

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
AT 30 September 2013**

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



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

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

We have reviewed the accompanying consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") and its consolidated subsidiaries at 30 September 2013 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Uniform Chart of Accounts of banks, accounting standards and the independent audit principles in conformity with Banking Law No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries concerning the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit 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 free provision amounting to TRY953.300 thousand (TRY309.000 thousand of this provision amount was charged to the income statement as an expense in the current period), 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.

Based on our review except for the effect of the matter on the financial statements described in the paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 30 September 2013 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 and 38 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

As explained in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 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
Partner

Istanbul, 25 November 2013

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

**THE CONSOLIDATED INTERIM FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 SEPTEMBER 2013**

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
- EXPLANATIONS ON REVIEW 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 reviewed.

<p>Muharrem KARSLI Chairman of the Board of Directors, Member of the Audit Committee</p>	<p>Hüseyin AYDIN Member of the Board of Directors, General Manager</p>	<p>Feyzi ÇUTUR Member of the Board of Directors, Member of the Audit Committee</p>
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Cem İNAL
Assistant General Manager
Financial Coordination

Atakan BEKTAŞ
Head of
Reporting Management

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

Name/Title : Kubilay ŞAHİN / External Reporting Manager
Telephone Number : 0312 584 43 23
Facsimile Number : 0312 584 47 98

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

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”, “Bank” 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 Treasury.

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 Treasury.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

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
Hüseyin AYDIN	General Manager and Member
Yusuf DAĞCAN	Vice Chairman and Member
Erdal ERDEM	Member
Fahrettin ÖZDEMİRCİ	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mustafa ÇETİN	Member
Salim ALKAN	Member
Audit Committee Members	
Muharrem KARSLI	Member
Feyzi ÇUTUR	Member
Assistant General Managers	
Alpaslan ÇAKAR	Individual Banking
Bilgehan KURU	Treasury and Strategy Management
Bülent SUER	Operational Transactions
Cem İNAL	Financial Coordination
Mehmet Cengiz GÖĞEBAKAN	Credit Policies
Musa ARDA	Credit Allocation and Management
Osman ARSLAN	International Banking and Joint Ventures
Ömer Muzaffer BAKTIR	Marketing
Peyami Ömer ÖZDİLEK	Human Resources
Yunus Uygur KOCAOĞLU	Information Technologies Management
Chairman of the Internal Audit	
Yüksel CESUR	Chairman of the Internal Audit
Head of Group	
Bülent YALIM	Internal Control and Risk Management

With the decision of Board of Directors of the Parent Bank at 21 August 2013; Alpaslan ÇAKAR is appointed to Assistant General Manager responsible from Individual Banking, Bülent SUER is appointed to Assistant General Manager responsible from Operational Transactions, Peyami Ömer ÖZDİLEK is appointed to Assistant General Manager responsible from Human Resources and Ali TOKER is appointed to Assistant General Manager to be under the authority of General 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
Treasury	2.500.000	100	2.500.000	-

The sole shareholder of the Bank is the Treasury.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”).)

GENERAL INFORMATION ABOUT THE GROUP (Continued)

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

The purpose of activity of the Parent Bank is stated in articles of association as to perform all kinds of banking activities including acceptance of deposits. For this purpose, the Parent 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 30 September 2013, Parent Bank carries its activities with a grand total of 1.613 branches; 1.588 branches including 5 Corporate branches, 27 Commercial branches, 80 Enterprising branches, 1.474 Domestic branches and 2 Mobile branches (31 December 2012: 1.490 Domestic branches including 1.316 branches, 5 Corporate branches, 27 Commercial branches, 77 Enterprising branches, 32 bureaus, 31 private operation centers, 2 mobile branches) and 25 branches abroad including 21 branches and 4 sub branches (New York Branch in United States, London Branch in England, Tbilisi Branch and Batumi Sub Branch in Georgia, Baghdad and Arbil Branches in Iraq, Athens, Gümülçine, İskeçe and Rhodos Branches in Greece, Sofia Branch and Filibe, Kardzhali and Varna Sub Branches in Bulgaria, Jeddah Branch in Saudi Arabia, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Akdoğan, Near East University, Karaoğlanoğlu, Karakum and İskele branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran.

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 Centre.

Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Bank can associate Başakkart with enterprise loans below TRY50.000 and agricultural loan limits in line with the demands of the customers. 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 30 September 2013, the number of the Group’s employees is 25.736 (31 December 2012: 24.092).

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

GENERAL INFORMATION ABOUT THE GROUP (Continued)

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

According to Communiqué of the Preparation Consolidated Financial Statements and Turkish Accounting Standards, Araptürk Bankası A.Ş, one of the associates of the Bank, and Turkmen Turkish Joint Stock Com. Bank, Uzbekistan Turkish Bank, Azer Turk Bank, entities under common control are consolidated through “Equity Method” in accompanying consolidated financial statements of the Bank.

Fintek Finansal Teknoloji Hizmetleri A.Ş. is not consolidated into the Bank’s consolidated financial statements in accordance with Communiqué of the Preparation Consolidated Financial Statements since this entity is not a financial institution. Kredi Kayıt Bürosu ve Bankalararası Kart Merkezi which are associates of the bank are not consolidated but carried at cost since these entities are not controlled by the Bank and are not financial companies.

All other subsidiaries are fully consolidated.

VII. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE IMMEDIATE TRANSFER OF SHAREHOLDER’S EQUITY BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES OR REIMBURSEMENT OF LIABILITIES.

None.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013 AND 31 DECEMBER 2012**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”).)

**SECTION TWO
THE BANK’S CONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	ASSETS	Note (Section Five I)	Current Period (30/09/2013)			Prior Period (31/12/2012)		
			TRY	FC	Total	TRY	FC	Total
			I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	3.082.426	20.459.303	23.541.729	5.908.346
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	227.968	138.843	366.811	39.496	129.662	169.158	
2.1 Financial Assets Held for Trading		227.968	138.843	366.811	39.496	129.662	169.158	
2.1.1 Public Sector Debt Securities		27.254	4.927	32.181	30.789	4.582	35.371	
2.1.2 Securities Representing a Share in Capital		78	-	78	819	-	819	
2.1.3 Derivative Financial Assets Held for Trading		200.636	133.916	334.552	7.888	125.080	132.968	
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)	1.310.929	821.925	2.132.854	650.945	971.787	1.622.732	
IV. MONEY MARKET PLACEMENTS		6.902	77.077	83.979	2.049	59.673	61.722	
4.1 Interbank Money Market Placements		-	37.845	37.845	-	13.087	13.087	
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-	
4.3 Receivables From Reverse Repurchase Agreements		6.902	39.232	46.134	2.049	46.586	48.635	
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	37.797.773	5.671.813	43.469.586	33.715.982	4.646.421	38.362.403	
5.1 Securities Representing a Share in Capital		159.413	182.518	341.931	141.674	118.147	259.821	
5.2 Public Sector Debt Securities		37.455.661	5.374.990	42.830.651	33.365.777	4.391.810	37.757.587	
5.3 Other Marketable Securities		182.699	114.305	297.004	208.531	136.464	344.995	
VI. LOANS AND RECEIVABLES	(5)	84.433.459	18.751.611	103.185.070	63.978.529	9.168.557	73.147.086	
6.1 Loans and Receivables		83.600.485	18.739.877	102.340.362	63.183.707	9.159.764	72.343.471	
6.1.1 Loans Granted to Risk Group of The Bank		-	-	-	-	61.333	61.333	
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-	
6.1.3 Other		83.600.485	18.739.877	102.340.362	63.183.707	9.098.431	72.282.138	
6.2 Loans under Follow-up		2.346.609	54.885	2.401.494	2.040.802	43.745	2.084.547	
6.3 Specific Provisions (-)		1.513.635	43.151	1.556.786	1.245.980	34.952	1.280.932	
VII. FACTORING RECEIVABLES		-	-	-	-	-	-	
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	17.281.671	4.831.318	22.112.989	23.030.009	4.292.029	27.322.038	
8.1 Public Sector Debt Securities		17.272.623	4.803.271	22.075.894	23.020.788	4.267.973	27.288.761	
8.2 Other Marketable Securities		9.048	28.047	37.095	9.221	24.056	33.277	
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	74.802	705	75.507	69.742	612	70.354	
9.1 Accounted with Equity Method		68.736	-	68.736	63.676	-	63.676	
9.2 Unconsolidated Associates		6.066	705	6.771	6.066	612	6.678	
9.2.1 Financial Associates		-	705	705	-	612	612	
9.2.2 Non-financial Associates		6.066	-	6.066	6.066	-	6.066	
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	6.237	-	6.237	8.032	-	8.032	
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-	
10.2 Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237	8.032	-	8.032	
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	54.311	54.311	-	46.704	46.704	
11.1 Accounted with Equity Method		-	54.311	54.311	-	46.704	46.704	
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)	298.653	940.187	1.238.840	152.321	465.228	617.549	
12.1 Finance Lease Receivables		380.714	1.077.292	1.458.006	193.108	527.664	720.772	
12.2 Operating Lease Receivables		-	-	-	-	-	-	
12.3 Other		-	-	-	-	-	-	
12.4 Unearned Income (-)		82.061	137.105	219.166	40.787	62.436	103.223	
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)		1.013.573	34.756	1.048.329	926.585	27.323	953.908	
XV. INTANGIBLE ASSETS (Net)		93.756	8.760	102.516	57.426	8.899	66.325	
15.1 Goodwill		-	-	-	-	-	-	
15.2 Other		93.756	8.760	102.516	57.426	8.899	66.325	
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-	
XVII. TAX ASSET		280.169	1.983	282.152	227.548	2.733	230.281	
17.1 Current Tax Asset		1.709	1.983	3.692	340	2.733	3.073	
17.2 Deferred Tax Asset		278.460	-	278.460	227.208	-	227.208	
XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	96.811	-	96.811	66.066	-	66.066	
18.1 Held for Sale		96.811	-	96.811	66.066	-	66.066	
18.2 Held from Discontinued Operations		-	-	-	-	-	-	
XIX. OTHER ASSETS		1.163.103	190.710	1.353.813	1.022.832	51.977	1.074.809	
TOTAL ASSETS		147.168.232	51.983.302	199.151.534	129.855.908	35.244.987	165.100.895	

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013 AND 31 DECEMBER 2012**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”).)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five II)	Current Period (30/09/2013)			Prior Period (31/12/2012)		
			TRY	FC	Total	TRY	FC	Total
LIABILITIES AND EQUITY								
I. DEPOSITS	(1)	96.077.561	36.981.358	133.058.919	92.079.627	27.599.627	119.679.254	
1.1 Deposits Held By the Risk Group of the Bank		1.618.938	159.620	1.778.558	543.630	14.006	557.636	
1.2 Other		94.458.623	36.821.738	131.280.361	91.535.997	27.585.621	119.121.618	
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	10.840	48.590	59.430	38.987	16.604	55.591	
III. FUNDS BORROWED	(3)	1.087.840	5.911.758	6.999.598	879.745	2.602.533	3.482.278	
IV. MONEY MARKET BALANCES		14.292.092	10.391.861	24.683.953	5.577.693	5.584.781	11.162.474	
4.1 Interbank Money Market Borrowings		-	-	-	-	-	-	
4.2 Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-	
4.3 Funds Provided under Repurchase Agreements		14.292.092	10.391.861	24.683.953	5.577.693	5.584.781	11.162.474	
V. MARKETABLE SECURITIES ISSUED (Net)		2.535.743	-	2.535.743	1.854.137	-	1.854.137	
5.1 Bills		2.218.791	-	2.218.791	1.675.007	-	1.675.007	
5.2 Asset-backed Securities		-	-	-	-	-	-	
5.3 Bonds		316.952	-	316.952	179.130	-	179.130	
VI. FUNDS		4.577.807	-	4.577.807	4.292.229	-	4.292.229	
6.1 Borrower Funds		-	-	-	-	-	-	
6.2 Other		4.577.807	-	4.577.807	4.292.229	-	4.292.229	
VII. MISCELLANEOUS PAYABLES		979.563	388.338	1.367.901	844.063	313.051	1.157.114	
VIII. OTHER LIABILITIES	(4)	1.574.033	611.423	2.185.456	1.182.682	368.050	1.550.732	
IX. FACTORING PAYABLES		-	-	-	-	-	-	
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	-	-	-	287	287	
10.1 Finance Lease Payables		-	-	-	-	297	297	
10.2 Operating Lease Payables		-	-	-	-	-	-	
10.3 Other		-	-	-	-	-	-	
10.4 Deferred Finance Lease Expenses (-)		-	-	-	-	10	10	
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)	4.790.595	31.204	4.821.799	3.885.824	33.527	3.919.351	
12.1 General Provisions		1.778.391	17.881	1.796.272	1.210.302	22.913	1.233.215	
12.2 Restructuring Provisions		-	-	-	-	-	-	
12.3 Employee Benefits Provisions		677.373	1.499	678.872	777.731	520	778.251	
12.4 Insurance Technical Reserves (Net)		1.134.434	-	1.134.434	876.567	-	876.567	
12.5 Other Provisions		1.200.397	11.824	1.212.221	1.021.224	10.094	1.031.318	
XIII. TAX LIABILITY	(8)	486.668	1.583	488.251	525.828	1.537	527.365	
13.1 Current Tax Liability		486.668	1.175	487.843	525.828	1.169	526.997	
13.2 Deferred Tax Liability		-	408	408	-	368	368	
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)	18.470.356	(97.679)	18.372.677	16.969.799	450.284	17.420.083	
16.1 Paid-in Capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000	
16.2 Capital Reserves		314.573	(97.679)	216.894	1.035.303	450.284	1.485.587	
16.2.1 Share Premium		-	-	-	-	-	-	
16.2.2 Share Cancellation Profits		-	-	-	-	-	-	
16.2.3 Marketable Securities Valuation Differences		(235.681)	(97.679)	(333.360)	474.452	450.284	924.736	
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		17.388	-	17.388	17.369	-	17.369	
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-	
16.2.9 Value Increase on Assets Held for Sale		-	-	-	-	-	-	
16.2.10 Other Capital Reserves		532.866	-	532.866	543.482	-	543.482	
16.3 Profit Reserves		12.564.968	-	12.564.968	10.200.423	-	10.200.423	
16.3.1 Legal Reserves		2.641.912	-	2.641.912	2.525.171	-	2.525.171	
16.3.2 Statutory Reserves		-	-	-	-	-	-	
16.3.3 Extraordinary Reserves		9.001.078	-	9.001.078	7.041.211	-	7.041.211	
16.3.4 Other Profit Reserves		921.978	-	921.978	634.041	-	634.041	
16.4 Profit or Loss		3.070.011	-	3.070.011	3.197.558	-	3.197.558	
16.4.1 Prior Years Profit/Loss		564.043	-	564.043	446.544	-	446.544	
16.4.2 Net Period Profit/Loss		2.505.968	-	2.505.968	2.751.014	-	2.751.014	
16.5 Minority Interest		20.804	-	20.804	36.515	-	36.515	
TOTAL LIABILITIES AND EQUITY		144.883.098	54.268.436	199.151.534	128.130.614	36.970.281	165.100.895	

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013 AND 31 DECEMBER 2012**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”).)

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (30/09/2013)			Prior Period (31/12/2012)		
		TRY	FC	Total	TRY	FC	Total
		A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	44.234.729	60.978.832	105.213.561	54.173.751
I.	GUARANTEES AND WARRANTIES	8.718.260	16.828.902	25.547.162	5.530.506	10.121.614	15.652.120
1.1	Letters of Guarantee	8.615.908	11.289.671	19.905.579	5.465.461	6.787.048	12.252.509
1.1.1	Guarantees Subject to State Tender Law	654.202	10.577.299	11.231.501	379.750	6.132.611	6.512.361
1.1.2	Guarantees Given for Foreign Trade Operations	7.233.963	27.091	7.261.054	4.281.844	-	4.281.844
1.1.3	Other Letters of Guarantee	727.743	685.281	1.413.024	803.867	654.437	1.458.304
1.2	Bank Acceptances	41.468	1.709.881	1.751.349	5.363	955.606	960.969
1.2.1	Import Letter of Acceptance	41.468	1.707.389	1.748.857	5.363	941.199	946.562
1.2.2	Other Bank Acceptances	-	2.492	2.492	-	-	14.407
1.3	Letters of Credit	60.884	3.802.166	3.863.050	59.682	2.355.459	2.415.141
1.3.1	Documentary Letters of Credit	60.884	3.569.996	3.630.880	59.682	2.291.766	2.351.448
1.3.2	Other Letters of Credit	-	232.170	232.170	-	63.693	63.693
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	-	27.184	27.184	-	23.501	23.501
1.9	Other Collaterals	-	-	-	-	-	-
II.	COMMITMENTS	33.290.381	26.986.420	60.276.801	47.204.131	20.743.710	67.947.841
2.1	Irrevocable Commitments	11.362.292	1.738.423	13.100.715	8.120.364	937.008	9.057.372
2.1.1	Asset Purchase and Sale Commitments	532.665	925.676	1.458.341	115.642	340.276	455.918
2.1.2	Deposit Purchase and Sales Commitments	-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries	-	-	-	-	-	-
2.1.4	Loan Granting Commitments	2.253.088	205.801	2.458.889	11	198.997	199.008
2.1.5	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
2.1.7	Commitments for Cheques	2.519.240	134	2.519.374	2.410.263	37	2.410.300
2.1.8	Tax and Fund Liabilities from Export Commitments	-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits	3.910.475	-	3.910.475	3.813.950	15.439	3.829.389
2.1.10	Commitments for credit cards and banking services promotions	12.854	20.225	33.079	10.985	-	10.985
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	2.133.970	586.587	2.720.557	1.769.513	382.259	2.151.772
2.2	Revocable Commitments	21.928.089	25.247.997	47.176.086	39.083.767	19.806.702	58.890.469
2.2.1	Revocable Loan Granting Commitments	21.928.077	25.247.997	47.176.074	39.083.755	19.806.702	58.890.457
2.2.2	Other Revocable Commitments	12	-	12	-	-	12
III.	DERIVATIVE FINANCIAL INSTRUMENTS	2.226.088	17.163.510	19.389.598	1.439.114	9.948.421	11.387.535
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	2.226.088	17.163.510	19.389.598	1.439.114	9.948.421	11.387.535
3.2.1	Forward Foreign Currency Buy/Sell Transactions	365.596	368.809	734.405	7.225	105.117	112.342
3.2.1.1	Forward Foreign Currency Transactions-Buy	182.962	184.406	367.368	3.611	52.564	56.175
3.2.1.2	Forward Foreign Currency Transactions-Sell	182.634	184.403	367.037	3.614	52.553	56.167
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	1.860.492	16.794.701	18.655.193	1.431.889	9.843.304	11.275.193
3.2.2.1	Foreign Currency Swap-Buy	-	9.438.891	9.438.891	664	5.695.231	5.695.895
3.2.2.2	Foreign Currency Swap-Sell	1.860.492	7.355.810	9.216.302	1.431.225	4.148.073	5.579.298
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)	295.742.764	30.233.039	325.975.803	231.307.867	15.817.059	247.124.926
IV.	ITEMS HELD IN CUSTODY	42.871.461	4.862.895	47.734.356	30.258.214	2.479.818	32.738.032
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	20.747.470	1.681.409	22.428.879	10.785.482	1.298.862	12.084.344
4.3	Checks Received for Collection	1.454.466	103.436	1.557.902	942.646	22.480	965.126
4.4	Commercial Notes Received for Collection	3.373.220	765.327	4.138.547	2.627.395	132.381	2.759.776
4.5	Other Assets Received for Collection	8.476	-	8.476	8.879	-	8.879
4.6	Assets Received for Public Offering	17.077.350	104	17.077.454	15.722.252	90	15.722.342
4.7	Other Items Under Custody	208.830	2.312.619	2.521.449	169.911	1.026.005	1.195.916
4.8	Custodians	1.649	-	1.649	1.649	-	1.649
V.	PLEDGES RECEIVED	252.859.878	24.728.074	277.587.952	201.042.222	12.750.929	213.793.151
5.1	Marketable Securities	882.494	61.753	944.247	595.136	37.418	632.554
5.2	Guarantee Notes	9.724.661	1.147.821	10.872.482	8.062.281	616.679	8.678.960
5.3	Commodity	1.254.856	16.807	1.271.663	1.249.249	13.603	1.262.852
5.4	Warranty	-	-	-	-	-	-
5.5	Immovable	224.745.947	20.670.598	245.416.545	177.847.875	9.733.171	187.581.046
5.6	Other Pledged Items	16.246.711	2.823.327	19.070.038	13.282.472	2.343.229	15.625.701
5.7	Pledged Items-Depository	5.209	7.768	12.977	5.209	6.829	12.038
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11.425	642.070	653.495	7.431	586.312	593.743
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)	339.977.493	91.211.871	431.189.364	285.481.618	56.630.804	342.112.422

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013 AND 2012**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”).)

III. INCOME STATEMENT						
INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period 1/1-30/09/2013	Prior Period 1/1-30/09/2012	Current Period 1/7-30/09/2013	Prior Period 1/7-30/09/2012
I.	INTEREST INCOME	(1)	10.543.876	11.332.369	3.647.103	3.664.545
1.1	Interest Income from Loans		6.927.154	6.544.276	2.449.960	2.214.012
1.2	Interest Income From Reserve Deposits		1.162	1.298	430	396
1.3	Interest Income from Banks		76.929	50.124	31.920	29.102
1.4	Interest Income from Money Market Placements		1.360	494	738	174
1.5	Interest Income from Marketable Securities		3.473.923	4.690.903	1.139.804	1.406.832
1.5.1	Financial Assets Held for Trading		1.031	2.517	389	687
1.5.2	Financial Assets at Fair Value through Profit and Loss		676	781	231	293
1.5.3	Financial Assets Available-for-Sale		2.077.418	2.418.672	739.780	744.446
1.5.4	Investments Held-to-Maturity		1.394.798	2.268.933	399.404	661.406
1.6	Finance Lease Income		52.711	35.245	22.105	12.411
1.7	Other Interest Income		10.637	10.029	2.146	1.618
II.	INTEREST EXPENSES	(2)	4.755.285	6.238.854	1.711.843	1.876.216
2.1	Interest Expense on Deposits		4.064.281	4.805.776	1.383.846	1.539.524
2.2	Interest on Borrowings		113.490	65.510	43.836	29.430
2.3	Interest on Money Market Borrowings		425.587	1.260.654	232.416	256.379
2.4	Interest on Marketable Securities Issued		116.808	94.515	45.491	46.182
2.5	Other Interest Expense		35.119	12.399	6.254	4.701
III.	NET INTEREST INCOME/EXPENSES (I - II)		5.788.591	5.093.515	1.935.260	1.788.329
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		629.620	517.246	220.440	164.879
4.1	Fees and Commissions Received		757.543	652.423	270.231	212.855
4.1.1	Non-cash Loans		70.382	47.589	27.291	16.035
4.1.2	Other		687.161	604.834	242.940	196.820
4.2	Fees and Commissions Paid		127.923	135.177	49.791	47.976
4.2.1	Non-cash Loans		1.261	136	182	124
4.2.2	Other		126.662	135.041	49.609	47.852
V.	DIVIDEND INCOME		64.344	9.554	1.998	50
VI.	TRADING PROFIT/LOSS (Net)	(3)	(53.820)	(14.984)	(46.257)	(31.971)
6.1	Profit/Loss from Capital Market Operations		70.195	60.170	25.431	10.946
6.2	Profit/losses on Derivative Financial Transactions	(4)	316.615	(178.262)	(18.533)	(94.644)
6.3	Profit/Loss from Foreign Exchanges		(440.630)	103.108	(53.155)	51.727
VII.	OTHER OPERATING INCOME	(5)	1.645.410	1.138.416	568.734	316.654
VIII.	TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		8.074.145	6.743.747	2.680.175	2.237.941
IX.	PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)	(6)	1.410.042	1.385.727	466.042	527.091
X.	OTHER OPERATING EXPENSES(-)	(7)	3.333.784	2.739.807	1.120.579	847.312
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		3.330.319	2.618.213	1.093.554	863.538
XII.	GAINS RECORDED AFTER MERGER		-	-	-	-
XIII.	PROFIT/LOSS ON EQUITY METHOD		11.209	8.677	4.574	3.903
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(8)	3.341.528	2.626.890	1.098.128	867.441
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(9)	(834.259)	(659.009)	(293.382)	(204.893)
16.1	Current Tax Provision		(554.152)	(835.938)	(277.757)	(312.812)
16.2	Deferred Tax Provision		(280.107)	176.929	(15.625)	107.919
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(10)	2.507.269	1.967.881	804.746	662.548
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)	(11)	2.507.269	1.967.881	804.746	662.548
23.1	Group's Profit/Loss		2.505.968	1.957.416	804.227	660.237
23.2	Minority Shares Profit/Loss		1.301	10.465	519	2.311
	Earnings/Loss per Share (TRY)		1,003	0,787	0,322	0,265

The accompanying explanations and notes form an integral part of these financial statement

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013 AND 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Current Period (30/09/2013)	Prior Period (30/09/2012)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(2.230.160)	1.876.858
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(4.990)	(12.978)
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	(13.270)	-
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	333.394	(237.568)
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(1.915.026)	1.626.312
XI. CURRENT YEAR PROFIT/LOSS	753.495	(651.805)
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	748.683	(661.784)
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	4.812	9.979
XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)	(1.161.531)	974.507

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2012**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY																		
30 September 2012	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premi- um	Share Cancl. Profits	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. Balance at the beginning of the period		2.500.000	543.482	-	-	2.400.181	-	5.305.510	634.041	2.220.585	271.407	(443.015)	-	17.361	-	-	90.583	13.540.135
Changes During the Period																		
II. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	9.446	-	-	-	-	-	983.268	-	-	-	-	(203)	992.511
IV. Hedging Funds (Active Part)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-	-	-	-	-	-	-	-	8	-	-	-	8
VIII. Foreign Exchange Differences		-	-	-	-	(6.515)	-	-	-	-	-	(12.978)	-	-	-	-	-	(19.493)
IX. Changes Resulted from Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Resulted from Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.217	-	4.217
XI. Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Increase in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 From Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other⁽¹⁾		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Net Profit or Losses		-	-	-	-	-	-	-	-	1.957.416	-	-	-	-	-	-	10.465	1.967.881
XVIII. Profit Distribution		-	-	-	-	117.734	-	1.730.940	-	(2.220.585)	119.911	-	-	-	-	-	(4.131)	(256.131)
18.1 Dividend Distributed		-	-	-	-	-	-	-	-	-	(252.000)	-	-	-	-	-	(4.131)	(256.131)
18.2 Transfers to Legal Reserves		-	-	-	-	117.734	-	1.730.940	-	(2.220.585)	371.911	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period (I+II+III+.....+XVI+XVII+XVIII)		2.500.000	543.482	-	-	2.520.846	-	7.036.450	634.041	1.957.416	391.318	527.275	-	17.369	-	4.217	96.714	16.229.128

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2013**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY																			
30 September 2013		Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Canc. Profits	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.	Balance at the beginning of the period		2.500.000	543.482	-	-	2.525.171	-	7.041.211	634.041	2.751.014	446.544	924.736	-	17.369	-	-	36.515	17.420.083
	Changes During the Period																		
II.	Increase/Decrease Related to Merger																		
III.	Marketable Securities Valuation Differences						19.255						(1.252.518)					(93)	(1.233.356)
IV.	Hedging Funds (Active Part)																		
4.1	Cash-Flow Hedge																		
4.2	Hedges for Investments Made in Foreign Countries																		
V.	Revaluation Differences of Tangible Assets																		
VI.	Revaluation Differences of Intangible Assets																		
VII.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)														19				19
VIII.	Foreign Exchange Differences						(35.138)						(5.578)						(40.716)
IX.	Changes Resulted from Disposal of Assets																		
X.	Changes Resulted from Reclassification of Assets																		
XI.	Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity																		
XII.	Increase in Capital																		
12.1	Cash																		
12.2	From Internal Resources																		
XIII.	Issuance of Share Certificates																		
XIV.	Share Cancellation Profits																		
XV.	Adjustment to Paid-in Capital																		
XVI.	Other⁽¹⁾									(10.616)		16.913						(16.913)	(10.616)
XVII.	Net Profit or Losses										2.505.968	-						1.301	2.507.269
XVIII.	Profit Distribution						132.624		1.959.867	287.937	(2.751.014)		100.586					(6)	(270.006)
18.1	Dividend Distributed												(270.000)					(6)	(270.006)
18.2	Transfers to Legal Reserves						132.624		1.959.867	287.937	(2.751.014)		370.586						
18.3	Other																		
	Balance at the end of the period (I+II+III+.....+XVI+XVII+XVIII)		2.500.000	543.482	-	-	2.641.912	-	9.001.078	911.362	2.505.968	564.043	(333.360)	-	17.388	-	-	20.804	18.372.677

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS AT 30 SEPTEMBER 2013 AND 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five)	Current Period 1/1 - 30/09/2013	Prior Period 1/1 - 30/09/2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		3.116.267	3.322.488
1.1.1 Interest Received		10.326.266	10.456.165
1.1.2 Interest Paid		(4.809.290)	(6.283.508)
1.1.3 Dividend Received		64.344	12.754
1.1.4 Fees and Commissions Received		759.326	649.426
1.1.5 Other Income		2.753.994	1.277.615
1.1.6 Collections from Previously Written-off Loans and Other Receivables		927.608	706.799
1.1.7 Payments to Personnel and Service Suppliers		(1.345.699)	(1.079.478)
1.1.8 Taxes Paid		(810.347)	(801.995)
1.1.9 Other		(4.749.935)	(1.615.290)
1.2 Changes in Operating Assets and Liabilities		(2.118.233)	(13.322.805)
1.2.1 Net Decrease/(Increase) in Trading Securities		134.391	22.584
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net Decrease in Banks		(2.444.848)	(4.849.066)
1.2.4 Net (Increase) in Loans		(31.096.350)	2.998.654
1.2.5 Net (Increase) in Other Assets		(414.655)	51.530
1.2.6 Net Increase/(Decrease) in Bank Deposits		13.521.479	(5.514.262)
1.2.7 Net (Decrease)/Increase in Other Deposits		13.474.905	(8.538.268)
1.2.8 Net (Decrease)/Increase in Funds Borrowed		3.476.085	1.971.162
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net (Decrease)/Increase in Other Liabilities		1.230.760	534.861
I. Net Cash Provided from Banking Operations		998.034	(10.000.317)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		(1.006.307)	5.040.518
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		-	-
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		6.549	482
2.3 Fixed Assets Purchases		(184.349)	(105.088)
2.4 Fixed Assets Sales		31.101	32.602
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(12.321.271)	(6.328.491)
2.6 Cash Obtained from Sale of financial Assets Available for Sale		6.483.540	8.373.536
2.7 Cash Paid for Purchase of Investment Securities		(329.250)	(282.204)
2.8 Cash Obtained from sale of Investment Securities		5.976.400	3.040.482
2.9 Other		(669.027)	309.199
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		297.948	1.735.527
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Marketable Securities Issued		567.948	1.987.527
3.4 Dividends Paid		(270.000)	(252.000)
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		53.005	(72.871)
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		342.680	(3.297.143)
VI. Cash and Cash Equivalents at the Beginning of the Period		7.066.624	8.281.135
VII. Cash and Cash Equivalents at the End of the Period		7.409.304	4.983.992

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

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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”).)

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 Public Oversight Accounting and Auditing Standards Authority (“POA”) and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA (all defined as “BRSA principles”). 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. 28337 dated 28 June 2012.

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 TRY, 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.

Balance sheet and statement of off-balance sheet accounts as of 30 September 2013 are presented comparatively with balances as of 31 December 2012 while income statement, statement of income and expense items accounted under shareholders’ equity, cash flows and changes in shareholders’ equity are presented comparatively with balances as of 30 September 2012.

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

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. Judgements 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.

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.

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”).)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Main activity of the Parent Bank comprises of 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 Parent Bank’s main funding source is Turkish Lira deposits, repurchase agreements, issued securities, 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 Parent Bank directs these funds to assets with high return and low risk. These assets include predominantly domestic government bonds and loans. The Parent Bank’s liquidity structure covers the financing of all liabilities at due date. Although most of the sources in the Parent 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 Parent Bank adopts high return principle for its long-term placements.

Loans and securities are instruments from which the Parent 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 Parent Bank’s total debt to the market is low among its total liabilities, the Bank can borrow easily from short-term markets, such as; Borsa Istanbul (“BIST”), 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 Parent 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 the equity participations operating abroad are evaluated and presented on the financial statements with the exchange rate on the date of the transfer.

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

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”).)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

a. Consolidation principles applied (Continued)

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	30 September 2013		31 December 2012	
			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	99,99	99,99	99,99	99,98
Ziraat Sigorta A.Ş.	İstanbul/Turkey	Insurance	99,99	99,99	99,99	99,98
Ziraat Finansal Kiralama A.Ş.	İstanbul/Turkey	Leasing	100,00	100,00	90,00	90,00
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Investment Management	74,00	74,00	72,60	75,00
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Portfolio Management	93,33	99,80	68,08	74,90
Ziraat Bank International A.G.	Frankfurt/Germany	Banking	100,00	100,00	100,00	100,00
Ziraat Bank BH d.d.	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	99,58	99,58	99,58	99,58

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”).)

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	30 September 2013		31 December 2012	
			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.	İstanbul/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 is 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 Statements” (“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 Parent Bank’s derivative transactions mostly include currency and precious metal swaps and foreign exchange purchase and sale transactions. The Parent Bank has no embedded derivative instruments separated from the host contract.

The derivative instruments of the Parent Bank are classified as trading or hedging instruments in accordance with Turkish Accounting Standard on TAS 39 “Financial Instruments: Recognition and Measurement”. The Parent Bank has no derivative instruments for hedging purposes as of the balance sheet date. Accordingly, the Parent 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 off-balance sheet accounts from their contractual values.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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 for 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 is recognized as income on the date they are collected. Whereas, commission income from trade, corporate 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. 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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.

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

In Group, 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 BIST are carried at weighted average exchange prices of BIST as of the balance sheet date and those securities that are not traded in BIST 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

c. Loans and receivables: (Continued)

The Parent Bank loans and receivables 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 TRY by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TRY value by the valid counter foreign exchange selling rate of Bank at installment date.

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”. In the previous periods, the bank allocated special provisions considering the minimum rates and prudence principle stated in "Regulation on the Procedures and Principles on Determining the Characteristics of the Loans and other Receivables by the Banks and the provisions that would be Set Aside for them" regardless of such loan collaterals; however, in line with the provision of the General Directorate Authority Approval dated 29 June 2012 and of the clause (8) of Article 10 of the regulation stating that "based on the reliability and prudence assumptions defined in the Communiqué on Conceptual Framework regarding Preparation and Presentation of Financial Statements promulgated in the Official Gazette No. 25702 dated 16 January 2005, special provision may be allocated to the extent of the amount of the said non-performing receivable on condition not to be less than the special provision amounts applicable for the group in which the non-performing receivable is included regardless of the amount of collateral", the bank started to set aside special provisions corresponding to 50% of the non-performing receivable amount as of the date of including the non-performing receivables in the Third Group and special provisions corresponding to 100% of the non-performing receivable amount as of the date of including the non-performing receivables in the Fourth and Fifth Group. 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 assets 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, amortized cost using the effective interest method and cost is compared and the difference is booked as interest income or impairment expense. Fair value and amortized 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 there is lack of price quotation on the basis of fair value calculations in an active market or in cases that fair value cannot be measured reliably, the fair value of available-for-sale-financial-assets is determined by using the effective interest rate method or appropriate valuation methods.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 “Value Loss Expenses for 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 “Value Loss Expenses for Securities” account in accordance with the related Turkish Accounting Standard.

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

The principles for the accounting of provisions for loans and receivables 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, Other Receivables, and Allocation of Provisions” published in the Official Gazette numbered 26333 and dated 1 November 2006.

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 Parent 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 is no security of the Parent Bank subject to 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 of the balance sheet date, the Group has no goodwill within the financial statements.

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 recognized 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.

Applied depreciation rates 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 lease 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 from the Parent Bank 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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 Parent Bank provides provision for retirement and termination liabilities by estimating the net present value of future payments of the Bank 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).

Communiqué on “Turkish Accounting Standard (TAS19) about Benefits for Employee (No:9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. For the period of 1 January - 30 September 2013, actuarial loss amounting to TRY10.616 was classified as “Other Comprehensive Expense” in the financials

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 Parent Bank 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 which was established by 20th provisional article of Social Security Law Act numbered 506.

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 temporary 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.

Besides, the phrase of “two years” in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as “four years” with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

The technical balance sheet report as of 30 June 2013 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 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 Parent 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” (“New 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current Tax (Continued)

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.

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 30 September 2013 are presented below:

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

b. Deferred tax

In accordance with TAS 12 "Income Tax", the Parent 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 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

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. In accordance with “the circular about the Change of Unexpired Risks Reserve Calculation” numbered 2012/15 published by Treasury, if the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

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:

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. In accordance with “the circular about the Change of Unexpired Risks Reserve Calculation” numbered 2012/15 published by Treasury, if the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

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 provisions indicate sum of bonus provisions and actuarial mathematical provisions calculated separately according to technical principles in tariff for each agreement in force. Life branch mathematical provision of the company consists of actuarial mathematical provisions calculated for long-term life insurances on credit. Actuarial mathematical provisions are the differences between risk premiums taken for risks undertaken by the Company and cash values of the liabilities to beneficiaries and insureds.

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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.

If required, the Parent Bank borrows from domestic and foreign real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods.

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 values of these assets represent 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, gold, 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 Group, are disclosed in Note VII. of Section Four.

XXV. EXPLANATIONS ON OTHER MATTERS

The General Assembly for the year 2012 was carried out on 29 March 2013. In accordance with the decision taken, of the profit for the year 2012 amounting to TRY2.650.428, TRY118.124 is transferred to legal reserves and TRY14.500 is transferred to second legal reserve , TRY145.000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TRY106.250 is distributed to Treasury after deducting withholding tax of 15% (TRY18.750) in cash. In this context, TRY1.959.867 of the profit is preserved and dividend is paid to Treasury on 15 April 2013 and of the dividend decided to be paid to personnel, TRY134.963 dividend is paid.

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SECTION FOUR

EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE 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 14,25% (31 December 2012: 18,69%).

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

Consolidated Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and “Communiqué on Credit Risk Mitigation Techniques” published in the Official Gazette dated 28 June 2012 numbered 28337.

Counterparties/operations related to the credit risk were separated on the basis of risk classes mentioned in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and each of them is assigned by the weight of risk. After, they are subject to risk reduction in accordance with the principles of “Communiqué on Credit Risk Mitigation Techniques”, their risk-weighted amount is calculated by multiplying risk weights.

Non-cash Loans and commitments, after deduction of specific provisions from them in accordance with “Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” is included to the calculation of credit risk weighted amount with loan conversion rates presented in article 5 of “Communique on Measurement and Assessment of Capital Adequacy of Banks” Assets subject to depreciation and impairment are calculated over their net book values after deducting the relative depreciations and provisions.

Trading Accounts and the values deducted from the capital base in the shareholders’ equity computation are excluded in calculation of risk-weighted assets.

Calculations regarding to the counter party credit risk, are made for repurchase agreement and derivative transactions. These transactions are added to the accounts with rates as applied that presented in the amendments of the “Communique on Measurement and Assessment of Capital Adequacy of Banks” and “Communique on Credit Risk Mitigation Techniques”. Repurchase agreements and derivative transactions that are presented in the banking accounts are added to calculation of the basis of the value at credit risk.

Calculations regarding counter parties credit risks are made with method of basic financial collateral for banking accounts, and for purchase-sale accounts are made with method of extensive collateral. Counter party credit risk amount calculated for purchase-sale accounts is included in the calculations of the amount subject to total market risk.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Information related to capital adequacy ratio:

Current Period	Risk Weights									
	Parent Bank									
	0%	10%	20%	%50 Real Est. Mort. Coll.	50%	75%	100%	150%	200%	1250 %
Credit Risk Based Amount	86.018.200	-	17.578.835	-	17.049.995	44.150.630	47.755.246	3.418.628	15.609.588	-
Risk Classes										
Conditional and unconditional receivables from central governments or central banks	80.032.980	-	-	-	9.504.724	-	207.854	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	115.665	-	126	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	399.318	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	17.462.534	-	7.545.145	-	415.568	-	-	-
Conditional and unconditional receivables from corporate	-	-	-	-	-	-	43.465.442	-	-	-
Conditional and unconditional retail Receivables	-	-	-	-	-	36.509.616	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	7.641.014	189.507	-	-	-
Past due receivables	-	-	-	-	-	-	557.198	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	3.418.628	15.609.588	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Other receivables	5.985.220	-	636	-	-	-	2.520.359	-	-	-

Prepared with the numbers after the conversion rate to credit and before Credit Risk Reduction.

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

Information related to capital adequacy ratio : (Continued)

Current Period	Risk Weights									
	Consolidated									
	0%	10%	20%	%50 Real Est. Mort. Coll.	50%	75%	100%	150%	200%	1250%
Credit Risk Based Amount	86.085.673	-	19.186.626	-	15.099.430	44.878.810	50.270.920	3.427.424	15.609.588	-
Risk Classes										
Conditional and unconditional receivables from central governments or central banks	80.066.107	-	32.973	-	9.594.218	-	232.887	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	116.323	-	126	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	399.936	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	19.036.694	-	5.505.086	-	258.170	-	-	-
Conditional and unconditional receivables from corporate	-	-	-	-	-	-	45.966.707	-	-	-
Conditional and unconditional retail Receivables	-	-	-	-	-	37.237.796	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	7.641.014	189.507	-	-	-
Past due receivables	-	-	-	-	-	-	558.867	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	3.427.424	15.609.588	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Other receivables	6.019.566	-	636	-	-	-	2.664.846	-	-	-

Prepared with the numbers after the conversion rate to credit and before Credit Risk Reduction.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Summary Information Related To The Capital Adequacy Ratio:

	Consolidated	The Parent Bank
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	10.073.177	9.889.261
Capital Requirement for Market Risk (CRMR)	543.763	436.222
Capital Requirement for Operational Risk (CROR)	1.120.110	960.999
Shareholders' Equity	20.905.566	20.793.863
Shareholders' Equity / ((CRCR+CRMR+CROR)*12.5*100)	14,25	14,74

Information Related To The Components Of 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 to Paid-in Capital	543.482	543.482
Share Premium	-	-
Share Cancellation Profits	-	-
Reserves	12.554.352	10.200.423
Inflation Adjustments to Reserves	-	-
Profit	3.070.011	3.197.558
Current Period's Profit	2.505.968	2.751.014
Prior Period's Profit	564.043	446.544
Provision for Possible Losses (upto 25% of Core Capital)	963.711	654.776
Income on Sale of Equity Shares and Real Estates	-	-
Primary Subordinated Debts(upto 15% of Core Capital) ⁽¹⁾	-	-
Minority Shareholders	20.804	36.515
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Period's Losses	-	-
Leasehold Improvements on Operational Leases (-)	50.846	32.458
Intangible Assets (-)	51.670	33.867
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	19.549.844	17.066.429

⁽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”.

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

Information related to components of shareholders’ equity: (Continued)

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	1.796.272	1.233.215
45% of Movable Assets Revaluation Fund	-	-
45% of Immovables Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	17.388	17.369
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Value increase amount of Available for Sale Securities and Subsidiaries and Associates	(333.360)	416.131
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Minority Interest	-	-
Total Supplementary Capital	1.480.300	1.666.715
CAPITAL	21.030.144	18.733.144
DEDUCTIONS FROM CAPITAL	124.578	112.043
Shares in Unconsolidated Banks and Financial Institutions	705	612
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 equity pick-up method applied but assets and liabilities are not consolidated	123.047	110.380
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 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; have not been Disposed for the Last 5 Years Since the Beginning of the Acquisition Date	692	386
Other	134	665
TOTAL SHAREHOLDERS’ EQUITY	20.905.566	18.621.101

3. Applied approaches in order to evaluate internal capital adequacy within the scope of internal capital adequacy evaluation of internal capital requirement in terms of future and current activities:

The Parent Bank determined the capital adequacy policy within the scope of internal capital adequacy evaluation process, fixed the minimum factors to be considered in the capital adequacy determination. Therefore, in the Parent Bank,

- Being evaluated within the scope of capital adequacy of financial situation of the Parent Bank in prior period, legal ratios and economic capital analysis.
- Being analysed within the scope of the accord to legal ratios and legal capital adequacy of budget considering imposed risks.
- Analyzing operations with stress tests are carried out the preservation potential against financial fluctuations of budget and convenience to capital adequacy policy in the process of these fluctuations.

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II. 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 Parent 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” and “Regulation for Internal System of Banks”.

Market risk management strategy policy and implementation procedures of the Parent Bank are determined within the context of “Regulation for Market Risks Management” which is approved by the Board of Directors..

In order to manage the market risk, the Parent Bank performs monitoring, limiting, stress testing and scenario analysis activities suitable to its position structure and complexity, and periodically reports the results. Operations are carried out through a trading portfolio defined by the Treasury Management of the Bank. New products and services are evaluated from the point of market risk.

The amount subject to the total market risk in the Parent Bank is calculated 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.

Excluding Standard Method, Daily Value at Risk (“VAR”) forecasts are made for the purchase – sell accounts and is reported to the related units. Historical Simulation Method is used in daily reportings and limit allocation. VAR results, calculated with Parametric and Monte Carlo Methods, are used for monitoring. Backward testing is performed in order to measure performance of used model. Besides, Bank performs daily and monthly stress tests and scenario analysis in order to observe the effect of excessive market fluctuations that are not covered by models over the Bank’s financial position.

Bank limits market risk exposure by VAR based limit (interest rate and currency risk limit) within the context of “Regulation for Market Risk Management”.

Information Related to Market Risk:

	Amount
(I) Capital Requirement Calculated For General Market Risk - Standard Method	136.790
(II) Capital Requirement Calculated For Specific Risk - Standard Method	51.414
Capital requirement Calculated For Specific Risks of Securitisation Positions– Standard Method	
(III) Capital Requirement Calculated For Currency Risk - Standard Method	337.828
(IV) Capital Requirement Calculated For Commodity Risk - Standard Method	-
(V) Capital Requirement Calculated For Exchange Risk - Standard Method	-
(VI) Capital Requirement Calculated For Market Risk Resulting From Options - Standard Method	-
(VII) Capital requirement Calculated For the Counterparty Credit Risks - Standard Method	13.153
(VIII) Capital Requirement Calculated For Market Risk of Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement Calculated For Market Risk (I+II+III+IV+V+VI+VII)	539.185
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	6.739.813

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. 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. VaR based currency risk limit is also daily followed which was approved by Board of Directors.

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 (“USD”) and EUR, 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
23.09.2013	1,9712	2,6566	1,8664	0,3575	0,3095	2,1679	1,9208	0,3339	3,1671	0,5269	2,0001
24.09.2013	1,9849	2,6738	1,8681	0,3601	0,3104	2,1852	1,9329	0,3324	3,1830	0,5308	2,0184
25.09.2013	1,9876	2,6826	1,8652	0,3610	0,3099	2,1886	1,9371	0,3302	3,2023	0,5313	2,0191
26.09.2013	1,9990	2,6950	1,8759	0,3626	0,3122	2,2012	1,9424	0,3348	3,2089	0,5344	2,0254
27.09.2013	2,0178	2,7303	1,8831	0,3674	0,3154	2,2382	1,9626	0,3375	3,2594	0,5395	2,0593
30.09.2013	2,0114	2,7184	1,8854	0,3659	0,3141	2,2283	1,9617	0,3350	3,2568	0,5378	2,0605

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	100JPY
2,0048	2,6744	1,8644	0,3599	0,3092	2,1772	1,9421	0,3360	3,1876	0,5360	2,0281

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. EXPLANATIONS ON THE CURRENCY RISK (Continued)

Information on the foreign currency risk of the Group:

Current Period	EUR	USD	Other FC⁽¹⁾	Total
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	7.786.141	7.826.498	4.846.664	20.459.303
Banks	273.124	310.588	238.213	821.925
Financial Assets at Fair Value Through Profit and Loss ⁽⁵⁾	-	4.927	-	4.927
Money Market Placements	-	5.951	71.126	77.077
Financial Assets Available-for-Sale	3.197.073	2.474.649	91	5.671.813
Loans ⁽²⁾	6.333.092	11.848.284	612.325	18.793.701
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	11.568	22.057	21.391	55.016
Investments Held-to-Maturity	1.590.490	3.207.480	33.348	4.831.318
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	7.256	1.959	25.541	34.756
Intangible Assets	2.318	2.571	3.871	8.760
Other Assets	766.705	340.860	18.554	1.126.119
Total Assets	19.967.767	26.045.824	5.871.124	51.884.715
Liabilities				
Interbank Deposits	1.547.627	2.960.401	32.755	4.540.783
Foreign Currency Deposits	21.006.809	8.595.505	2.838.261	32.440.575
Money Market Borrowings	2.560.826	7.831.035	-	10.391.861
Funds Provided from Other Financial Institutions	1.846.903	4.064.851	4	5.911.758
Issued Marketable Securities	-	-	-	-
Miscellaneous Payables	366.627	17.041	4.670	388.338
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	361.816	263.377	67.607	692.800
Total Liabilities	27.690.608	23.732.210	2.943.297	54.366.115
Net Balance Sheet Position	(7.725.976)	2.313.614	2.927.827	(2.484.535)
Net Off-Balance Sheet Position ⁽³⁾	7.123.630	(2.722.832)	(2.317.714)	2.083.084
Assets on Derivative Instruments	7.235.690	1.739.058	648.549	9.623.297
Liabilities on Derivative Instruments	112.060	4.461.890	2.966.263	7.540.213
Non-cash Loans	4.111.934	11.579.649	1.137.319	16.828.902
Prior Period				
Total Assets	14.087.344	16.106.298	5.046.909	35.240.551
Total Liabilities	17.936.117	16.775.578	1.791.698	36.503.393
Net Balance Sheet Position	(3.848.773)	(669.280)	3.255.211	(1.262.842)
Net Off-Balance Sheet Position ⁽³⁾	3.633.754	733.994	(2.820.579)	1.547.169
Financial Derivative Assets	3.673.362	1.530.053	544.380	5.747.795
Financial Derivative Liabilities	39.608	796.059	3.364.959	4.200.626
Non-cash Loans	2.772.831	6.905.465	443.318	10.121.614

(1) Of the foreign currencies presented in the other FC column of assets 80,56% is Gold, 1,09% is IQD, 0,86% is SAR, 1,93% is GBP, and the remaining 15,56% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 60,56% is Gold, 13,32% is GBP, 7,01% is CHF, 2,76% is DKK and the remaining 16,36% is other foreign currencies.

(2) TRY42.076 equivalent of USD loans, TRY14 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2012: TRY 264 equivalent of USD and TRY14 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 Entities Under Common Control 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.

(5) The derivative financial assets held-for-trading and liabilities are not included in the table.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK

a) Measurement of 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 Year 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	36.129	-	-	-	-	23.505.600	23.541.729
Banks	957.555	768.491	102.069	-	-	304.739	2.132.854
Financial Assets at Fair Value Through Profit and Loss	226	140	7.979	12.857	10.400	335.209	366.811
Money Market Placements	83.979	-	-	-	-	-	83.979
Financial Assets Available-for-Sale	13.523.787	4.295.708	9.638.166	7.400.729	8.258.604	352.592	43.469.586
Loans Given	34.573.957	13.226.259	17.700.499	32.113.561	4.511.418	1.059.376	103.185.070
Investments Held-to-Maturity	7.578.083	7.128.164	2.955.824	2.573.138	1.877.780	-	22.112.989
Other Assets	67.437	65.881	213.866	777.182	56.445	3.077.705	4.258.516
Total Assets	56.821.153	25.484.643	30.618.403	42.877.467	14.714.647	28.635.221	199.151.534
Liabilities							
Interbank Deposits	6.773.527	745.981	324.444	-	-	115.746	7.959.698
Other Deposits	70.739.821	17.074.610	9.675.853	568.816	1.121	27.039.000	125.099.221
Money Market Borrowings	19.006.956	3.912.592	1.764.405	-	-	-	24.683.953
Miscellaneous Payables	1.550	-	-	-	-	1.366.351	1.367.901
Issued Marketable Securities	971.944	842.244	653.321	68.234	-	-	2.535.743
Funds provided from Other Financial Institutions	1.172.382	577.601	4.074.198	842.123	333.294	-	6.999.598
Other Liabilities	24.976	6.347	14.020	5.308.842	27.672	25.123.563	30.505.420
Total Liabilities	98.691.156	23.159.375	16.506.241	6.788.015	362.087	53.644.660	199.151.534
Balance Sheet Long Position	-	2.325.268	14.112.162	36.089.452	14.352.560	-	66.879.442
Balance Sheet Short Position	(41.870.003)	-	-	-	-	(25.009.439)	(66.879.442)
Off-Balance Sheet Long Position	286.192	1.107.462	-	2.060	2.040	807	1.398.561
Off-Balance Sheet Short Position	-	-	(727.771)	(447.870)	-	-	(1.175.641)
Total Position	(41.583.811)	3.432.730	13.384.391	35.643.642	14.354.600	(25.008.632)	222.920

- (1) Balances without fixed maturity are shown in the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TRY4.542.397 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the “1-5 Years” column. TRY35.410 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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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. 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	27.731	-	-	-	-	21.253.997	21.281.728
Banks	621.037	340.250	161.918	9.470	-	490.057	1.622.732
Financial Assets at Fair Value Through Profit and Loss	1.907	817	2.880	14.345	16.241	132.968	169.158
Money Market Placements	58.162	3.560	-	-	-	-	61.722
Financial Assets Available-for-Sale	11.707.771	4.854.830	10.489.599	5.802.620	5.056.280	451.303	38.362.403
Loans Given	19.526.037	6.891.959	18.393.808	24.285.842	3.184.094	865.346	73.147.086
Investments Held-to-Maturity	8.726.370	10.962.981	3.529.569	1.880.786	2.222.332	-	27.322.038
Other assets	51.576	54.815	141.513	278.543	91.910	2.515.671	3.134.028
Total Assets	40.720.591	23.109.212	32.719.287	32.271.606	10.570.857	25.709.342	165.100.895
Liabilities							
Interbank Deposits	4.851.442	1.108.979	392.655	229.827	450.939	84.134	7.117.976
Other Deposits	67.883.171	14.004.597	7.961.408	334.251	3.209	22.374.642	112.561.278
Money Market Borrowings	8.334.493	2.023.843	804.138	-	-	-	11.162.474
Miscellaneous Payables	382	-	-	-	-	1.156.732	1.157.114
Issued Marketable Securities	132.765	1.019.768	701.604	-	-	-	1.854.137
Funds Provided from Other Financial Institutions	683.669	815.686	1.380.677	93.974	508.272	-	3.482.278
Other Liabilities	1.775	6.143	1.015	4.970.070	2.683	22.783.952	27.765.638
Total Liabilities	81.887.697	18.979.016	11.241.497	5.628.122	965.103	46.399.460	165.100.895
Balance Sheet Long Position	-	4.130.196	21.477.790	26.643.484	9.605.754	-	61.857.224
Balance Sheet Short Position	(41.167.106)	-	-	-	-	(20.690.118)	(61.857.224)
Off Balance Sheet Long Position	300.498	978.666	191	51	-	-	1.279.406
Off Balance Sheet Short Position	-	-	-	(1.162.801)	-	-	(1.162.801)
Total Position	(40.866.608)	5.108.862	21.477.981	25.480.734	9.605.754	(20.690.118)	116.605

- (1) Balances without fixed maturity are shown under the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TRY4.277.386 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the “1-5 Years” column. TRY14.843 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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IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

	EUR	USD	JPY	TRY
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	4,00
Banks	1,53	2,12	-	6,64
Financial Assets at Fair Value Through Profit and Loss	-	5,58	-	7,32
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,68	5,59	-	7,39
Loans Given ⁽²⁾	4,48	4,67	-	12,55
Investments Held-to-Maturity	6,36	7,01	-	7,37
Liabilities				
Interbank Deposits ⁽³⁾	0,92	1,50	-	7,65
Other Deposits ⁽⁴⁾	1,95	1,72	-	5,68
Money Market Borrowings	0,67	0,97	-	7,32
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	-	-	7,58
Funds Provided from Other Financial Institutions	1,28	1,75	-	7,03

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

(2) Does not include credit card loans.

(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.

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

	EUR	USD	JPY	TRY
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	1,44	2,09	-	6,69
Financial Assets at Fair Value Through Profit and Loss	-	5,58	-	9,06
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,67	6,03	-	8,37
Loans Given ⁽²⁾	4,73	5,06	-	14,77
Investments Held-to-Maturity	6,36	7,00	-	8,37
Liabilities				
Interbank Deposits ⁽³⁾	1,08	1,47	-	6,02
Other Deposits ⁽⁴⁾	2,09	1,68	-	6,04
Money Market Borrowings	0,63	1,11	-	5,67
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	-	-	-	7,48
Funds Provided from Other Financial Institutions	1,81	2,16	-	6,37

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

(2) Does not include credit card loans.

(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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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

A) Interest rate risk on banking accounts:

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of “Regulation for Interest Rate Risk on Banking Accounts”.

The Parent Bank conducts measurements, scenario analysis, limiting, monitoring and stress tests that are relevant for structure and complexity of its positions related to the market risk management, and reports the findings periodically, and the Bank also performs analyses related to interest rate risks for its entire balance sheet. New products and services are also evaluated in terms of interest rate risk originating from banking accounts.

In risk management as a minimum requirement, monitoring the rate between the funds with fixed and floating interest rates and utilizations and maturity mismatches, possible downward and upward ordinary and extraordinary interest rate changes, analysis of the effect of interest margin on the current values of the assets and liabilities, analyzing and following up the contractual maturities of the assets and liabilities and the behavioral maturities, following up the TRY and FC money interest margins, monitoring the effects of the interest rate fluctuations on the Parent Bank’s economic value and its capital need, calculation and determination of the size of interest rate shock in Parent Bank 's internal practices, monitoring the yield curve, base risk and option risk are carried out. Besides, in order to limit the effects of the fluctuations of the interest rates on Parent Bank’s financial structure, the interest rate risk resulted from banking accounts which is approved by the Board of the Directors is monthly monitored.

Interest rate risk on banking accounts: (Values belong to the Parent Bank)

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity– (Losses)/Equity
1. TRY	300	(2.030.427)	(9,76%)
2. TRY	(300)	2.372.434	11,41%
3. EUR	100	(12.493)	(0,06%)
4. EUR	(100)	18.265	0,09%
5. USD	100	(307.243)	(1,48%)
6. USD	(100)	350.671	1,69%
Total (of negative shocks)		2.741.370	13,18%
Total (of positive shocks)		(2.350.163)	(11,30%)

Equity share position risk in banking accounts

Equity Share Investments	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Stock Investment Group A	-	-	-
Stock Exchange Securities	-	-	-
2. Stock Investment Group B	-	-	-
Stock Exchange Securities	-	-	-
3. Stock Investment Group C	-	-	-
Stock Exchange Securities	-	-	-
4. Stock Investment Other Group	-	-	-
Other	157.893	157.893	-

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE LIQUIDITY RISK

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of "Liquidity Risk and Liquidity and Financial Emergency Situation Management".

The Parent 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 Parent Bank's liquidity and in the worst case scenario and the loss associated with it. The renewal of deposits which constitutes the Parent 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.

The Parent 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 Parent Bank is over the limit values specified in the mentioned regulation.

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 are mainly composed 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. Parent Bank limits its liquidity risk exposure by the approval of Board of Directors in context with "Liquidity Risk and Liquidity and Financial Emergency Situation 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 are followed regularly by the management and no inconsistency 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 are longer when compared to the maturity of deposits, securities with coupon payments are constituting majority of the securities portfolio and installments of loans 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 long term financial transactions.

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

The Parent Bank's major source of funds are deposits, funds are utilized as securities portfolio, other banks and loan placements. Since the most significant cash inflows are originated from securities portfolio and systematical cash inflows from these assets are regular, it is accepted as a liquidity risk reducing factor. Furthermore, periodical collections on loans have a role to cover the Parent Bank's need for funds.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

Presentation of assets and 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	23.508.598	-	-	-	-	-	33.131	23.541.729
Banks	304.724	957.570	768.491	102.069	-	-	-	2.132.854
Financial Assets at Fair Value Through Profit and Loss	33	134.154	4.326	105.758	112.140	10.400	-	366.811
Money Market Placements	-	83.979	-	-	-	-	-	83.979
Financial Assets Available-for-Sale	399	1.152.462	2.212.557	8.804.267	19.255.558	11.702.438	341.905	43.469.586
Loans Given	214.667	5.038.049	9.586.006	35.782.460	44.495.660	7.223.520	844.708	103.185.070
Investments Held-to-Maturity	-	1.139.600	5.893.998	5.988.212	5.995.518	3.095.661	-	22.112.989
Other Assets	1.010.953	102.034	95.252	233.714	780.170	58.794	1.977.599	4.258.516
Total Assets	25.039.374	8.607.848	18.560.630	51.016.480	70.639.046	22.090.813	3.197.343	199.151.534
Liabilities								
Interbank Deposits	115.751	6.708.744	403.906	543.793	-	187.504	-	7.959.698
Other Deposits	27.038.999	70.739.747	17.073.932	9.549.331	695.979	1.233	-	125.099.221
Funds Provided from Other Financial Instruments	-	434.040	284.697	4.163.577	1.028.702	1.088.582	-	6.999.598
Money Market Borrowings	-	19.006.956	3.912.592	1.764.405	-	-	-	24.683.953
Issued Marketable Securities	-	794.727	842.244	830.538	68.234	-	-	2.535.743
Miscellaneous Payables	714.596	580.404	24.506	16.214	-	-	32.181	1.367.901
Other liabilities ⁽³⁾	2.213.708	299.573	412.381	193.476	5.304.843	703.219	21.378.220	30.505.420
Total liabilities	30.083.054	98.564.191	22.954.258	17.061.334	7.097.758	1.980.538	21.410.401	199.151.534
Liquidity Gap	(5.043.680)	(89.956.343)	(4.393.628)	33.955.146	63.541.288	20.110.275	(18.213.058)	-
Prior Period								
Total Assets	22.676.205	5.469.104	7.255.886	46.763.055	65.848.247	14.393.435	2.694.963	165.100.895
Total Liabilities	24.725.693	82.391.575	18.865.243	11.324.967	5.656.378	2.442.896	19.694.143	165.100.895
Liquidity Gap	(2.049.488)	(76.922.471)	(11.609.357)	35.438.088	60.191.869	11.950.539	(16.999.180)	-

(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) TRY4.542.397 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 TRY35.410 is not granted as loan and is included under “Up to 1 Month” column.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

e) Credit Risk Mitigation Techniques:

The Parent Bank makes credit risk reduction by using simple financial collateral method in accordance with the Article 33 of Communiqué on Credit Risk Reduction Methods.

The Parent Bank does not perform net-off of balance sheet and off-balance sheet items in credit risk mitigation.

Financial collaterals considered as funded credit safe guards in bank are; treasury bills, government bonds, cash, mortgage on deposit and gold. Financial collaterals considered as unfunded credit safe guards in the Parent Bank are; guarantees and counter guarantees.

Financial collaterals are valued daily in the Parent Bank. Credibilities of guarantors are monitored and evaluated in the scope of maturity.

The Parent Bank has no position about credit derivatives.

Collaterals in terms of Risk Categories

Exposure classifications	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	89.926.185	8.829.543	-	-
Conditional and unconditional receivables from regional or local governments	116.449	37.295	-	25
Conditional and unconditional receivables from administrative units and non-commercial enterprises	399.937	135.208	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	24.799.950	14.246.521	-	-
Conditional and unconditional corporate receivables	45.966.707	559.899	-	401.829
Conditional and unconditional retail receivables	37.237.796	320.926	-	48.514
Conditional and unconditional secured mortgage receivables	7.830.521	3.964	-	850
Non-performing loan	558.867	-	-	-
Receivables in high risk category defined by BRSA	19.037.012	-	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	-	-	-	-
Other receivables	8.685.048	-	-	-
Total	234.558.471	24.133.356	-	451.218

(1) Prepared based on KR510 AS Form / 4th line distribution of numbers after conversion rate to credit of every risk classes.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Strategies and Practices on Risk Management:

The Parent Bank, manages the interest and credit risks occurred from the exposed market, liquidity and banking accounts, within the scope of BRSA regulations and by considering the best practices suitable to the volume of operations, qualification and complexity.

b) Structure and Organization of Risk Management

Risk Management Operations are conducted in accordance with the Regulation for Banks’ Internal Systems issued in the Official Gazette numbered 28337 and dated 28 June 2012 by Banking Regulation and Supervising Agency and within the scope of “Regulation for Risk Management” approved by the Bank’s Board of Directors’ Decision No. 7/101, dated 21 March 2012.

As of 30 September 2013, Risk Management organization is composed of operation and market risk management, credit risk management and balance sheet risks management units.

c) Risk Reporting and Scope and Qualification of the Measurement Systems

In order to put forward the potential risks which may be encountered by the Parent Bank, it is essential to consider the results of risk measurement and monitoring activities in the process of Parent Banks’ strategic decisions. In the buy – sell strategy context, the analyses presented below are performed regarding the measurement and monitoring of the whole balance sheet and portfolios determined by the Parent Bank.

Liquidity Risk

In order to put forward the liquidity risk of the Parent Bank, measurement, monitoring, limiting, stress tests and scenario analyses suitable to positions structures and complexity are carried out and the results are periodically reported.

For the purpose of measuring and monitoring activities of liquidity risk, Parent Bank realizes “Liquidity Gap Analysis”, “Behavioural Liquidity Gap Analysis”, “Average Maturity Analysis” and “Deposit Analysis”. Liquidity Gap Analysis is done based on time to maturity of assets and liabilities. Deposit Analysis is applied separately for time deposits and demand deposits. Also, for the purpose of the evaluation of the discount rates of the Parent Bank’s expected cash flows based on each position and each product, and after adjustment its potential liquidity needs on the basis of the maturity groups in line with the Parent Bank’s liquidity creation capacity, liquidity risk stress test is done. For liquidity risk, legal reporting is also done weekly.

Interest Rate Risk On Banking Accounts:

It is conducted to perform measurements, limiting, scenario analysis and stress tests that are suitable for structure and complexity of positions so as to be revealed interest rate on banking accounts that the Parent Bank can face with and report the findings cyclically.

It is made periodically Repricing Gap Analysis, Net Interest Margin/Revenue Analysis and Duration Analysis based on whole balance sheet intended for measurement and monitoring operations of interest rate on banking accounts and the Parent Bank’s economic capital adequacy is observed. Repricing Gap Analysis is applied based on assets and liabilities’ time to repricing and Net Interest Margin/Revenue Analysis is applied based on balance sheet items’ time to repricing. Duration Analysis is made through being weighted with quantities of periods that are calculated with effective duration method of assets and liabilities. It is revealed effect of important fluctuations, exchange rates, prices and interest rates in stress tests for interest rate on banking accounts. Also, it is made monthly legal reportings intended for interest rate on banking accounts.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Risk Reporting and Scope and Qualification of the Measurement Systems (Continued)

Market Risk

In order to put forward the possible interest risks resulted from the banking accounts, the Parent Bank carries out measurement, monitoring, limiting, stress testing and scenario analyses in accordance with the position structure and complexity of the operations and reports the results periodically.

In the Parent Bank, market risk based amount is calculated monthly by using Standard Method as within the context of legal reporting. This amount is included in Bank’s Standard Capital Adequacy Ratio.

Excluding Standard Method, Daily Value at Risk (“VAR”) forecasts are made as per daily period for buy - sell accounts and is reported to the related units. Backward testing is performed so as to measure performance of used model. Also, Bank performs as per daily and monthly periods stress tests and scenario analysis so as to observe the effect of excessive market fluctuations that are not covered by models over the Parent Bank’s financial position.

Market risk exposure is limited with VAR based limit (interest rate and currency risk limit) within the context of “Regulation for Market Risk Management”. These limits are daily monitored.

Operational Risks

Operational risk represents the possibility of damage from inadequate or failed internal processes, people and systems or from external events and including legal risks. The Operational Risk Management Services in the Bank in order to ensure compliance with Basel II, are carried out with the regulations issued on 28 June 2012 by the BRSA, revised in accordance with the Parent Bank’s “Operational, Reputational and Strategic Risk Management Regulations”.

The amount subject to operational risk is calculated by Basic Indicator Approach within the scope of “Communiqué on Measurement and Assessment of Capital Adequacy of Banks” in order for keeping adequate shareholder’s equity against losses that could arise due to operational risks in the Parent Bank, and is reported to BRSA based on yearly.

Operational risk profile in the bank is monitored with several effective methods. Actualized operational risks are followed by “Operational Risk Loss Database” which is compatible with accounting system. Advanced Measurement Approach is performed in scope of Calculation of economic capital and development of approach is performed.

So as to be determined the operational risk levels of branches, studyings of “Operational Risk Map” are carried out for use in Internal Control Audit Program.

An integrated risk mainframe is instituted within the scope of risks management arising from information technologies. In this context, a database regarding Information Technologies risks is constituted and actualised risks and actions taken are monitored via the database.

By being revised of Parent Bank Business Continuity Plan, that possible risks that may occur in activities due to corruption and its potential effects evaluated are documented as “Business Impact Analysis”.

Risk arising from purchase of services provided from support service organizations in order for continuity has been evaluated with the “Regulation on Procurement of Support Services of Banks” published by the BRSA. In this context, Risk Management Program was established and Risk Analysis Reports regarding support services taken by the Bank are prepared.

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VI. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Risk Reporting and Scope and Qualification of the Measurement Systems (Continued)

Credit Risk

As of 1 July 2012, BASEL II legal reporting process based on Standard Method is started in calculation of Credit Risk legal capital need.

In the Parent Bank, it was constituted scoring models for individual customers, rating for Corporate, Commercial and Enterprising customers with the object of customer evaluation within the scope of centralization of credit risk. The studies regarding these models' validation are conducted by Internal Control and Risk Management Group Presidency as independently from Units that have executive actions. It is also made analysis for performance measurement and accuracy with statistical methods.

In the Parent Bank, in base of segments, risk limits are framed at credit risk weighted assets and are monitored monthly based.

In the Parent Bank, based on general and sub accounts, credit portfolios' improvement tracking portfolio's improvement and loans under close monitoring is analysed periodically. Also, it is made vintage analysis for real estate, vehicle, consumer, commercial, agricultural and SME loans so as to credit monitoring and comparing past performances.

d) Procedures On Risk Management And Risk Mitigation Policies With Regular Control Of Their Effectiveness

In order to prevent the negations, the Parent Bank limits the risk limits with the related risk profile and risk toleration.

Risk limits are determined and approved by the Board of Directors by taking General Manager, Audit Committee and Executives' offers.

Risk limits are determined compatible with risk levels, operations, size of products and services and complexness of the Parent Bank. Limits are reviewed regularly, adapted according to changes in market conditions, Bank strategy and risk appetite and monitored cyclically.

In addition, derivative transactions are made by the Parent Bank, in order to obtain long term liabilities and limit the interest risks occurred from liquidity and banking accounts.

The Parent Bank reduces its risks according to basic financial method, and financial commitments are daily assessed. Credibilities of guarantors are monitored and assessed as part of credit revision maturities.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. 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 consumer banking, corporate and commercial banking, entrepreneurial banking, investment banking, project financing and international banking areas.

Known as having the most extensive branch network in retail (consumer) banking sector, the Parent Bank renders services, such as; deposits, consumer loans, loans originated from funds whose risk does not belong to the Parent Bank, credit cards, automatic payment, cheques and notes, money transfer order, foreign exchange transactions, internet banking, mobile banking, safe-deposit box 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 Bank has the technical infrastructure required by modern banking sector to meet its clients’ needs.

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

As the Group is the main financial institution that meets the financing needs of agricultural sector in Turkey, 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 The Central Union of Turkish Agricultural Credit Cooperatives. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from funds.

Investment banking operations are conducted by the Financial Market and Asset-Liability Management and Head of Departments of Economic Researches. 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.

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.

As of 30 September 2013 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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VII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting:

	Retail Banking	Corporate Commercial and Entrepreneurial Banking ⁽¹⁾	Specialized Banking	Investment Banking	International Banking	Consolidation Adjustments	Total Operations of the Group
Current Period							
Total Operating Income/Expense ⁽¹⁾	3.384.910	1.310.156	833.402	2.673.153	147.667	(275.143)	8.074.145
Net Operating Profit	1.300.882	578.940	366.950	1.172.592	59.124	4.713	3.483.200
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	(253.923)	64.344
Income Before Taxes	-	-	-	-	-	-	3.341.528
Tax Provision	-	-	-	-	-	-	(834.259)
Net Profit for the Period	-	-	-	-	-	-	2.507.269
Segment Assets-net ⁽¹⁾	38.644.324	40.096.927	22.490.674	88.660.506	6.641.657	(1.680.301)	194.853.787
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	-	136.055
Undistributed Assets ⁽³⁾	-	-	-	-	-	-	4.161.692
Total Assets							199.151.534
Segment Liabilities - net ⁽¹⁾	25.843.668	27.799.827	20.178.972	86.484.927	5.720.781	(1.137.747)	164.890.428
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	-	15.888.429
Shareholders' Equity	-	-	-	-	-	-	18.372.677
Total Liabilities	-	-	-	-	-	-	199.151.534
Other Segment Items							
Capital Investment	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	75.591
Restructuring Costs	-	-	-	-	-	-	-

- (1) 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
- (2) “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.
- (3) 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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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting: (Continued)

	Retail Banking	Corporate Commercial and Entrepreneurial Banking ⁽¹⁾	Specialized Banking	Investment Banking	International Banking	Consolidation Adjustments	Total Operations of the Group
Prior Period							
Total Operating Income/Expense ⁽²⁾	2.721.390	692.169	738.707	2.618.229	106.794	(133.542)	6.743.747
Net Operating Profit	912.938	292.446	303.221	1.072.027	34.879	1.825	2.617.336
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	(82.516)	9.554
Income Before Taxes	-	-	-	-	-	-	2.626.890
Tax Provision	-	-	-	-	-	-	(659.009)
Net Profit for the Period	-	-	-	-	-	-	1.967.881
Segment Assets-net	31.803.132	17.806.580	22.315.990	86.057.445	5.612.860	(1.679.288)	161.916.719
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	-	125.090
Undistributed Assets ⁽³⁾	-	-	-	-	-	-	3.059.086
Total Assets	-	-	-	-	-	-	165.100.895
Segment Liabilities - net	23.110.631	13.395.952	21.097.674	76.098.984	4.861.036	(1.430.740)	137.133.537
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	-	10.547.275
Shareholders' Equity	-	-	-	-	-	-	17.420.083
Total Liabilities	-	-	-	-	-	-	165.100.895
Other Segment Items							
Capital Investment	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	82.174
Restructuring Costs	-	-	-	-	-	-	-

(1) For the presentation of operating income, intradepartmental interest charged between branches and Treasury Operations Department 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.

(2) “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.

(3) 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 borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in “Undistributed Liabilities” row.

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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	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	1.075.460	425.126	1.105.775	359.246
Central Bank of the Republic of Turkey	2.006.966	19.956.484	4.802.571	14.473.438
Other	-	77.693	-	540.698
Total	3.082.426	20.459.303	5.908.346	15.373.382

1.a.1) Information on Required Reserves:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to Communiqué on Required Reserves of Central Bank of the Republic of Turkey’s numbered 2005/1. The Bank’s total domestic liabilities excluding the items stated in the Communiqué as deductibles and the deposits accepted on behalf of foreign branches from Turkey and loans which are obtained by the banks and followed under branches abroad constitutes 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 and up to 3-months maturity 11.5%; for deposits up to 6-months maturity 8.5%; for deposits up to 1-year maturity 6.5%; for deposits up to 1-year and longer maturity 5%; for TRY liabilities other than deposits up to 1-year maturity 11.5%; for TRY liabilities other than deposits between 1- and 3-years maturity 8%; for TRY liabilities other than deposits more than 3-years maturity 5%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 13%; for deposits 1-year and more than 1-year maturity 9%; for FC liabilities other than deposits up to 1-year maturity 13%; for FC liabilities other than deposits up to 3-years maturity 11%; and for FC 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 30 September 2013, total reserve requirement of the Group is TRY22.003.133 including Central Banks abroad. (31 December 2012: TRY19.774.030)

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	1.969.698	1.513.728	4.773.232	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves ⁽¹⁾⁽²⁾	37.268	18.442.756	29.339	14.473.438
Total	2.006.966	19.956.484	4.802.571	14.473.438

(1) Required reserve of branches abroad amounting to TRY50.058 is presented in this line (31 December 2012: TRY36.777).

(2) TRY13.662.188 in FC required reserves is the part of TRY required reserves kept as FC (31 December 2012: TRY11.100.608).

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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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. 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	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bonds, Treasury Bills and Similar Securities	2.884	-	4.513	-
Other	-	-	-	-
Total	2.884	-	4.513	-

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

Derivative Financial Assets Held-for-Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	9.025	16	27	324
Swap Transactions	191.611	133.900	7.861	124.756
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	200.636	133.916	7.888	125.080

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	1.271.767	355.880	638.377	212.856
Foreign Banks	39.162	466.045	12.568	758.931
Foreign Head Office and Branches	-	-	-	-
Total	1.310.929	821.925	650.945	971.787

4. a) Explanation regarding 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	15.305.979	4.303.003
Assets Blocked/Given as Collateral	2.443.595	289.274
Total	17.749.574	4.592.277

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	43.740.467	38.155.195
Quoted in Stock Exchange	43.740.467	38.155.195
Not Quoted in Stock Exchange	-	-
Share Certificates	342.357	261.753
Quoted in Stock Exchange	183.830	119.261
Not Quoted	158.527	142.492
Provision for Impairment (-)	613.238	54.545
Total	43.469.586	38.362.403

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	4.664
Loans Granted to Employees	260.112	107	239.746	86
Total	260.112	107	239.746	4.750

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled		Loans and Other Receivables	Restructured or Rescheduled	
		Loans and other receivables with revised contract terms ⁽¹⁾	Other		Loans and other receivables with revised contract terms	Other
Non-Specialized Loans	76.799.778	135.640	-	2.331.537	292.947	-
Commercial Loans	19.920.767	14.004	-	313.515	62.798	-
Export Loans	2.459.004	816	-	10.237	5	-
Import Loans	31.857	-	-	24.263	-	-
Loans Given to Financial Sector	1.842.338	-	-	-	-	-
Consumer Loans	31.472.220	30.910	-	1.737.279	23.198	-
Credit Cards	2.204.067	23	-	40.317	733	-
Other ⁽²⁾	18.869.525	89.887	-	205.926	206.213	-
Specialized Lending ⁽³⁾⁽⁴⁾	19.385.938	652.476	-	786.503	143.501	-
Other Receivables	-	-	-	-	-	-
Interest Income Accruals	1.812.042	-	-	-	-	-
Total	97.997.758	788.116	-	3.118.040	436.448	-

(1) Restructured or Rescheduled loans can not be decomposed systematically. Therefore it is shown in the “Loans and other receivables with revised contract terms” section.

(2) Restructured or Rescheduled loans and the loans under close monitoring and the separation of the accruals of other receivables can not be obtained by the available information operating system.

(3) Fund sourced Agricultural Loans are shown under Specialized Lending.

(4) Agriculturally qualified farmer standby loans have been displayed under Specialized Lending.

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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: (Continued)

No. of extensions	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 Times Extended (*)	788.116	436.448
3.4 or 5 Times Extended	-	-
Over 5 Times Extended	-	-

(*) Number of modification made according to extent of payment plan can not be decomposed systematically therefore it is shown in this line.

Extension Periods	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 - 6 Months	292.911	101.771
6 Months – 12 Months	296.371	93.173
1 - 2 Years	119.843	89.860
2 - 5 Years	78.121	151.644
5 Years and Over	870	-
Total	788.116	436.448

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans - TRY	321.541	32.416.146	32.737.687
Real Estate Loans	1.706	9.342.415	9.344.121
Vehicle Loans	1.317	187.360	188.677
Consumer Loans	314.900	22.623.264	22.938.164
Abroad ⁽²⁾	3.618	263.107	266.725
Other	-	-	-
Consumer Loans- Indexed to FC	-	10	10
Real Estate Loans	-	10	10
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- FC	27.364	129.977	157.341
Real Estate Loans	-	14.557	14.557
Vehicle Loans	-	636	636
Consumer Loans	27.364	114.784	142.148
Other	-	-	-
Individual Credit Cards-TRY	2.018.834	9.200	2.028.034
With Installment	834.032	8.751	842.783
Without Installment	1.184.802	449	1.185.251
Individual Credit Cards-FC	3.441	-	3.441
With Installment	-	-	-
Without Installment	3.441	-	3.441
Personnel Loans-TRY	16.087	161.181	177.268
Real Estate Loans	5	481	486
Vehicle Loans	-	-	-
Consumer Loans	5.775	159.624	165.399
Abroad ⁽²⁾	61	1.076	1.137
Other	10.246	-	10.246
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	651	6.493	7.144
Real Estate Loans	-	3.570	3.570
Vehicle Loans	-	134	134
Consumer Loans	617	2.540	3.157
Other	34	249	283
Personnel Credit Cards-TRY	72.511	251	72.762
With Installment	37.464	238	37.702
Without Installment	35.047	13	35.060
Personnel Credit Cards-FC	164	-	164
With Installment	-	-	-
Without Installment	164	-	164
Overdraft Accounts-TRY (Real Person)	452.019	-	452.019
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	2.912.612	32.723.258	35.635.870

⁽¹⁾ TRY244.765 of interest income accrual is not included in the table above.

⁽²⁾ TRY1.137 of consumer loans used by the personnel abroad and TRY266.725 of consumer loans have been shown under “Other” of 5-b table.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TRY	722.935	6.417.785	7.140.720
Business Loans	2.358	115.381	117.739
Vehicle Loans	6.471	233.360	239.831
Consumer Loans	711.534	1.503.076	2.214.610
Other	2.572	4.565.968	4.568.540
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	199.094	6.639.187	6.838.281
Business Loans	-	8.995	8.995
Vehicle Loans	-	677	677
Consumer Loans	126.338	6.444.208	6.570.546
Other	72.756	185.307	258.063
Corporate Credit Cards-TRY	140.113	199	140.312
With Installment	27.614	189	27.803
Without Installment	112.499	10	112.509
Corporate Credit Cards-FC	427	-	427
With Installment	-	-	-
Without Installment	427	-	427
Overdraft Account-TRY (Legal Entity)	34.444	-	34.444
Overdraft Account-FC (Legal Entity)	571	-	571
Total ⁽¹⁾	1.097.584	13.057.171	14.154.755

⁽¹⁾ Accruals are not included in the table above.

e) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	99.708.804	69.374.300
Foreign Loans	819.516	1.304.612
Interest Income Accruals of Loans	1.812.042	1.664.559
Total	102.340.362	72.343.471

f) Loans granted to subsidiaries and associates:

None (31 December 2012: None).

g) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	93.055	127.788
Loans and other receivables with doubtful collectability	390.777	561.030
Uncollectible loans and other receivables	1.072.954	592.114
Total	1.556.786	1.280.932

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

	Group III:	Group IV:	Group V:
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period	13.940	54.340	96.037
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	13.940	54.340	96.037
Rescheduled loans and other receivables	-	-	-
Prior period	13.471	47.107	66.765
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	13.471	47.107	66.765
Rescheduled loans and other receivables	-	-	-

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

	Group III:	Group IV:	Group V:
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period Ending Balance	263.000	1.049.253	772.294
Additions (+)	956.823	140.009	155.763
Transfers from other categories of non-performing loans (+)	-	830.981	1.454.165
Transfers to other categories of non-performing loans (-)	830.981	1.454.165	8.036
Collections (-) ⁽¹⁾	178.549	147.859	601.200
Write-offs (-)	-	-	4
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	4
Current Period End Balance ⁽²⁾	210.293	418.219	1.772.982
Specific Provision (-)	93.055	390.777	1.072.954
Net Balance on Balance Sheet ⁽²⁾	117.238	27.442	700.028

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

⁽²⁾ Includes the loans originated from funds amounting to TRY258.799 whose risk does not belong to the Parent Bank.

⁽³⁾ As of 30 September 2013, the Parent Bank made 100% provision for the portion of TRY623 million of the loans under follow-up which is TRY156 million after taking guarantees into consideration.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

h) Information on non-performing receivables (net): (Continued)

3) Information on foreign currency non-performing loans:

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	11.594	12.647	30.644
Specific Provision (-)	3.063	9.679	30.409
Net Balance on Balance Sheet	8.531	2.968	235
Prior Period:			
Period Ending Balance	9.175	10.489	24.081
Specific Provision (-)	4.036	9.096	21.820
Net Balance on Balance Sheet	5.139	1.393	2.261

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

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	117.238	27.442	700.028
Loans to Real Persons and Legal Entities (Gross)	210.293	362.898	1.772.982
Specific Provisions (-)	93.055	335.456	1.072.954
Loans to Real Persons and Legal Entities (Net)	117.238	27.442	700.028
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	55.321	-
Specific Provisions (-)	-	55.321	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	135.212	488.223	180.180
Loans to Real Persons and Legal Entities (Gross)	263.000	996.394	772.294
Specific Provisions (-)	127.788	508.171	592.114
Loans to Real Persons and Legal Entities (Net)	135.212	488.223	180.180
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	52.859	-
Specific Provisions (-)	-	52.859	-
Other Loans and Receivables (Net)	-	-	-

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	
	TRY	FC	TRY	FC
Government Bonds	8.138.187	3.877.369	4.617.294	3.182.681
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	8.138.187	3.877.369	4.617.294	3.182.681

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	7.053.818	828.725	6.456.814	594.419
Other	-	-	-	-
Total	7.053.818	828.725	6.456.814	594.419

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

	Current Period	Prior Period
Government Bonds	22.075.894	27.251.620
Treasury Bills	-	37.141
Other Public Sector Debt Securities	-	-
Total	22.075.894	27.288.761

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	22.112.989	27.322.038
Quoted in a Stock Exchange	22.075.894	27.305.785
Not Quoted in a Stock Exchange	37.095	16.253
Provision for Impairment (-)	-	-
Total	22.112.989	27.322.038

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	27.322.038	32.632.337
Addition to Scope of Consolidation	-	-
Foreign Currency Differences on Monetary Assets	568.818	(277.048)
Purchases During the Year	198.533	220.573
Disposals through Sales and Redemptions	(5.976.400)	(5.253.824)
Provision for Impairment (-)	-	-
Period End Balance	22.112.989	27.322.038

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

d) Movements of held-to-maturity investments: (Continued)

Within the year 2008, the Parent Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TRY23.630.115, EUR717.616 thousand and USD1.483.317 thousand to held-to-maturity portfolio with fair values of TRY22.971.669, 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 the amendment of TAS 39 “Turkish Accounting Standard for Financial Instruments: Recognition and measurement” published in the Official Gazette No. 27040 dated 31 October 2008 by Public Oversight Accounting and Auditing Standards Authority.

Revaluation differences of reclassified available for sale securities before deferred tax are TRY68.984, EUR(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, negative revaluation differences which are accounted under shareholders’ equity are TRY8.377, USD13.656 thousand and EUR8.686 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR34.336 thousand and USD66.641 thousand respectively.

If the reclassification from the held for trading securities portfolio to the held to maturity had not been performed, income accrual amounting to TRY19.116 would have been recorded. As of 30 September 2013, the reclassification from held for trading securities to held to maturity investments has an income impact of TRY(14.624).

7. Information about associates (net):

a) 1) Information about unconsolidated associates:

	Description	Address (City/Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	10,00	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	33.001	23.773	19.650	365	-	4.171	4.189	-
2	91.353	78.926	48.848	1.784	-	28.150	24.044	-

(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 reviewed financial statements of 30 September 2013. Prior period profit/loss information of associates has been provided from reviewed financial statements as of 30 September 2012.

(3) Total non-current assets include long term loans other than fixed assets.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

b) 1) Information about consolidated associates:

	Description	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul/Turkey	22,22	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	3.175.098	445.468	23.757	62.549	10.890	33.222	52.536	-

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

(2) Current period financial statements information of ArapTürk Bankası A.Ş. has been provided from reviewed financial statements as of 30 September 2013 and prior period profit/loss balances of ArapTürk Bankası A.Ş. have been provided from reviewed financial statements as of 30 September 2012.

2) Explanation regarding consolidated associates:

	Current Period	Prior Period
Beginning Balance	63.676	54.619
Movement During the Period	5.060	9.057
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation	-	-
Transfer to Available for Sale Fin. Assets	-	-
Sales	-	-
Revaluation	5.060	9.057
Impairment Provision	-	-
Ending Balance	68.736	63.676
Capital Commitments	-	-
Period Ending Share of Capital Participation	-	-

3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	68.736	63.676
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

4) Consolidated associates quoted to a stock exchange:

None (31 December 2012: None).

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Information on subsidiaries (net):

a) 1) 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	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/Turkey	100,00	100,00

	Total Assets ⁽³⁾	Shareholders’ Equity ⁽³⁾	Total Non- Current Assets ⁽³⁾	Interest Income ⁽³⁾	Income from Marketable Securities ⁽³⁾	Current Period Profit/ Loss ⁽³⁾	Prior Period Profit/Loss ⁽³⁾	Fair Value ⁽²⁾
1	47.859	5.115	36.538	188	29	(364)	479	-

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

(2) Current period information of the subsidiary has been provided from reviewed financial statements as of 30 September 2013 and prior period profit/loss balance has been provided from reviewed financial statements as of 30 September 2012.

(3) With the board of director decision in 15 May 2013, Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.’s nominal share of TRY610.000 was vested in T. Halk Bankası A.Ş. and partnership relation with this subsidiary was actually terminated in 23 July 2013.

b) 1) Explanation regarding consolidated subsidiaries:

In consolidated financial tables of Parent Bank’s, 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, TRY 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 Parent Bank’s Share Percentage-if different Voting Percentage (%)	The Parent Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	İstanbul / TURKEY	100,00	100,00
2	Ziraat Sigorta A.Ş.	İstanbul / TURKEY	100,00	100,00
3	Ziraat Finansal Kiralama A.Ş.	İstanbul / TURKEY	100,00	100,00
4	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / TURKEY	100,00	99,60
5	Ziraat Portföy Yönetimi A.Ş.	İstanbul / TURKEY	100,00	99,70
6	Ziraat Bank International A.G.	Frankfurt/GERMANY	100,00	100,00
7	Ziraat Bank BH d.d.	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	99,58

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

b) 1) Explanation regarding consolidated subsidiaries: (Continued)

	Total Assets ⁽³⁾	Shareholders' Equity ⁽³⁾	Total Non-Current Assets ⁽³⁾	Interest Income ⁽³⁾	Income from Marketable Securities Portfolio ⁽²⁾	Current Period Profit/Loss ⁽³⁾	Prior Period Profit/Loss ⁽³⁾	Fair Value ⁽¹⁾	Shareholders' Equity Amount To Be Needed
1	1.217.706	213.177	2.381	56.276	8.616	98.963	85.182	-	-
2	333.954	109.980	1.601	9.456	462	37.436	38.408	-	-
3	1.300.039	170.487	432	53.660	3	15.008	16.267	-	-
4	90.375	75.815	1.441	21.344	662	4.733	5.580	-	-
5	9.546	9.139	107	462	443	(6)	721	-	-
6	2.403.126	433.426	3.833	46.250	2.946	1.915	6.145	397.353	-
7	502.395	104.235	13.638	15.331	397	5.461	330	58.047	-
8	143.207	61.037	4.308	7.445	97	2.836	3.937	57.240	-
9	354.149	229.298	9.485	14.176	814	13.828	5.607	197.734	-

(1) The subsidiaries other than the ones presented with fair value are not traded in stock exchange and accordingly fair values cannot be determined and they are carried at cost less impairment, if any. For the subsidiaries having fair value, fair value shows the portion belonging to Ziraat Bank.

(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 the reviewed financial statements as of 30 September 2013, the prior period profit/loss balances have been provided from reviewed financial statements as of 30 September 2012.

2) Information about consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	886.501	694.228
Movements During the Period	258.568	192.273
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	36.764	58.848
Bonus Shares Obtained	221.804	59.676
Dividends from current year income	-	-
Transfers to available for sale assets	-	-
Sales ⁽²⁾	-	37.469
Revaluation Increase	-	111.218
Impairment Provision	-	-
Balance at the End of the Period	1.145.069	886.501
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

(1) The capital increase in the period is shown under “Purchases”.

(2) With the Bank's Board of Directors' Decision No. 4, dated 11 January 2012, the total 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 was completed by November 2012.

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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	768.828	710.374
Insurance Companies	129.972	39.984
Factoring Companies	-	-
Leasing Companies	182.839	116.291
Financing Companies	-	-
Other Financial Subsidiaries	63.430	19.852

a) Subsidiaries which are quoted on a stock exchange:

None. (31 December 2012: None)

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

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share ⁽²⁾	Group's Share	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	12.421	12.421	162.851	9.072	26.183	16.460	8.911
Uzbekistan- Turkish Bank	25.714	25.724	127.523	1.813	1.822	7.487	4.424
Azer Türk Bank ASC	17.321	18.827	246.363	1.687	584	24.219	21.044
Total	55.456	56.972	536.737	12.572	28.589	48.166	34.379

⁽¹⁾ Information on entities under common control is provided from the unaudited financial statements as of 30 September 2013.

⁽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	490.566	405.213	101.537	93.575
1-5 Years	904.151	777.182	510.719	436.059
More than 5 Years	63.289	56.445	108.516	87.915
Total	1.458.006	1.238.840	720.772	617.549

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 (31 December 2012: 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 through consumer, trade and agricultural receivables 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 immovables acquired amount to TRY97.142 consisting of TRY8.615 on consumer loan, TRY73.189 on its commercial loans and TRY15.338 on its agricultural loans. Also, the sum of movables acquired from consumer loan amount to TRY168. Total depreciation expense is TRY499 for these held for sale assets.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED 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	8.956.849	-	2.235.505	43.832.955	3.929.544	780.795	884.675	5.034	60.625.357
Foreign Currency Deposits	5.558.990	-	3.722.406	8.699.791	2.430.502	1.872.959	7.832.925	280	30.117.853
Residents in Turkey	4.612.267	-	3.424.572	7.880.406	2.195.354	1.077.598	6.485.544	277	25.676.018
Residents Abroad	946.723	-	297.834	819.385	235.148	795.361	1.347.381	3	4.441.835
Public Sector Deposits	6.600.214	-	2.794.233	6.186.497	438.939	280.547	5.955	-	16.306.385
Commercial Inst. Deposits	2.889.088	-	3.001.673	4.045.678	172.338	569.453	178.800	-	10.857.030
Other Inst. Deposits	1.519.764	-	947.306	2.359.020	179.064	406.934	4.366	-	5.416.454
Precious Metals	1.514.095	-	-	268.694	-	-	-	-	1.782.789
Interbank Deposits	115.750	-	4.809.585	1.384.054	1.532.255	36.415	74.992	-	7.953.051
CBRT	2.746	-	2.615	-	-	-	-	-	5.361
Domestic Banks	32.775	-	4.400.043	102.706	334.975	2.000	4.114	-	4.876.613
Foreign Banks	41.995	-	406.927	1.281.348	1.197.280	34.415	70.878	-	3.032.843
Participation Banks	38.234	-	-	-	-	-	-	-	38.234
Other	-	-	-	-	-	-	-	-	-
Total	27.154.750	-	17.510.708	66.776.689	8.682.642	3.947.103	8.981.713	5.314	133.058.919

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	6.841.656	-	2.177.611	43.630.169	3.366.354	481.282	839.417	5.010	57.341.499
Foreign Currency Deposits	4.419.545	-	3.344.408	6.213.862	2.605.138	929.004	5.692.499	272	23.204.728
Residents in Turkey	3.592.096	-	3.237.316	5.837.263	2.398.288	742.057	4.776.439	270	20.583.729
Residents Abroad	827.449	-	107.092	376.599	206.850	186.947	916.060	2	2.620.999
Public Sector Deposits	6.417.045	-	1.572.256	5.756.571	336.474	366.977	3.577	-	14.452.900
Commercial Inst. Deposits	2.395.630	-	2.488.634	4.793.646	880.897	6.475	46.241	-	10.611.523
Other Inst. Deposits	1.451.961	-	401.365	3.640.179	171.128	348.875	6.788	-	6.020.296
Precious Metals	848.805	-	-	81.527	-	-	-	-	930.332
Interbank Deposits	84.134	-	4.107.739	923.044	1.995.059	2.000	6.000	-	7.117.976
CBRT	6.118	-	1.777	-	-	-	-	-	7.895
Domestic Banks	36.307	-	4.078.998	211.324	279.529	2.000	6.000	-	4.614.158
Foreign Banks	31.460	-	26.964	711.720	1.715.530	-	-	-	2.485.674
Participation Banks	10.249	-	-	-	-	-	-	-	10.249
Other	-	-	-	-	-	-	-	-	-
Total	22.458.776	-	14.092.013	65.038.998	9.355.050	2.134.613	6.594.522	5.282	119.679.254

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (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:

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽²⁾	40.402.359	30.505.073	19.954.883	26.579.587
Foreign Currency Saving Deposits ⁽²⁾	13.048.619	8.336.033	10.820.830	10.600.342
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	448.627	423.579	48.059	28.553
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, TRY22.628 and TRY 16.927 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2012: Bulgaria and Greece, respectively TRY10.668, TRY9.642).

⁽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, TRY2.677 of demand deposits is not included in the above calculation, since the 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 TRY100.000 attributable to a real person is covered by the insurance, TRY335.628 thousand 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 15 February 2013 and numbered 28560.

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 RELATED TO LIABILITIES (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	63.596	64.624
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors and Their Close Families	1.428	1.691
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:

Financial Liabilities Held for Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	8.712	14	25	319
Swap Transactions	2.128	48.576	38.962	16.285
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	10.840	48.590	38.987	16.604

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	154.454	391.248	82.261	159.675
Foreign Banks, Institutions and Funds	933.386	5.520.510	797.484	2.442.858
Total	1.087.840	5.911.758	879.745	2.602.533

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	120.960	4.515.825	70.574	1.573.650
Medium and Long-Term	966.880	1.395.933	809.171	1.028.883
Total	1.087.840	5.911.758	879.745	2.602.533

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

66.81% of the Group’s liabilities consist of deposits. Deposits are having a diversified base and have steady structures. The Bank’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	-	-	27	25
Between 1-4 Years	-	-	270	262
More than 4 Years	-	-	-	-
Total	-	-	297	287

6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes (31 December 2012: None).

7. Explanations on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions	1.796.272	1.233.215
Provisions for First Group Loans and Receivables	1.558.411	1.001.019
Additional Provision for Loans and Receivables with Extended Maturities	53.382	20.214
Provisions for Second Group Loans and Receivables	130.737	150.136
Additional Provision for Loans and Receivables with Extended Maturities	21.362	13.702
Provisions for Non-Cash Loans	75.841	47.638
Other	31.283	34.422

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

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 not indemnified non-cash loans:

Specific provisions for not indemnified non-cash loans amount to TRY27.570.

d) Information on other provisions:

1) Information on free provisions for possible risks:

The accompanying financial statements include a free provision amounting to TRY953.300 thousand (TRY309.000 thousand of this provision amount was charged to the income statement in the current year), provided by the Parent Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TRY10.250 and other provision of TRY161 exist for cash transfers made by Bank officials.

	Current Period	Prior Period
Free provisions for possible risks	963.711	654.776

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 TRY100 amounts to TRY69.855 full provision has been provided in the accompanying financial statements for law suits ended against the Parent Bank but not finalized yet, amounting to TRY33.409. 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, provision amounting to TRY62.932 has been provided.

With the final decision of the Competition Board in 8 March 2013, the Parent Bank was imposed an administrative penalty amounting to TRY148.231 and the reasoned decision of penalty above-mentioned has been communicated to the Bank that is 1% of its annual gross revenue formed at the end of 2011 and determined by the Board, because of the violation of the fourth article of "Act on the Protection of Competition" numbered 4054. In accordance with 17th article of Misdemeanor Law, TRY111.174 was paid in 16 August 2013 and TRY111.200 which was booked as other provision in early period was cancelled by reversal (Section 5, Note VI).

Furthermore, based on the decision of the Parent Bank management, provision amounting to TRY105.100 in total without taking into consideration the guarantees of the loans and in line with the conservatism principle, 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 conservatism principle without taking into consideration the guarantees of these loans.

The Parent Bank also provided provisions amounting to TRY27.570 for not indemnified non-cash loans, and TRY19.499 for other provisions. As a result, in addition to the provisions mentioned above, the other provision balance on the Group's balance sheet amounts to TRY1.212.221 (31 December 2012: TRY1.031.318).

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

e) Vacation and employment termination benefits obligations:

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. . As of 30 September 2013 unpaid vacation provision amounted to TRY131.932 (31 December 2012: TRY134.400) and employment termination benefits provision amounted to TRY546.940 (31 December 2012: TRY639.800) is presented under the “Employee Benefits Provision” in the financial statements.

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of 30 September 2013, the remaining corporate tax liability after deducting temporary taxes paid for the period is TRY272.141 (31 December 2012: TRY348.154).

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	272.141	348.154
Taxation on Income From Securities	128.181	86.583
Property Tax	1.550	1.023
Banking Insurance Transactions Tax (BITT)	54.098	52.227
Foreign Exchange Transactions Tax	14	5
Value Added Tax Payable	2.123	3.483
Other	27.637	34.231
Total	485.744	525.706

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on tax liability: (Continued)

a) Information on current tax liability: (Continued)

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	374	98
Social Security Premiums - Employer	296	134
Bank Social Aid Pension Fund Premium - Employee	128	101
Bank Social Aid Pension Fund Premium - Employer	237	187
Pension Fund Membership Fees and Provisions - Employee	6	5
Pension Fund Membership Fees and Provisions - Employer	20	14
Unemployment Insurance - Employee	353	247
Unemployment Insurance - Employer	685	496
Other	-	9
Total	2.099	1.291

b) Information on deferred tax liabilities, if any:

The Group’s deferred tax liability amounts to TRY408 (31 December 2012: TRY368) and deferred tax asset amounts to TRY278.460 (31 December 2012: TRY227.208) is presented in the financial statements as of 30 September 2013.

9. 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 Parent 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 Bank has no capital commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Information on shareholders’ equity: (Continued)

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	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Entities under common control	-	175.386	-	-
Revaluation Difference	-	175.386	-	-
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	(235.681)	(273.065)	474.452	450.284
Revaluation Difference	(472.122)	(273.065)	695.188	450.284
Deferred Tax Effect	117.971	-	(212.771)	-
Foreign Exchange Difference	118.470	-	(7.965)	-
Total	(235.681)	(97.679)	474.452	450.284

III. EXPLANATIONS AND NOTES RELATED 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	2.519.374	2.410.300
Asset Purchase Commitments	1.458.341	455.918
Commitments for Credit Card Expenditure Limits	3.910.475	3.829.389
Loan Granting Commitments	2.458.889	199.008
Other Irrevocable Commitments	2.720.557	2.151.772
Subsidiaries and Associates Capital Contribution Commitments	-	-
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	33.079	10.985
Total	13.100.715	9.057.372

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.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Current Period	Prior Period
Guarantee Letters	19.932.763	12.276.010
Bank Acceptances	1.751.349	960.969
Letter of Credits	3.863.050	2.415.141
Total	25.547.162	15.652.120

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

	Current Period	Prior Period
Letter of Temporary Guarantees	1.132.040	473.559
Letter of Certain Guarantees	12.135.524	6.832.794
Letters of Advance Guarantees	5.224.991	3.533.511
Letters of Guarantees given to Customs Offices	81.023	122.121
Other Letters of Guarantees	1.332.001	1.290.524
Total	19.905.579	12.252.509

c) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	1.320.802	1.168.472
With Original Maturity of One Year or Less	360.648	244.978
With Original Maturity of More than One Year	960.154	923.494
Other Non-Cash Loans	24.226.360	14.483.648
Total	25.547.162	15.652.120

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans ⁽¹⁾	6.411.453	515.701	6.258.287	285.989
Short Term Loans	1.878.073	66.459	1.872.571	50.405
Medium and Long Term Loans	4.433.365	448.661	4.311.316	235.544
Interest on Non-Performing Loans	100.015	581	74.400	40
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	
	TRY	FC	TRY	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	68.391	3.918	44.486	241
Foreign Banks	775	3.740	824	4.478
Head Office and Branches	-	105	-	95
Total	69.166	7.763	45.310	4.814

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. c) Information on interest income received from marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial assets held for trading	692	339	2.093	424
Financial assets where fair value change is reflected to income statement	676	-	781	-
Financial assets available for sale	1.898.896	178.522	2.278.677	139.995
Investments held to maturity	1.168.313	226.485	2.052.940	215.993
Total	3.068.577	405.346	4.334.491	356.412

d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	2.437	3.641

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks ⁽¹⁾	48.483	65.007	47.958	17.552
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	5.385	5.700	18.426	1.281
Foreign Banks	43.098	59.307	29.532	16.271
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	48.483	65.007	47.958	17.552

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

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	18.724	17.047

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TP	YP	TP	YP
Interest Expense on securities issued	116.808	-	94.515	-

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

d) Distribution of interest expenses on deposits based on maturity of deposits:

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Bank deposits	-	105.439	-	-	-	-	-	105.439
Saving deposits	9	89.515	2.196.388	213.303	39.904	48.481	535	2.588.135
Public sector deposits	152	93.270	318.550	15.826	23.013	75	-	450.886
Commercial deposits	109	94.401	206.736	35.716	15.254	594	-	352.810
Other deposits	18	9.184	134.783	19.888	21.173	269	-	185.315
7 days call accounts	-	-	-	-	-	-	-	-
Total	288	391.809	2.856.457	284.733	99.344	49.419	535	3.682.585
FC								
Foreign currency deposits	5.903	37.025	102.146	42.643	20.469	116.432	5	324.623
Bank deposits	39.146	-	-	-	5.610	11.300	-	56.056
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	101	795	55	35	31	-	1.017
Total	45.049	37.126	102.941	42.698	26.114	127.763	5	381.696
Grand Total	45.337	428.935	2.959.398	327.431	125.458	177.182	540	4.064.281

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

	Current Period	Prior Period
Profit	7.677.248	3.879.032
Profit from the Capital Market Transactions	71.623	79.833
Profit on Derivative Financial Instruments	1.502.475	901.763
Foreign Exchange Gains	6.103.150	2.897.436
Loss (-)	7.731.068	3.894.016
Loss from the Capital Market Transactions	1.428	19.663
Loss on Derivative Financial Instruments	1.185.860	1.080.025
Foreign Exchange Loss	6.543.780	2.794.328

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

	Current Period	Prior Period
Effect of the change in exchange rates on profit/loss	1.031.108	(708.874)
Effect of the change in interest rates on profit/loss	(714.493)	530.612
Total	316.615	(178.262)

5. 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 Bank’s other operating income consists of reversals from prior period provisions amounting to TRY568.021.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. a) Provision expenses for impairment on loans and other receivables:

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	532.804	585.784
Group III Loans and Receivables	86.451	270.575
Group IV Loans and Receivables	310.988	222.618
Group V Loans and Receivables	135.365	92.591
General Provision Expenses ⁽²⁾	565.238	126.581
Provision Expenses for the Possible Losses	309.300	565.800
Marketable Securities Impairment Expense	1.071	474
Financial Assets at Fair Value through Profit and Loss	-	1
Financial Assets Available for Sale	1.071	473
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	-	8.418
Associates	-	-
Subsidiaries	-	-
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	8.418
Other	1.629	98.670
Total	1.410.042	1.385.727

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TRY269.228 are presented in other operating income (30 September 2012: TRY108.237).

⁽²⁾ The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TRY175 are presented in other operating income.

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1.345.699	1.079.478
Reserve for Employee Termination Benefits	34.833	73.455
Parent Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	326	580
Depreciation Expenses of Tangible Fixed Assets	57.519	44.935
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	18.072	11.277
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	-	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	1.330.339	456.337
Operational Leasing Expenses	80.889	62.314
Maintenance Expenses	56.109	24.287
Advertisement Expenses	51.328	9.616
Other Expenses	1.142.013	360.120
Loss on Sales of Assets	397	95
Other ⁽¹⁾	546.599	1.073.650
Total	3.333.784	2.739.807

⁽¹⁾ TRY206.393 of the relevant balance is Savings Deposit Insurance Fund expense accrual (30 September 2012: TRY155.371), TRY217.041 is taxes, fees and tolls expenses (30 September 2012: TRY157.270).

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on profit/loss before tax 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	5.788.591	5.093.515
Net Fees and Commissions Income	629.620	517.246
Dividend Income	64.344	9.554
Trading Income/Expense (Net)	(53.820)	(14.984)
Other Operating Income	1.645.410	1.138.416
Provision for Loan or Other Receivables Losses (-)	1.410.042	1.385.727
Other Operating Expenses (-)	3.333.784	2.739.807
Earning/Loss from Subsidiaries Consolidated with Equity Pick-up	-	8.677
Income/(Loss) From Continuing Operations	3.330.319	2.626.890

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

As of 30 September 2013, the Group's income tax provision amounting to TRY(834.259) (30 September 2012: TRY(659.009)) consists of TRY(554.152) (30 September 2012: TRY(835.938)) of current tax charge and TRY(280.107) (30 September 2012: TRY176.929) of deferred tax income.

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

The Group's net operating income after tax amounts to TRY2.507.269 (30 September 2012: TRY1.967.881).

11. 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.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

12. 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 30 September 2013, the Group’s other fee and commission income amounting to TRY687.161 (30 September 2012: TRY604.834) consists of TRY192.915 (30 September 2012: TRY205.330) of credit card fees and commission income, TRY172.991 (30 September 2012: TRY108.467) of insurance commission and the remaining TRY321.255 (30 September 2012: TRY291.037) of money order, account management fee and other commission income.

V. EXPLANATIONS AND NOTES RELATED 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 ⁽²⁾	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	61.333	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Interest and Commissions Income	2.437	-	-	-	-	-

(1) The cash loans balance includes the investments to associates, subsidiaries and entities under common control.

(2) Placements to foreign banks in the risk group amounting to TRY795.956 are included in the cash loans.

b) Prior 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 ⁽²⁾	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	18.419	-	-	-	-	-
Closing Balance	61.333	-	-	-	-	-
Interest and Commissions Income	3.641	-	-	-	-	-

(1) The cash loans balance includes the investments to associates, subsidiaries and entities under common control.

(2) Placements to foreign banks in the risk group amounting to TRY695.461 are included in the cash loans.

(3) Interest and commissions income balance is the balance as of 30 September 2012.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**V. EXPLANATIONS AND NOTES RELATED 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) Deposits held by the Parent Bank’s risk group:

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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	557.636	580.370	-	-	-	-
Closing Balance	1.778.558	557.636	-	-	-	-
Interest expense on deposits	18.724	17.047	-	-	-	-

⁽¹⁾ The prior period balance of the accrued interest expense of the deposit is the balance as of 30 September 2012.

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

	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	-	7.402	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	47	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

⁽¹⁾ The prior period loss balance is the balance as of 30 September 2012.

e) Information about fees paid to the Group’s key management:

Fees paid to the Group’s key management total amount is TRY19.133 (30 September 2012: TRY14.339).

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VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

1. The issue and public offer of the Bank's bonds with a nominal value of TRY612 million with 105-day maturity and having a fixed term on 24 January 2014 and of the bonds with a nominal value of TRY538 million with 180-day maturity and having a fixed term on 9 April 2014 have been performed via book-building method on 7 October, 8 October and 9 October 2013. The compound interest rates were 7.65% and 7.91% respectively.
2. The issue and public offer of the Bank's bonds with a nominal value of TRY501 million with 120-day maturity and having a fixed term on 5 March 2014 and of the bonds with a nominal value of TRY324 million with 174-day maturity and having a fixed term on 28 April 2014 and of the bonds with a nominal value of TRY85 million with 353-day maturity and having a fixed term on 24 October 2014 have been performed via book-building method on 30 October, 31 October and 1 November 2013. The compound interest rates were 7.52%, 7.78% and 8.36%.

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE GROUP’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDITORS’ REVIEW REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS’ REVIEW REPORT

As of 30 September 2013, consolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor’s Review Report dated 25 November 2013 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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