' equity as a "Marketable Securities Valuation Differences" and transferred to profit/loss with subject to redemption with proportional to the maturity of security.

d) Profit Reserves:

As of the balance sheet date, legal reserves amount to TL2.400.181, extraordinary reserves amount to TL5.305.510 and other profit reserves amount to TL634.041.

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

1. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

"Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL4.975.541 is composed mainly from interest received from loans and securities amounting to TL16.254.240 and interest paid to deposit and money market operations which is amounting to TL8.472.798. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of the change in the foreign exchange rate on the cash and cash equivalents is stated, approximately, TL613.618 as of 31 December 2011 (2010: TL190.559).

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as "cash"; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as "cash equivalents".

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VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS (Continued)

1. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents: (Continued)

Period opening and end cash and cash equivalents balance:

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	1.315.656	1.029.744
Central Bank of the Republic of Turkey and Other Banks	11.743.235	11.786.829
Money Market Operations	23.054	-
Total Cash and Cash Equivalents	13.081.945	12.816.573

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	1.355.201	1.315.656
Central Bank of the Republic of Turkey and Other Banks	6.913.722	11.743.235
Money Market Operations	12.212	23.054
Total Cash and Cash Equivalents	8.281.135	13.081.945

VII. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE PARENT BANK

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

a) Current Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	9.275	-	-	-	-	-
Closing Balance	18.419	-	-	-	-	-
Interest and Commissions Income	3.820	-	-	-	-	-

b) Prior Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	-	-	-	-	-	-
Closing Balance	9.275	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE PARENT BANK (Continued)

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

c) 1) Deposits held by the Parent Bank's risk group:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	879.379	100.952	-	-	-	-
Closing Balance	580.370	879.379	-	-	-	-
Interest expense on deposits	27.535	56.547	-	-	-	-

2) Information on forward transactions, option agreements and similar transactions between the Parent Bank's risk group:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	12.768	-	-	-	-
Closing Balance	7.402	-	-	-	-	-
Total Profit/Loss	(359)	(228)	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information about fees paid to the Group's top executives:

Fees paid to the Group's key management amount to TL16.445 (2010: TL16.569).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

1. With the Bank's Board of Directors' Decision No. 4, dated 11 January 2012, the whole equity share of the Bank in Ziraat Bank AD Skopje will be transferred to Halk Bank A.D. Skopje, Joint Venture of T. Halk Bankası A.Ş., considering the legislation of Turkey and Macedonia within the scope of Decision No. 2002/3555 by the Council of Ministers. The transfer process is expected to be completed by October 2012.
2. The Board of Directors decided to issue domestic bank bills and/or bonds in different types and maturities up to TL4 billion with the decision dated 15 June 2011 and numbered 12/163. The Bank applied to ISE on 29 September 2011 to trade bills and bonds on the market, after CMB and BRSA has given the necessary approvals, with the end of book-building process dated 13-14-15 February 2012. The demand exceeded the issued amount of TL750.000.000 and the nominal valued bank bills equal to TL250.000.000 subject to additional sale were also offered for sale; finally, bills amounting TL1 billion has been issued.
3. Shareholding rights, excluding dividend, for 62.37% of shares in Arap Türk Bankası A.Ş., which were transferred to the SDIF as a result of Decision No. 2011/2001 of the Council of Ministers after the decision's publication in Official Gazette No. 27982, dated 2 July 2011, were transferred back to the Libyan Foreign Bank following the General Assembly meeting on 15 March 2012 in accordance with Decision No. 77 on 1 March 2012 taken by the SDIF Board. As a result of the General Assembly decision of Arap Türk Bankası A.Ş. on 15 March 2012, Hikmet Aydın Simit and Oğuz Kayhan resigned from their roles at Arap Türk Bankası A.Ş. and Osman Arslan and Ömer Muzaffer Baktır were appointed to the Board of Directors as chairman and board member, respectively.

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IX. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE
BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK

Information on the Parent Bank's domestic and foreign branches and foreign representatives of the Bank:

	Number	Number of Employees			
Domestic Branch ⁽¹⁾	1.434	20.181			
				Country of Incorporation	
Foreign Representation Office	1	1	1- Iran		
					Total Assets
Foreign branch ⁽²⁾	1	3	1- USA	1.031.327	Statutory Share Capital
	1	3	2- England	801.445	221.022
	4	4	3- Bulgaria	66.902	99.913
	1	4	4- Georgia	27.051	34.562
	2	6	5- Iraq	58.147	17.128
	4	5	6- Greece	296.446	26.342
	1	3	7- Saudi Arabia	38.328	43.902
	10	29	8-T.R. of Northern Cyprus	691.466	28.224
Off-shore Banking Region Branches	-	-			38.422

⁽¹⁾ Includes the employees of the domestic branches, excluding the employees of Head Office and Districts' Head Offices.
⁽²⁾ Excluding the local employees of the foreign branches.

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE GROUP'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

As of 31 December 2011, consolidated financial statements and explanatory notes disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor's Report dated 21 March 2012 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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