

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2013**

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

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

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

We have audited the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (“the Bank”) at 31 December 2013 and the related unconsolidated statements of income, cash flows and changes in shareholders’ equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Basis for the qualified opinion:

As mentioned in Section II. Note 7.d1 of Explanations and Notes to the Unconsolidated Financial Statements; as of the balance sheet date, the accompanying financial statements include a general reserve amounting to TL1.006.000 thousand (TL250.500 thousand of this reserve 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.

Independent Auditor's Opinion:

In our opinion, except for the effect of the matter described in the "Basis for the qualified opinion" paragraph above on the financial statements, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as of 31 December 2013 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

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

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

Haluk Yalçın, SMMM
Partner
Istanbul, 17 February 2014

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

THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2013

The Bank's Headquarter Address: Doğanbey Mahallesi Atatürk Bulvarı
No: 8 06107-Altındağ/ANKARA
Phone: (312) 584 20 00
Facsimile: (312) 584 49 63
Website: www.ziraatbank.com.tr

The unconsolidated 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 BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- EXPLANATIONS ON THE FINANCIAL POSITION OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

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

Muharrem KARSLI
Chairman of the Board of Directors
Member of the Audit Committee

Hüseyin AYDIN
Member of the Board of
Directors
General Manager

Feyzi ÇUTUR
Member of the Board of
Directors
Member of the Audit Committee

Cem İNAL
Financial Coordination
Assistant General Manager

Atakan BEKTAŞ
Head of
Reporting Management

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

Name/Title : Kubilay ŞAHİN / External Reporting Manager
Telephone Number : 0312 584 59 33
Fax Number : 0312 584 59 38

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (“Ziraat Bankası” or “the 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 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 Republic of Turkey Prime Ministry Undersecretariat of Treasury.

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGER, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE 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 ÖZDEMİRÇİ	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 GÖGEBAKAN	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 Board of Inspectors	
Yüksel CESUR	Chairman of the Board of Inspectors
Head of Group	
Bülent YALIM	Internal Control and Risk Management

Ali Toker is continuing his mission as assistant general manager 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 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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UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
TURKISH, SEE IN NOTE I. OF SECTION THREE**

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

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

As of 31 December 2013, Bank carries its activities with a grand total of 1.661 branches; 1.636 branches including 5 corporate branches, 27 commercial branches, 81 entrepreneurial branches, 1.521 domestic branches and 2 mobile branches (31 December 2012: 1.490 domestic branches including 1.316 branches, 5 corporate branches, 27 commercial branches, 77 entrepreneurial 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, Komotini, Xanthi and Rhodes branches in Greece, Sofia branch and Filibe/Plovdiv, Kardzhali and Varna sub branches in Bulgaria, Jeddah branch in Saudi Arabia, Lefkoşa, Girne, Güzelyurt, Gazimağusa and Gönyeli branches with Akdoğan, Near East University, Karaoğlanoğlu, Karakum and İskele sub branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran.

The 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.

VI. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF EQUITY, OR REPAYMENT OF DEBT BETWEEN THE BANK AND ITS SUBSIDIARIES

None.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2013

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

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

I.	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
			TL	FC	Total	TL	FC	Total
			ASSETS					
I.	CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	3.664.488	22.937.925	26.602.413	5.908.268	14.805.063	20.713.331
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	304.618	149.319	453.937	16.956	129.261	146.217
2.1	Financial Assets Held for Trading		304.618	149.319	453.937	16.956	129.261	146.217
2.1.1	Public Sector Debt Securities		10.878	4.432	15.310	9.068	4.582	13.650
2.1.2	Securities Representing a Share in Capital		-	-	-	-	-	-
2.1.3	Derivative Financial Assets Held for Trading		293.740	144.887	438.627	7.888	124.679	132.567
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)	512.104	1.952.907	2.465.011	45.116	1.888.355	1.933.471
IV.	MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	40.238.476	6.445.321	46.683.797	33.500.459	4.567.558	38.068.017
5.1	Securities Representing a Share in Capital		130.405	232.190	362.595	141.489	118.064	259.553
5.2	Public Sector Debt Securities		40.097.373	6.081.524	46.178.897	33.357.334	4.337.465	37.694.799
5.3	Other Marketable Securities		10.698	131.607	142.305	1.636	112.029	113.665
VI.	LOANS AND RECEIVABLES	(5)	90.418.006	20.629.967	111.047.973	63.983.499	7.442.980	71.426.479
6.1	Loans and Receivables		89.623.480	20.629.955	110.253.435	63.188.677	7.441.617	70.630.294
6.1.1	Loans Granted to Risk Group of The Bank		116.829	550.432	667.261	4.994	207.713	212.707
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		89.506.651	20.079.523	109.586.174	63.183.683	7.233.904	70.417.587
6.2	Loans under Follow-up		2.396.871	20.570	2.417.441	2.040.802	16.751	2.057.553
6.3	Specific Provisions (-)		1.602.345	20.558	1.622.903	1.245.980	15.388	1.261.368
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD TO MATURITY (Net)	(6)	10.529.555	5.130.795	15.660.350	23.030.009	4.224.816	27.254.825
8.1	Public Sector Debt Securities		10.520.533	5.130.175	15.650.708	23.020.788	4.224.308	27.245.096
8.2	Other Marketable Securities		9.022	620	9.642	9.221	508	9.729
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	65.452	-	65.452	65.452	-	65.452
9.1	Accounted with Equity Method		-	-	-	-	-	-
9.2	Unconsolidated Associates		65.452	-	65.452	65.452	-	65.452
9.2.1	Financial Associates		59.386	-	59.386	59.386	-	59.386
9.2.2	Non-financial Associates		6.066	-	6.066	6.066	-	6.066
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	382.478	768.828	1.151.306	183.360	710.374	893.734
10.1	Unconsolidated Financial Subsidiaries		376.241	768.828	1.145.069	176.127	710.374	886.501
10.2	Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237	7.233	-	7.233
XI.	ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	81.362	81.362	-	74.926	74.926
11.1	Accounted with Equity Method		-	-	-	-	-	-
11.2	Unconsolidated Entities Under Common Control		-	81.362	81.362	-	74.926	74.926
11.2.1	Financial Entities Under Common Control		-	81.362	81.362	-	74.926	74.926
11.2.2	Non Financial Entities Under Common Control		-	-	-	-	-	-
XII.	RECEIVABLES FROM LEASING TRANSACTIONS	(10)	-	-	-	-	-	-
12.1	Finance Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1	Fair Value Hedges		-	-	-	-	-	-
13.2	Cash Flow Hedges		-	-	-	-	-	-
13.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(14)	1.042.246	7.406	1.049.652	924.132	7.224	931.356
XV.	INTANGIBLE ASSETS (Net)	(15)	130.238	4.690	134.928	54.780	6.636	61.416
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		130.238	4.690	134.928	54.780	6.636	61.416
XVI.	REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-
XVII.	TAX ASSET		334.067	-	334.067	224.079	-	224.079
17.1	Current Tax Asset		551	-	551	321	-	321
17.2	Deferred Tax Asset	(16)	333.516	-	333.516	223.758	-	223.758
XVIII.	ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	104.952	-	104.952	66.049	-	66.049
18.1	Held for Sale		104.952	-	104.952	66.049	-	66.049
18.2	Held from Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	963.959	730.795	1.694.754	972.816	35.589	1.008.405
	TOTAL ASSETS		148.690.639	58.839.315	207.529.954	128.974.975	33.892.782	162.867.757

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2013

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES AND EQUITY					
I. DEPOSITS	(1)	100.601.120	41.134.026	141.735.146	92.330.087	26.636.217	118.966.304
1.1 Deposits Held By the Risk Group of the Bank		136.144	125.813	261.957	794.137	138.305	932.442
1.2 Other		100.464.976	41.008.213	141.473.189	91.535.950	26.497.912	118.033.862
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	18.520	36.144	54.664	38.987	16.561	55.548
III. FUNDS BORROWED	(3)	1.081.962	7.477.367	8.559.329	864.946	2.207.493	3.072.439
IV. MONEY MARKET BALANCES		12.509.222	12.061.628	24.570.850	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		12.509.222	12.061.628	24.570.850	5.577.693	5.584.781	11.162.474
V. MARKETABLE SECURITIES ISSUED (Net)		2.636.887	-	2.636.887	1.943.988	-	1.943.988
5.1 Bills		2.404.051	-	2.404.051	1.764.858	-	1.764.858
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		232.836	-	232.836	179.130	-	179.130
VI. FUNDS		4.036.491	-	4.036.491	4.292.229	-	4.292.229
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		4.036.491	-	4.036.491	4.292.229	-	4.292.229
VII. MISCELLANEOUS PAYABLES		1.055.333	297.595	1.352.928	849.575	307.908	1.157.483
VIII. OTHER LIABILITIES	(4)	1.418.521	455.598	1.874.119	1.180.753	352.446	1.533.199
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	941	941	-	287	287
10.1 Finance Lease Payables		-	959	959	-	297	297
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	18	18	-	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)	3.940.036	18.259	3.958.295	2.996.158	5.881	3.002.039
12.1 General Provisions		1.962.430	7.663	1.970.093	1.204.127	612	1.204.739
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Employee Benefits Provisions		701.643	-	701.643	774.200	-	774.200
12.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5 Other Provisions		1.275.963	10.596	1.286.559	1.017.831	5.269	1.023.100
XIII. TAX LIABILITY	(8)	383.219	406	383.625	513.973	304	514.277
13.1 Current Tax Liability		383.219	406	383.625	513.973	304	514.277
13.2 Deferred Tax Liability		-	-	-	-	-	-
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)	18.181.872	184.807	18.366.679	16.466.387	701.103	17.167.490
16.1 Paid-in Capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2 Capital Reserves		(282.183)	184.807	(97.376)	1.072.419	701.103	1.773.522
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(826.752)	184.807	(641.945)	477.484	701.103	1.178.587
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		527.181	-	527.181	577.566	-	577.566
16.3 Profit Reserves		12.474.183	-	12.474.183	10.083.742	-	10.083.742
16.3.1 Legal Reserves		2.541.114	-	2.541.114	2.408.490	-	2.408.490
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		9.011.091	-	9.011.091	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		3.489.872	-	3.489.872	2.810.226	-	2.810.226
16.4.1 Prior Years Profit/Loss		159.798	-	159.798	159.798	-	159.798
16.4.2 Net Period Profit/Loss		3.330.074	-	3.330.074	2.650.428	-	2.650.428
TOTAL LIABILITIES AND EQUITY		145.863.183	61.666.771	207.529.954	127.054.776	35.812.981	162.867.757

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2013

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
		A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		47.672.612	72.559.005	120.231.617	54.150.267
I. GUARANTEES AND WARRANTIES	(1),(3)	10.835.207	19.379.847	30.215.054	5.529.664	9.863.890	15.393.554
1.1 Letters of Guarantee		10.747.008	12.785.744	23.532.752	5.464.619	6.623.113	12.087.732
1.1.1 Guarantees Subject to State Tender Law		741.194	12.209.334	12.950.528	379.750	6.132.611	6.512.361
1.1.2 Guarantees Given for Foreign Trade Operations		9.275.313	-	9.275.313	4.281.844	-	4.281.844
1.1.3 Other Letters of Guarantee		730.501	576.410	1.306.911	803.025	490.502	1.293.527
1.2 Bank Acceptances		68.438	2.360.400	2.428.838	5.363	953.966	959.329
1.2.1 Import Letter of Acceptance		68.438	2.360.400	2.428.838	5.363	941.199	946.562
1.2.2 Other Bank Acceptances		-	-	-	-	12.767	12.767
1.3 Letters of Credit		19.761	4.233.703	4.253.464	59.682	2.286.811	2.346.493
1.3.1 Documentary Letters of Credit		19.761	3.854.687	3.874.448	59.682	2.225.671	2.285.353
1.3.2 Other Letters of Credit		-	379.016	379.016	-	61.140	61.140
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		-	-	-	-	-	-
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1),(3)	34.679.496	32.541.574	67.221.070	47.181.489	20.634.722	67.816.211
2.1 Irrevocable Commitments		12.271.120	5.025.779	17.296.899	8.097.722	828.020	8.925.742
2.1.1 Asset Purchase and Sale Commitments		326.682	4.140.216	4.466.898	115.642	328.248	443.890
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		1.020.202	125.054	1.145.256	11	141.006	141.017
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		2.513.009	-	2.513.009	2.410.263	-	2.410.263
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		6.275.095	-	6.275.095	3.813.950	-	3.813.950
2.1.10 Commitments for Credit Cards and Banking Services Promotions		13.049	-	13.049	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		2.123.083	760.509	2.883.592	1.746.871	358.766	2.105.637
2.2 Revocable Commitments		22.408.376	27.515.795	49.924.171	39.083.767	19.806.702	58.890.469
2.2.1 Revocable Loan Granting Commitments		22.408.364	27.515.795	49.924.159	39.083.755	19.806.702	58.890.457
2.2.2 Other Revocable Commitments		12	-	12	12	-	12
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	2.157.909	20.637.584	22.795.493	1.439.114	9.890.550	11.329.664
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		2.157.909	20.637.584	22.795.493	1.439.114	9.890.550	11.329.664
3.2.1 Forward Foreign Currency Buy/Sell Transactions		357.260	363.104	720.364	7.225	105.117	112.342
3.2.1.1 Forward Foreign Currency Transactions-Buy		178.811	181.566	360.377	3.611	52.564	56.175
3.2.1.2 Forward Foreign Currency Transactions-Sell		178.449	181.538	359.987	3.614	52.553	56.167
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		1.800.649	20.274.480	22.075.129	1.431.889	9.785.433	11.217.322
3.2.2.1 Foreign Currency Swap-Buy		-	11.220.359	11.220.359	664	5.666.087	5.666.751
3.2.2.2 Foreign Currency Swap-Sell		1.800.649	9.054.121	10.854.770	1.431.225	4.119.346	5.550.571
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)		319.358.128	31.851.701	351.209.829	230.375.194	15.136.640	245.511.834
IV. ITEMS HELD IN CUSTODY		46.955.962	6.141.575	53.097.537	30.302.721	2.549.943	32.852.664
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		20.973.487	2.922.058	23.895.545	10.785.482	1.298.862	12.084.344
4.3 Checks Received for Collection		1.790.488	124.295	1.914.783	942.646	22.480	965.126
4.4 Commercial Notes Received for Collection		3.606.962	130.038	3.737.000	2.627.395	132.381	2.759.776
4.5 Other Assets Received for Collection		8.445	-	8.445	8.879	-	8.879
4.6 Assets Received for Public Offering		20.295.171	112	20.295.283	15.722.252	90	15.722.342
4.7 Other Items Under Custody		279.760	2.965.072	3.244.832	214.418	1.096.130	1.310.548
4.8 Custodians		1.649	-	1.649	-	-	1.649
V. PLEDGES RECEIVED		272.389.147	25.164.097	297.553.244	200.065.042	12.000.385	212.065.427
5.1 Marketable Securities		933.047	18.700	951.747	513.623	37.418	551.041
5.2 Guarantee Notes		10.095.965	607.373	10.703.338	8.060.791	291.639	8.352.430
5.3 Commodity		1.263.180	18.155	1.281.335	1.249.249	13.603	1.262.852
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		242.084.954	21.391.097	263.476.051	177.629.793	9.318.980	186.948.773
5.6 Other Pledged Items		18.006.792	3.120.499	21.127.291	12.606.377	2.331.916	14.938.293
5.7 Pledged Items-Depository		5.209	8.273	13.482	5.209	6.829	12.038
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		13.019	546.029	559.048	7.431	586.312	593.743
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		367.030.740	104.410.706	471.441.446	284.525.461	55.525.802	340.051.263

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED AT 31 DECEMBER 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

III. STATEMENT OF INCOME				
INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period 01/01-31/12/2013	Prior Period 01/01-31/12/2012
I.	INTEREST INCOME	(1)	14.369.841	14.810.669
1.1	Interest Income from Loans		9.508.502	8.665.298
1.2	Interest Income From Reserve Deposits		1.215	1.635
1.3	Interest Income from Banks		34.291	23.933
1.4	Interest Income from Money Market Placements		3	5
1.5	Interest Income from Marketable Securities		4.814.022	6.110.808
1.5.1	Financial Assets Held for Trading		1.364	2.887
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	-
1.5.3	Financial Assets Available-for-Sale		2.999.220	3.182.466
1.5.4	Investments Held-to-Maturity		1.813.438	2.925.455
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		11.808	8.990
II.	INTEREST EXPENSES	(2)	6.631.043	7.909.759
2.1	Interest Expense on Deposits		5.600.944	6.299.506
2.2	Interest on Borrowings		143.861	74.691
2.3	Interest on Money Market Borrowings		678.662	1.381.016
2.4	Interest on Marketable Securities Issued		166.417	135.102
2.5	Other Interest Expense		41.159	19.444
III.	NET INTEREST INCOME/EXPENSES (I - II)		7.738.798	6.900.910
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		958.779	752.112
4.1	Fees and Commissions Received		1.163.371	932.416
4.1.1	Non-cash Loans		101.512	62.102
4.1.2	Other		1.061.859	870.314
4.2	Fees and Commissions Paid		204.592	180.304
4.2.1	Non-cash Loans		51	26
4.2.2	Other		204.541	180.278
V.	DIVIDEND INCOME	(3)	320.981	98.068
VI.	TRADING PROFIT/LOSS (Net)	(4)	(197.939)	(51.613)
6.1	Profit/Loss from Capital Market Operations		69.946	64.555
6.2	Profit/losses on Derivative Financial Transactions	(5)	407.438	(46.158)
6.3	Profit/Loss from Foreign Exchanges		(675.323)	(70.010)
VII.	OTHER OPERATING INCOME	(6)	1.047.754	428.801
VIII.	TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		9.868.373	8.128.278
IX.	PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)	(7)	1.828.483	1.795.213
X.	OTHER OPERATING EXPENSES(-)	(8)	3.661.367	2.828.340
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		4.378.523	3.504.725
XII.	GAINS RECORDED AFTER MERGER		-	-
XIII.	PROFIT/LOSS ON EQUITY METHOD		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(9)	4.378.523	3.504.725
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(10)	(1.048.449)	(854.297)
16.1	Current Tax Provision		(670.519)	(1.142.233)
16.2	Deferred Tax Provision		(377.930)	287.936
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(11)	3.330.074	2.650.428
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
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 Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3	Other Expenses From Discontinued Operations		-	-
XX.	PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(12)	3.330.074	2.650.428
	Earnings/ Loss per Share		1,332	1,060

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS'
EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2013**

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

IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY			
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Current Period (31/12/2013)	Prior Period (31/12/2012)
I.	ADDITIONS TO THE MARKETABLE SECURITY VALUATION DIFFERENCES ON AVAILABLE FOR SALE FINANCIAL ASSETS	(3.042.849)	2.476.170
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(27.063)	(15.634)
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	(20.376)	93.907
IX.	DEFERRED TAXES RELATED TO VALUATION DIFFERENCES	487.688	(345.882)
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(2.602.600)	2.208.561
XI.	CURRENT YEAR PROFIT/LOSS	765.767	(655.605)
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	758.836	(667.102)
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	6.931	11.497
XII.	TOTAL PROFIT/LOSS FOR THE PERIOD (X±XI)	(1.836.833)	1.552.956

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY																		
31 December 2012	Note (Section Five V)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	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.	Total Equity	
I.	Balance at the Beginning of the Period	2.500.000	543.482	-	-	2.290.756	-	5.305.510	634.041	-	2.260.472	(374.369)	-	17.361	-	-	13.177.253	
II.	Corrections according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1.	The Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2.	The Effect of Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	New Balance (I+II)	2.500.000	543.482	-	-	2.290.756	-	5.305.510	634.041	-	2.260.472	(374.369)	-	17.361	-	-	13.177.253	
	Changes During the Period																	
IV.	Increase/Decrease Related to Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	1.568.590	-	-	-	-	1.568.590	
VI.	Hedging Funds (Active Part)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1	Cash-Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2	Hedges for Investments Made in Foreign Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Revaluation Differences of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Revaluation Differences of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)	-	-	-	-	-	-	-	-	-	-	-	-	8	-	-	8	
X.	Foreign Exchange Differences	-	34.084	-	-	-	-	-	-	-	-	(15.634)	-	-	-	-	18.450	
XI.	Changes Resulted from Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.	Changes Resulted from Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Increase in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.2	From Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Issuance of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Adjustment to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIX.	Net Profit or Losses	-	-	-	-	-	-	-	-	2.650.428	-	-	-	-	-	-	2.650.428	
XX.	Profit Distribution	-	-	-	-	117.734	-	1.735.701	-	-	(2.100.674)	-	-	-	-	-	(247.239)	
20.1	Dividend Distributed	-	-	-	-	-	-	-	-	-	(247.239)	-	-	-	-	-	(247.239)	
20.2	Transfers to Legal Reserves	-	-	-	-	117.734	-	1.735.701	-	-	(1.853.435)	-	-	-	-	-	-	
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Balance at the end of the period (I+II+III+.....+XVIII+XIX+XX)	2.500.000	577.566	-	-	2.408.490	-	7.041.211	634.041	2.650.428	159.798	1.178.587	-	17.369	-	-	17.167.490	

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Current Period (31/12/2013)	Prior Period (31/12/2012)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		5.001.737	3.652.117
1.1.1 Interest Received		15.653.030	13.544.903
1.1.2 Interest Paid		(6.612.487)	(7.950.104)
1.1.3 Dividend Received		83.141	98.068
1.1.4 Fees and Commissions Received		1.164.734	932.492
1.1.5 Other Income		452.411	675.334
1.1.6 Collections from Previously Written-off Loans and Other Receivables		1.346.372	749.391
1.1.7 Payments to Personnel and Service Suppliers		(1.763.184)	(1.361.181)
1.1.8 Taxes Paid		(1.105.771)	(1.121.543)
1.1.9 Other		(4.216.509)	(1.915.243)
1.2 Changes in Operating Assets and Liabilities		(7.177.768)	(13.018.769)
1.2.1 Net (Increase)/Decrease in Trading Securities		(3.154)	41.742
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net (Increase)/Decrease in Banks		(7.488.121)	(6.978.913)
1.2.4 Net (Increase)/Decrease in Loans		(40.667.297)	(717.893)
1.2.5 Net (Increase)/Decrease in Other Assets		(945.365)	(346.281)
1.2.6 Net Increase/(Decrease) in Bank Deposits		16.854.420	(10.774.655)
1.2.7 Net Increase/(Decrease) in Other Deposits		19.327.193	2.112.603
1.2.8 Net Increase/(Decrease) in Funds Borrowed		5.463.939	2.495.280
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		280.617	1.149.348
I. Net Cash Provided from Banking Operations		(2.176.031)	(9.366.652)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		244.611	7.964.569
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(36.764)	(30.213)
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3 Fixed Assets Purchases		(271.477)	(59.728)
2.4 Fixed Assets Sales		53.278	68.672
2.5 Cash for Purchase of Financial Assets Available for Sale		(17.055.354)	(10.939.205)
2.6 Cash Obtained from Sale of financial Assets Available for Sale		6.856.764	13.048.221
2.7 Cash Paid for Purchase of Investment Securities		(253.278)	(178.529)
2.8 Cash Obtained from Sale of Investment Securities		12.723.586	5.222.077
2.9 Other		(1.772.144)	833.274
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		432.968	1.656.341
3.1 Cash from Funds Borrowed and Securities Issued		693.011	1.903.580
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Marketable Securities Issued		-	-
3.4 Dividends Paid		(259.987)	(247.239)
3.5 Payments for Finance Leases		(56)	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		408.178	(182.399)
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		(1.090.274)	71.859
VI. Cash and Cash Equivalents at the Beginning of the Period	(1)	7.759.851	7.687.992
VII. Cash and Cash Equivalents at the End of the Period	(1)	6.669.577	7.759.851

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 IN NOTE I. OF SECTION THREE**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS OF 31 DECEMBER 2013**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

VII. PROFIT APPROPRIATION STATEMENT ⁽¹⁾	Current Period (31/12/2013)	Prior Period ⁽²⁾ (31/12/2012)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 Current Year Income	4.378.523	3.504.725
1.2 Taxes And Duties Payable (-) ⁽³⁾	1.048.449	1.142.233
1.2.1 Corporate Tax (Income tax)	670.519	1.142.233
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	377.930	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	3.330.074	2.362.492
1.3 Prior Year Losses (-)	-	-
1.4 First Legal Reserves (-)	166.504	118.125
1.5 Other Statutory Reserves (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	3.163.570	2.244.367
1.6 First Dividend To Shareholders (-)	-	125.000
1.6.1 To Owners Of Ordinary Shares	-	125.000
1.6.2 To Owners Of Privileged Shares	-	-
1.6.3 To Owners Of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders Of Profit And Loss Sharing Certificates	-	-
1.7 Dividends To Personnel (-)	-	134.987
1.8 Dividends To Board Of Directors (-)	-	-
1.9 Second Dividend To Shareholders (-)	-	-
1.9.1 To Owners Of Ordinary Shares	-	-
1.9.2 To Owners Of Privileged Shares	-	-
1.9.3 To Owners Of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders Of Profit And Loss Sharing Certificates	-	-
1.10 Second Legal Reserves (-)	-	14.500
1.11 Statutory Reserves (-)	-	-
1.12 Extraordinary Reserves	-	1.969.880
1.13 Other Reserves	-	-
1.14 Special Funds	-	-
II. DISTRIBUTION OF RESERVES		
2.1 Appropriated Reserves	-	-
2.2 Second Legal Reserves (-)	-	-
2.3 Dividends To Shareholders (-)	-	-
2.3.1 To Owners Of Ordinary Shares	-	-
2.3.2 To Owners Of Privileged Shares	-	-
2.3.3 To Owners Of Preferred Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders Of Profit And Loss Sharing Certificates	-	-
2.4 Dividends To Personnel (-)	-	-
2.5 Dividends To Board Of Directors (-)	-	-
III. EARNINGS PER SHARE		
3.1 To Owners Of Ordinary Shares	1,3320	0,9450
3.2 To Owners Of Ordinary Shares (%)	133,20	94,50
3.3 To Owners Of Privileged Shares	-	-
3.4 To Owners Of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 To Owners Of Ordinary Shares	-	0,05
4.2 To Owners Of Ordinary Shares (%)	-	5,00
4.3 To Owners Of Privileged Shares	-	-
4.4 To Owners Of Privileged Shares (%)	-	-

(1) Profit distribution is approved by the Ordinary General Assembly. As of the date of the preparation of financial statements, the meeting for Ordinary General Assembly has not been held.

(2) The profit distribution table belongs to prior period becomes definite with the decision of Ordinary General Assembly after the publishing of 31 December 2012 audited financial statements. It is rearranged in this direction.

(3) The deferred tax asset of current period amounting to TL287.936 is not subject to profit distribution.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

As of 31 December 2013, financial statements are presented comparatively with independently audited financial statements as of 31 December 2012.

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

The preparation of financial statements requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date or amount of contingent assets and liabilities explained and amount of income and expenses occurred in related period. Although these estimates rely on the management’s best judgment, actual results can vary from these estimates. 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 XXIV. 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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

Since the Bank’s total debt to the market is low among its total liabilities, the Bank can borrow easily from short-term markets, such as; 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 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 and liabilities and income statement items of the abroad branches of the 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

Based on the TAS 27 “Turkish Accounting Standard for Consolidated and Separate Financial Statements”, Turkish Lira denominated investments in associates and subsidiaries are accounted at cost and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if any.

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

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Bank’s derivative transactions mostly include currency and precious metal swaps and foreign currency forward contracts. The Bank has no embedded derivative instruments separated from the host contract.

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognized on an accrual basis using the internal rate of return method in conformity with TAS 39 “Financial Instruments: Recognition and Measurement”. In accordance with the Communiqué on “Methods and Principles 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 individual, corporate, commercial and entrepreneurial cash loans 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 Bank, if the Bank is a legal party to these instruments.

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

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

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

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

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

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in 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:

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.

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

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

c. Loans and receivables: (Continued)

The 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 asset at fair value through profit or loss”.

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

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

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

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

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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 are explained in detail in Note VII. of this section.

Loans and other receivables are classified in accordance with the Communiqué on “Methods and Principles for Determining the Nature of Loans and 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 Bank currently has a legally enforceable right to set off the recognized amounts or intends either to collect/settle on a net basis or to realize the asset and settle the liability simultaneously.

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

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

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

As of the balance sheet date, there are no securities lending transactions.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. INFORMATION ON ASSETS HELD FOR SALE 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 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 Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

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

Estimated depreciation rates of tangible fixed assets are as follows;

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)

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.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Financial Lease

The Bank, 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 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.

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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.

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 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).

The Bank uses independent actuaries in determining liability, and also makes assumptions relating to the discount rate, future salary increases, and the employee turnover. These assumptions are reviewed on an annual basis. Retirement benefit obligation is TL 567.043 as of 31 December 2013. (31 December 2012: TL 639.800)

	Current Period	Prior Period
Discount rate (%)	9,60	9,80
Expected inflation rate (%)	6,00	5,21

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. Actuarial loss after tax effect, which is amounted 16.301 TL, regarding the accounting period of January 1 - December 31 2013 has been classified as ‘Other Comprehensive Expenses’ in 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 Bank is not employing its personnel by means of limited-period contracts.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

b. Pension Rights

Some of the Bank’s personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund (“Fund”) which was established by 20th provisional article of Social Security Law Act numbered 506. As of 31 December 2013 the number of personnel who benefit from the Fund, excluding dependents, is 18.066 (31 December 2012: 14.325). 14.443 of these members are active while 3.623 are passive members. (31 December 2012: 10.925 active members, 3.400 passive members).

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

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

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

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

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

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

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

b. Pension Rights (Continued)

The technical balance sheet report as of 31 December 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 Bank's financial statements.

XVII. EXPLANATIONS ON TAXATION

a. Current Tax

"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. 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.

b. Deferred tax

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

b. Deferred tax (Continued)

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

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

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

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

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

XVIII. EXPLANATIONS ON BORROWINGS

The Bank 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 bank borrows from domestic 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 Bank has issued no convertible bonds.

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Bank are presented in the “Off-Balance Sheet” commitments.

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXII. 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, 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.

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

XXIV. EXPLANATIONS ON OTHER MATTERS

In accordance with the decision taken in the General Assembly of the year 2012 which was carried out on 29 March 2013, on the basis of distribution amounting to TL2.362.492 of the profit for the year 2012 amounting to TL2.650.428, TL118.125 is transferred to first legal reserve and TL14.500 is transferred to second legal reserve, TL145.000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL106.250 is distributed to Treasury after deducting withholding tax of 15% (TL18.750) in cash. In this context, TL1.959.867 of the profit is preserved; dividend payment made to Treasury on 15 April 2013, and within the framework of the dividend to be distributed to the employees, TL134.987 is paid. The remaining TL10.013 from the dividends distributed to the personnel as of 31 December 2013 was transferred to the extraordinary reserves.

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SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO

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

The Bank’s unconsolidated capital adequacy ratio calculated in accordance with the “Communiqué on Measurement and Assessment of Capital Adequacy of Banks” is 13,21%. (31 December 2012 : 19,01%)

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

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” are 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:

	Risk Weights										
	Bank Only										
	0%	10%	20%	%50 Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Current Period											
Value at Credit Risk Exposure Categories	72.326.224	-	25.979.031	-	20.540.912	45.308.880	58.020.949	3.269.187	17.464.372	9.215	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	66.553.362	-	-	-	10.882.453	-	244.666	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	138.899	-	132	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	383.439	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	6	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	25.254.905	-	7.524.260	-	394.401	-	-	-	-
Conditional and unconditional corporate receivables	-	-	585.222	-	2.134.065	-	52.532.583	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	2	37.720.339	651.189	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	7.588.541	236.898	-	-	-	-
Past due receivables	-	-	-	-	-	-	545.855	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	3.269.187	17.464.372	9.215	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	52.987	-	-	-	-
Other receivables	5.772.856	-	5	-	-	-	2.978.931	-	-	-	-

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)

Information related to capital adequacy ratio:

Prior Period	Risk Weights									
	Bank Only									
	0%	10%	20%	%50 Real Est. Mort. Coll.	50%	75%	100%	150%	200%	1250%
Value at Credit Risk Exposure Categories	80.773.000	-	2.954.823	-	15.770.532	42.769.173	23.613.710	2.709.624	8.947.550	-
Risk Classes										
Conditional and unconditional receivables from central governments or central banks	75.058.356	-	-	-	7.189.829	-	201.384	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	99.250	-	22	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	332.421	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	2.855.506	-	8.580.681	-	425.570	-	-	-
Conditional and unconditional corporate receivables	-	-	-	-	-	-	19.517.032	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	-	35.074.899	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	7.694.274	179.500	-	-	-
Past due receivables	-	-	-	-	-	-	588.005	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	2.709.624	8.947.550	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Other receivables	5.714.644	-	67	-	-	-	2.369.798	-	-	-

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)

Summary information about the capital adequacy standard ratio:

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11.222.068	6.450.484
Capital Requirement for Market Risk (CRMR)	657.522	379.023
Capital Requirement for Operational Risk (CROR)	960.999	910.851
Shareholders' Equity	21.197.616	18.390.975
Shareholders' Equity / ((CRCR+CRMR+CROR)*12.5*100)	13,21	19,01

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	12.457.882	10.083.742
Inflation Adjustments to Reserves	-	-
Profit	3.489.872	2.810.226
Current Period's Profit	3.330.074	2.650.428
Prior Period's Profit	159.798	159.798
Provision for Possible Losses (up to 25% of Core Capital)	1.017.586	765.976
Income on Sale of Equity Shares and Real Estates	-	-
Primary Subordinated Debts (up to 15% of Core Capital) ⁽¹⁾	-	-
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Period's Losses	-	-
Leasehold Improvements on Operational Leases (-)	59.550	32.458
Intangible Assets (-)	75.378	28.959
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	19.873.894	16.642.009

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

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	1.970.093	1.204.739
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	(641.945)	545.702
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	1.345.536	1.767.810
CAPITAL	21.219.430	18.409.819
DEDUCTIONS FROM CAPITAL	21.814	18.844
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 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	21.300	17.793
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	409	386
Other	105	665
TOTAL SHAREHOLDERS’ EQUITY	21.197.616	18.390.975

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

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:

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 Bank,

- Being evaluated within the scope of capital adequacy of financial situation of the 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

II. EXPLANATIONS ON THE CREDIT RISK

Credit risk is the possibility of loss that the bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

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

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

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

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

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

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

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

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

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

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

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

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

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

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

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 19% and 23% respectively (31 December 2012: 10%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 63% and 73% respectively (31 December 2012:56%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 24% and 29% respectively (31 December 2012: 18%).

General provision made by the Bank for the credit risk is TL1.970.093 (31 December 2012: TL1.204.739).

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
Current Period																	
Domestic	77.427.774	139.031	383.434	6	-	13.162.978	54.048.295	38.247.781	7.823.179	545.824	20.742.734	-	-	-	52.987	8.751.792	221.325.815
European Union Countries	7.446	-	-	-	-	14.631.824	32.473	35.032	-	12	-	-	-	-	-	-	14.706.787
OECD Countries ⁽¹⁾	-	-	-	-	-	466.560	-	-	-	-	-	-	-	-	-	-	466.560
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	1.809	-	-	-	-	2.325.121	117.435	1.022	-	-	-	-	-	-	-	-	2.445.387
Other Countries	243.452	-	5	-	-	441.553	110.956	87.695	2.260	19	40	-	-	-	-	-	885.980
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	2.145.530	942.711	-	-	-	-	-	-	-	-	-	3.088.241
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	77.680.481	139.031	383.439	6	-	33.173.566	55.251.870	38.371.530	7.825.439	545.855	20.742.774	-	-	-	52.987	8.751.792	242.918.770

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
Prior Period																	
Domestic	82.039.611	99.272	332.418	-	-	2.350.439	19.239.193	34.978.986	7.867.954	586.020	11.645.478	-	-	-	-	8.084.506	167.223.877
European Union Countries	4.807	-	-	-	-	7.931.430	8.092	28.441	-	1.363	11.682	-	-	-	-	3	7.985.818
OECD Countries ⁽¹⁾	-	-	-	-	-	81.116	-	-	-	-	-	-	-	-	-	-	81.116
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	175.065	-	-	-	-	37.737	150.494	1.903	-	-	-	-	-	-	-	-	365.199
Other Countries	230.087	-	-	-	-	324.075	65.970	65.569	5.820	622	14	-	-	-	-	-	692.157
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	1.136.961	53.283	-	-	-	-	-	-	-	-	-	1.190.244
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	82.449.570	99.272	332.418	-	-	11.861.758	19.517.032	35.074.899	7.873.774	588.005	11.657.174	-	-	-	-	8.084.509	177.538.411

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

Current Period Sectors/Counter Parties	Risk Classes											Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	TL	FC	Total
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporate	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA									
Agriculture	-	-	-	-	-	-	3.555.661	16.320.686	348.896	6.539	22.750	-	-	-	-	2.487.247	22.589.023	152.756	22.741.779	
Farming and Stockbreeding	-	-	-	-	-	-	3.393.649	16.133.423	324.553	6.409	18.580	-	-	-	-	2.487.247	22.317.897	45.964	22.363.861	
Forestry	-	-	-	-	-	-	90.767	80.743	1.623	128	2.780	-	-	-	-	-	94.674	81.367	176.041	
Fishing	-	-	-	-	-	-	71.245	106.520	22.720	2	1.390	-	-	-	-	-	176.452	25.425	201.877	
Manufacturing	-	1.679	61.196	-	-	-	25.772.785	2.114.747	55.213	12.135	29.421	-	-	-	-	-	11.106.139	16.941.037	28.047.176	
Mining and Quarrying	-	39	15	-	-	-	350.277	49.182	4.364	91	1.435	-	-	-	-	-	305.781	99.622	405.403	
Production	-	1.152	61.176	-	-	-	20.355.050	2.052.844	50.148	9.787	25.367	-	-	-	-	-	9.394.281	13.161.243	22.555.524	
Electric, Gas and Water	-	488	5	-	-	-	5.067.458	12.721	701	2.257	2.619	-	-	-	-	-	1.406.077	3.680.172	5.086.249	
Construction	-	69	12.831	-	-	-	6.471.345	948.725	21.360	3.080	15.657	-	-	-	-	-	3.126.996	4.346.071	7.473.067	
Services	25.813.255	6.229	224.641	6	-	28.028.976	17.239.637	6.493.655	253.698	23.935	216.982	-	-	-	49.674	-	33.391.994	44.958.694	78.350.688	
Wholesale and Retail Trade	-	39	2.444	-	-	-	8.290.284	4.584.466	161.291	15.255	91.327	-	-	-	-	-	10.601.052	2.544.054	13.145.106	
Hotel Food and Beverage Services	-	168	82	-	-	-	1.889.021	461.011	23.417	1.333	23.794	-	-	-	-	-	765.113	1.633.713	2.398.826	
Transportation and Telecommunication	-	272	38.543	-	-	-	705.425	741.002	18.433	2.423	28.654	-	-	-	-	-	1.202.379	332.373	1.534.752	
Financial Institutions	25.813.255	587	483	6	-	26.387.261	3.271.522	7.823	701	31	42.978	-	-	-	-	-	17.359.586	38.165.061	55.524.647	
Real Estate and Leasing Services	-	654	78.203	-	-	1.641.715	2.790.708	447.123	35.743	4.352	18.295	-	-	-	49.674	-	2.866.378	2.200.089	5.066.467	
Self Employment Services	-	-	-	-	-	-	12	125	-	-	-	-	-	-	-	-	-	-	137	
Education Services	-	16	94.404	-	-	-	126.204	65.171	2.883	333	2.709	-	-	-	-	-	215.573	76.147	291.720	
Health and Social Services	-	4.493	10.482	-	-	-	166.461	186.934	11.230	208	9.225	-	-	-	-	-	381.913	7.120	389.033	
Other	51.867.226	131.054	84.771	-	-	5.144.590	2.212.442	12.493.717	7.146.272	500.166	20.457.964	-	-	-	3.313	6.264.545	88.918.819	17.387.241	106.306.060	
Total	77.680.481	139.031	383.439	6	-	33.173.566	55.251.870	38.371.530	7.825.439	545.855	20.742.774	-	-	-	52.987	8.751.792	159.132.971	83.785.799	242.918.770	

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

Analysis of maturity-bearing exposures according to remaining maturities:

	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications					
Conditional and unconditional exposures to central governments or central banks	1.079.038	1.937.869	6.608.525	5.520.087	62.534.962
Conditional and unconditional exposures to regional governments or local authorities	23.029	280	5.562	18.616	91.544
Conditional and unconditional receivables from administrative units and non-commercial enterprises	91.241	5.432	9.764	42.026	234.976
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	6
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	22.315.473	3.193.816	1.706.534	1.539.436	4.418.307
Conditional and unconditional exposures to corporates	3.447.681	1.521.454	2.621.822	16.646.672	31.014.241
Conditional and unconditional retail exposures	2.072.141	1.850.262	2.953.367	10.015.433	21.480.327
Conditional and unconditional exposures secured by real estate property	68.375	91.266	250.690	923.827	6.491.281
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	44.103	-	-	199.493	20.488.575
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	3.313	-	-	-	49.674
Grand Total	29.144.394	8.600.379	14.156.264	34.905.590	146.803.893

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

Grades of Fitch Ratings International Rating Agency are used in determining risk weights for risk classes being used rating grade of risk classes indicated in article 6 of Communiqué on "Measurement and Assessment of Capital Adequacy of Banks". Additionally, grades of Fitch Ratings International Rating Agency were used for receivables from central government and central bank of our country and counter parties abroad. Counter parties resident are accepted as “gradeless” and take risk weight suited for “gradeless” category in relevant risk class.

Rating Scores are used in the following risk classes;

1. Receivables from Central Governments or Central Banks
2. Receivables from Regional Governments or Local Authorities
3. Receivables from Administrative Units and Non-Commercial Enterprises
4. Receivables from Banks and Brokerage Houses

While credit quality level grade given by Fitch Ratings International Rating Agency decreases to 3, grades using in risk class of receivables from banks and intermediary institutions matched with all credit quality levels from 1 to 6 in risk classes of receivables from central governments or central banks, receivables from regional governments or local authorities and receivables from administrative units and non-commercial enterprises.

For determination of risk weight regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer’s credit rating is considered in the absence of export rating.

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II. EXPLANATIONS ON CREDIT RISK (Continued)

Exposures by risk weights:

	Risk Weights	%0	%10	%20	%50	%75	%100	%150	%200	%250	%1250	Deductions from Equity
1	Exposures before Credit Risk Mitigation	72.326.224	-	25.979.031	20.540.912	45.308.880	58.020.949	3.269.187	17.464.372	9.215	-	156.742
2	Exposures after Credit Risk Mitigation	89.123.509	-	13.082.737	25.680.818	37.302.402	56.986.530	3.269.187	17.464.372	9.215	-	156.742

Prepared with the numbers after conversion rate to credit.

Information in terms of major sectors and type of counterparties:

Impaired Credits; are the credits that were deemed to be impaired because of the credibility or delaying more than 90 days as of the end of the reporting period. For these credits “Special Provision” calculation is made within the scope of Regulation on Provisions.

Past Due Credits; are the credits whose maturity delayed up to 90 days as of the end of the reporting period but not incurred to impairment. For these credits “General Provision” calculation is made within the scope of Regulation for Provisions.

	Credits			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
Agriculture	608.954	884.011	21.838	345.444
Farming and Stockbreeding	595.216	875.842	21.632	331.911
Forestry	2.763	2.545	93	2.763
Fishery	10.975	5.624	113	10.770
Manufacturing	179.368	93.754	2.652	168.212
Mining and Quarrying	9.713	3.151	135	9.634
Production	164.479	89.794	2.483	155.636
Electricity, Gas and Water	5.176	809	34	2.942
Construction	742.420	106.992	3.320	265.365
Services	348.163	356.017	10.111	323.190
Wholesale and Retail Trade	188.387	173.898	5.411	175.878
Accommodation and Dining	12.156	23.335	686	11.130
Transportation and Telecom.	33.182	57.876	1.461	31.213
Financial Institutions	2.320	4.797	150	2.218
Real Estate and Rental Services	98.290	73.494	1.694	89.449
Professional Services	89	244	11	89
Educational Services	2.775	5.029	145	2.465
Health and Social Services	10.964	17.344	553	10.748
Other	538.536	1.916.522	97.646	520.692
Total	2.417.441	3.357.296	135.567	1.622.903

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II. EXPLANATIONS ON CREDIT RISK (Continued)

Information about Value Adjustment and Change in Provisions:

		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions	1.261.368	673.373	311.838	-	1.622.903
2	General Provisions	1.204.739	765.354	-	-	1.970.093

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

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit/Loss	453.937	146.217
Banks	2.465.011	1.933.471
Interbank Money Market Placements	-	-
Available-for-sale Financial Assets	46.683.797	38.068.017
Held-to-maturity Investments	15.660.350	27.254.825
Loans	111.047.973	71.426.479
Other Assets	1.553.745	852.682
Total credit risk exposure of balance sheet items	177.864.813	139.681.691
Financial Guarantees	30.215.054	15.393.554
Commitments	67.221.070	67.816.211
Total credit risk exposure of off-balance sheet items	97.436.124	83.209.765
Total credit risk exposure	275.300.937	222.891.456

Information about credit quality per class of financial assets

	Current Period			Prior Period		
	Neither past due nor impaired	Past due but not impaired	Total	Neither past due nor impaired	Past due but not impaired	Total
Financial Assets						
Banks	2.465.011	-	2.465.011	1.933.471	-	1.933.471
Financial Assets at Fair Value Through Profit or Loss	453.937	-	453.937	146.217	-	146.217
Loans:	106.896.139	3.357.296	110.253.435	66.128.881	4.501.413	70.630.294
Commercial Loans	47.691.568	690.996	48.382.564	17.215.473	1.008.778	18.224.251
Consumer Loans	37.582.985	1.786.696	39.369.681	27.823.178	2.678.930	30.502.108
Specialized Loans	21.621.585	879.605	22.501.190	21.090.230	813.705	21.903.935
Available-for-sale Financial Assets	46.683.797	-	46.683.797	38.068.017	-	38.068.017
Held-to-maturity Investments	15.660.350	-	15.660.350	27.254.825	-	27.254.825

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II. EXPLANATIONS ON CREDIT RISK (Continued)

Information about credit quality per class of financial assets (Continued)

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

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Loans:	2.261.148	662.092
Commercial Loans	943.893	285.088
Consumer Loans	57.858	31.219
Specialized Loans	1.259.397	345.785
Other	-	-
Available-for-sale Financial Assets	-	-
Held-to-maturity Investments	-	-

III. EXPLANATIONS ON THE MARKET RISK

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

The Bank has determined 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 on Internal Systems of Banks’.

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

Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and banks also reports the findings cyclically. Continuing operations are carried out on a trading portfolio determined by Bank’s Treasury Management. New products and services are evaluated from the point of market risk.

The amount subject to the total market risk in the 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 Bank’s Standard Capital Adequacy Ratio.

Excluding Standard Method, Daily Value at Risk (“VAR”) forecasts are made as per daily period for Held-for-Trading accounts and are reported to the related units. Historical Simulation Method is used in daily reporting and limit allocation. VAR results, calculated with Parametric and Monte Carlo Methods, are used for monitoring. 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 Bank’s financial position.

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. EXPLANATIONS ON THE MARKET RISK (Continued)

Information Related to Market Risk:

	Current Period
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	310.062
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	38.371
Capital Requirement for Specific Risk of Securitisation Positions	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	296.399
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting from Options - Standard Method	-
(VII) Capital Requirement to be Employed for Counter Party Credit Risk - Standard Method	12.690
(VIII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	657.522
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	8.219.025

b) Average market risk table calculated at the end of each month during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	184.611	311.125	119.301	337.498	344.600	233.283
Equity Share Risk	24.902	37.308	23.782	26.685	17.584	19.082
Currency Risk	198.609	296.399	165.386	82.071	110.504	104.949
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counter Party Credit Risk	12.824	12.690	12.070	16.478	21.012	21.709
Amount Subject to Total Risk	5.261.820	8.219.025	4.006.738	5.681.158	6.171.250	4.737.788

Counter party credit risk is calculated for repurchase agreements and derivative transactions. According to the fair value of valuation method is based on the calculations. Costs of reconditioning of agreements that have positive value are obtained with valuation according to fair value of derivative transactions. Potential credit risk amount is obtained by multiplying agreement amounts with the ratios indicated in Regulation attachment. In repo transactions, risk reduction is applied by using extensive financial collateral method.

Quantitative Information on Counterparty Risk:

	Amount
Agreements based on Interest Rate	-
Agreements based on Foreign Exchange Currency	249.512
Agreements Based on Commodity	-
Agreements Based on Shares	-
Other	-
Gross Positive Fair Values	145.602
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	204.710
Net Position of Derivatives	213.619

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IV. EXPLANATIONS ON THE OPERATIONAL RISK

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

In the Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income obtained from shares excluding shares of subsidiaries and associates, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of assets monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation within the scope of Loss Distribution Method.

	31.12.2010	31.12.2011	31.12.2012	Total/Positive Year	Rate (%)	Total
Gross Income	5.891.306	5.739.624	7.589.041	6.406.657	15	960.999
Amount Subject to Operational Risk						12.012.482

b) The Bank does not apply standard method.

V. EXPLANATIONS ON THE CURRENCY RISK

a) Whether the 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 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 and Euro, which are mainly used by the 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.

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V. EXPLANATIONS ON THE CURRENCY RISK (Continued)

- d) Current foreign exchange bid rates of the 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
24.12.2013	2,0629	2,8161	1,8431	0,3788	0,3143	2,3058	1,9490	0,3350	3,3830	0,5514	1,9820
25.12.2013	2,0724	2,8336	1,8532	0,3816	0,3162	2,3250	1,9565	0,3374	3,3862	0,5539	1,9906
26.12.2013	2,1129	2,8917	1,8810	0,3888	0,3235	2,3662	1,9943	0,3439	3,4816	0,5650	2,0230
27.12.2013	2,1383	2,9481	1,9087	0,3966	0,3304	2,4180	2,0076	0,3499	3,5386	0,5717	2,0441
30.12.2013	2,1101	2,9097	1,8830	0,3915	0,3284	2,3810	1,9812	0,3470	3,4920	0,5642	2,0137
31.12.2013	2,1300	2,9365	1,9132	0,3955	0,3323	2,4053	2,0144	0,3515	3,5408	0,5707	2,0385

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

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
2,0528	2,8120	1,8468	0,3782	0,3149	2,3046	1,9335	0,3347	3,3709	0,5487	1,9880

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V. EXPLANATIONS ON THE CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	8.704.687	8.329.892	5.903.346	22.937.925
Banks	282.210	1.542.236	128.461	1.952.907
Financial Assets at Fair Value Through Profit and Loss ⁽³⁾	-	4.432	-	4.432
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.544.502	2.900.819	-	6.445.321
Loans ⁽²⁾	6.439.329	14.227.899	51.503	20.718.731
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	526.366	323.824	-	850.190
Investments Held-to-Maturity	1.710.446	3.419.942	407	5.130.795
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	4.340	1.317	1.749	7.406
Intangible Assets	1.115	2.173	1.402	4.690
Other Assets	580.754	145.117	2.185	728.056
Total Assets	21.793.749	30.897.651	6.089.053	58.780.453
Liabilities				
Interbank Deposits	1.403.879	3.908.576	48.288	5.360.743
Foreign Currency Deposits	21.996.156	10.979.472	2.797.655	35.773.283
Money Market Borrowings	2.853.819	9.207.809	-	12.061.628
Funds Provided from Other Financial Institutions	1.729.349	5.747.576	442	7.477.367
Issued Marketable Securities	-	-	-	-
Sundry Creditors	286.278	10.513	804	297.595
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	324.648	106.893	43.663	475.204
Total Liabilities	28.594.129	29.960.839	2.890.852	61.445.820
Net Balance Sheet Position	(6.800.380)	936.812	3.198.201	(2.665.367)
Net Off-Balance Sheet Position ⁽³⁾	8.191.495	(1.164.328)	(4.860.901)	2.166.266
Financial Derivative Assets	8.374.906	2.238.303	788.716	11.401.925
Financial Derivative Liabilities	183.411	3.402.631	5.649.617	9.235.659
Non-cash Loans	5.329.095	12.786.246	1.264.506	19.379.847
Prior Period				
Total Assets	13.145.153	16.129.234	4.492.036	33.766.423
Total Liabilities	16.797.705	16.673.758	1.623.852	35.095.317
Net Balance Sheet Position	(3.652.552)	(544.524)	2.868.183	(1.328.894)
Net Off-Balance Sheet Position ⁽³⁾	3.604.610	762.721	(2.820.579)	1.546.752
Financial Derivative Assets	3.644.218	1.530.053	544.380	5.718.651
Financial Derivative Liabilities	39.608	767.332	3.364.959	4.171.899
Non-cash Loans	2.564.610	6.899.541	399.739	9.863.890

(1) Of the foreign currencies presented in the other FC column of assets 96,26% is Gold, 1,01% is GBP, 0,81% is IQD, and the remaining 1,92% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 69,41% is Gold, 14,25% is GBP, 8,30% is CHF, 3,09% is DKK and the remaining 4,95% is other foreign currencies. (31 December 2012: Of the foreign currencies presented in the other FC column of assets 93,58% is Gold, 2,50% is GEL, 1,42% is IQD, and the remaining 2,50% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 57,24% is Gold, 19,49% is GBP, 10,73% is CHF, 2,87% is IQD and the remaining 9,67% is other foreign currencies.)

(2) TL14 equivalent of EUR and TL88.750 equivalent of USD loans are originated as foreign currency indexed loans (31 December 2012: TL264 equivalent of USD and TL14 equivalent of EUR).

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

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

(5) 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)

VI. EXPLANATIONS ON THE INTEREST RATE RISK

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	35.196	-	-	-	-	26.567.217	26.602.413
Banks	1.009.260	148.038	433.914	-	-	873.799	2.465.011
Financial Assets at Fair Value Through Profit and Loss	1.523	164	153	8.517	4.953	438.627	453.937
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	10.381.970	4.489.356	11.269.708	9.591.171	10.559.121	392.471	46.683.797
Loans Given	36.800.645	12.867.207	24.298.187	31.744.054	4.543.342	794.538	111.047.973
Investments Held-to-Maturity	8.747.579	882.504	1.326.767	2.707.628	1.995.872	-	15.660.350
Other Assets	-	-	-	-	-	4.616.473	4.616.473
Total Assets	56.976.173	18.387.269	37.328.729	44.051.370	17.103.288	33.683.125	207.529.954
Liabilities							
Interbank Deposits	6.560.602	1.301.672	132.492	-	-	155.346	8.150.112
Other Deposits	73.258.852	19.476.398	11.861.278	307.883	-	28.680.623	133.585.034
Money Market Borrowings	19.861.007	2.579.722	2.130.121	-	-	-	24.570.850
Sundry Creditors	-	-	-	-	-	1.352.928	1.352.928
Issued Marketable Securities	1.132.904	579.892	924.091	-	-	-	2.636.887
Funds provided from Other Financial Institutions	893.403	1.219.782	5.154.543	780.929	510.672	-	8.559.329
Other Liabilities	3.418	21.967	8.574	4.018.741	-	24.622.114	28.674.814
Total Liabilities	101.710.186	25.179.433	20.211.099	5.107.553	510.672	54.811.011	207.529.954
Balance Sheet Long Position	-	-	17.117.630	38.943.817	16.592.616	-	72.654.063
Balance Sheet Short Position	(44.734.013)	(6.792.164)	-	-	-	(21.127.886)	(72.654.063)
Off-Balance Sheet Long Position	355.418	1.171.945	-	-	-	-	1.527.363
Off-Balance Sheet Short Position	-	-	(713.521)	(447.865)	-	-	(1.161.386)
Total Position	(44.378.595)	(5.620.219)	16.404.109	38.495.952	16.592.616	(21.127.886)	365.977

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

(2) TL3.997.095 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1 - 5 Years” column. TL39.396 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 loans given.

(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)

VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

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	-	-	-	-	20.685.600	20.713.331
Banks	685.342	134.417	337.593	9.470	-	766.649	1.933.471
Financial Assets at Fair Value Through Profit and Loss	1.907	349	67	1.942	9.385	132.567	146.217
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	11.724.195	4.807.207	10.471.816	5.587.455	5.026.708	450.636	38.068.017
Loans Given	19.176.159	6.816.372	17.943.643	24.122.057	2.572.063	796.185	71.426.479
Investments Held-to-Maturity	8.709.100	10.951.851	3.494.284	1.877.258	2.222.332	-	27.254.825
Other Assets	-	-	-	-	-	3.325.417	3.325.417
Total Assets	40.324.434	22.710.196	32.247.403	31.598.182	9.830.488	26.157.054	162.867.757
Liabilities							
Interbank Deposits	5.230.612	1.219.405	724.837	-	-	81.660	7.256.514
Other Deposits	67.999.991	14.013.393	7.737.700	265.701	-	21.693.005	111.709.790
Money Market Borrowings	8.334.493	2.023.843	804.138	-	-	-	11.162.474
Sundry Creditors	-	-	-	-	-	1.157.483	1.157.483
Issued Marketable Securities	179.130	1.035.674	729.184	-	-	-	1.943.988
Funds Provided from Other Financial Institutions	672.780	696.090	1.187.908	7.390	508.271	-	3.072.439
Other Liabilities	1.506	2.974	224	4.328.518	-	22.231.847	26.565.069
Total Liabilities	82.418.512	18.991.379	11.183.991	4.601.609	508.271	45.163.995	162.867.757
Balance Sheet Long Position	-	3.718.817	21.063.412	26.996.573	9.322.217	-	61.101.019
Balance Sheet Short Position	(42.094.078)	-	-	-	-	(19.006.941)	(61.101.019)
Off Balance Sheet Long Position	300.385	978.608	-	-	-	-	1.278.993
Off Balance Sheet Short Position	-	-	(6)	(1.162.801)	-	-	(1.162.807)
Total Position	(41.793.693)	4.697.425	21.063.406	25.833.772	9.322.217	(19.006.941)	116.186

- (1) Balances without fixed maturity are shown in the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL4.277.386 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1 - 5 Years” column. TL14.843 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 loans given.
- (5) Total shareholders’ equity is shown under the non-interest bearing column.

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VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Average interest rate applied to the monetary financial instruments:

	EUR	USD	Yen	TL
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	2,08	2,08	-	8,13
Financial Assets at Fair Value Through Profit and Loss	-	5,58	-	6,53
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,70	5,67	-	8,09
Loans Given ⁽²⁾	4,65	4,71	-	12,54
Investments Held-to-Maturity	6,36	7,01	-	8,49
Liabilities				
Interbank Deposits ⁽³⁾	1,06	1,09	-	7,74
Other Deposits ⁽⁴⁾	1,96	1,64	-	5,80
Money Market Borrowings	0,80	1,00	-	7,71
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	7,82
Funds Provided from Other Financial Institutions	1,35	1,71	-	7,20

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

(2) Credit card loans are not included.

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

(4) Rates include also demand deposit data.

Average interest rate applied to the monetary financial instruments:

	EUR	USD	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	5,00
Banks	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
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	7,48
Funds Provided from Other Financial Institutions	1,81	2,16	-	6,37

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

(2) Credit card loans are not included.

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

(4) Rates include also demand deposit data.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. 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”.

Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. Bank’s perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on Bank’s economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank’s internal applications, the follow-up of yield curve, basis risk and option risk. Also, in order to limit the impact of interest rate changes on Bank’s financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

Interest rate risk on banking accounts

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity- (Losses)/Equity
1. TRY	(+) 300bp	(1.897.186)	(8,95%)
2. TRY	(-) 300bp	2.189.561	10,33%
3. EUR	(+) 100bp	(144.380)	(0,68%)
4. EUR	(-) 100bp	155.627	0,73%
5. USD	(+) 100bp	(294.338)	(1,39%)
6. USD	(-) 100bp	339.015	1,60%
Total (of negative shocks)		2.684.203	12,66%
Total (of positive shocks)		(2.335.904)	(11,02%)

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	129.427	129.427	-

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON THE LIQUIDITY RISK

General principles of liquidity and financial emergency state management and the related application procedures are considered in the scope of “Regulation for Liquidity Risk and Liquidity and Financial Emergency State Management”.

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

The Bank calculates liquidity adequacy ratio and reports to BRSA on a weekly basis in accordance with the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 and dated 1 November 2006. The liquidity adequacy of the Bank is over the limit values specified in the mentioned regulation. Liquidity ratios in 2013 and 2012 are as follows:

<i>Current Period</i>	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	226,85	224,07	139,01	132,62
Maximum (%)	330,78	319,36	163,97	160,26
Minimum (%)	118,48	156,09	121,13	114,51

<i>Prior Period</i>	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	318,14	218,56	170,13	133,86
Maximum (%)	405,61	346,97	183,5	159,56
Minimum (%)	250,5	169,37	155,17	114,29

- a) **Basis for the current liquidity risk of the Bank and whether the necessary measures taken, limitations imposed by the 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 Bank’s source of funds is mainly formed of deposits. The 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 Bank from organized markets and other financial institutions can cover the corresponding liquidity gaps with different periods. Bank limits its liquidity risk exposure by the approval of Board of Directors in context with “Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management”.

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

The consistency of payments with the assets and liabilities and the interest rates is followed regularly by the management and no inconsistency exists.

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

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

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VII. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

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

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

Presentation of liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^{(1) (2)}	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	26.602.413	-	-	-	-	-	-	26.602.413
Banks	873.798	1.009.261	148.038	433.914	-	-	-	2.465.011
Financial Assets at Fair Value Through Profit and Loss	-	139.935	3.559	146.372	159.118	4.953	-	453.937
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	339.903	2.202.042	7.622.424	20.289.568	15.867.273	362.587	46.683.797
Loans Given	-	4.747.155	7.844.527	42.503.296	46.909.967	8.248.490	794.538	111.047.973
Investments Held-to-Maturity	-	236.685	441.966	5.665.705	6.102.239	3.213.755	-	15.660.350
Other Assets	1.543.965	-	-	551	7.852	-	3.064.105	4.616.473
Total Assets	29.020.176	6.472.939	10.640.132	56.372.262	73.468.744	27.334.471	4.221.230	207.529.954
Liabilities								
Interbank Deposits	155.347	6.560.601	1.301.672	132.492	-	-	-	8.150.112
Other Deposits	28.680.623	73.258.698	19.475.208	11.857.329	313.050	126	-	133.585.034
Funds Provided from Other Financial Instruments	-	79.696	704.688	5.511.329	976.492	1.287.124	-	8.559.329
Money Market Borrowings	-	19.861.007	2.579.722	2.130.121	-	-	-	24.570.850
Issued Marketable Securities	-	961.251	579.892	1.095.744	-	-	-	2.636.887
Sundry Creditors	785.209	567.719	-	-	-	-	-	1.352.928
Other Liabilities ⁽³⁾	1.884.914	259.791	188.615	8.574	4.018.741	701.643	21.612.536	28.674.814
Total Liabilities	31.506.093	101.548.763	24.829.797	20.735.589	5.308.283	1.988.893	21.612.536	207.529.954
Liquidity Gap	(2.485.917)	(95.075.824)	(14.189.665)	35.636.673	68.160.461	25.345.578	(17.391.306)	-
Prior Period								
Total Assets	22.328.704	5.390.872	6.882.152	46.095.368	65.005.647	13.635.048	3.529.966	162.867.757
Total Liabilities	23.996.236	82.714.635	18.854.752	11.131.032	4.798.299	1.985.975	19.386.828	162.867.757
Liquidity Gap	(1.667.532)	(77.323.763)	(11.972.600)	34.964.336	60.207.348	11.649.073	(15.856.862)	-

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

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

(3) TL3.997.095 of the funds balance, whose risk is not born by the Bank, is included in other liabilities and shown under the "1-5 years" column, fund balance amounted to TL39.396 is not granted as loan and is included under “Up to One Month” column.

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VII. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

Presentation of liabilities according to their remaining maturities:

Current Period⁽¹⁾	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank deposits	6.721.588	1.310.203	134.968	-	-	8.166.759
Other deposits	102.142.710	19.605.135	12.116.568	327.906	206	134.192.525
Funds borrowed from other financial institutions	83.742	713.750	5.625.788	1.297.858	1.403.195	9.124.333
Funds borrowed from Interbank money market	19.866.120	2.583.260	2.141.615	-	-	24.590.995
Total	128.814.160	24.212.348	20.018.939	1.625.764	1.403.401	176.074.612
Prior Period⁽¹⁾						
Bank deposits	5.318.865	1.224.353	730.236	-	-	7.273.454
Other deposits	89.880.934	14.118.167	7.898.645	288.416	210	112.186.372
Funds borrowed from other financial institutions	488.616	216.832	1.180.495	162.326	1.408.756	3.457.025
Funds borrowed from Interbank money market	8.345.215	2.026.567	809.913	-	-	11.181.695
Total	104.033.630	17.585.919	10.619.289	450.742	1.408.966	134.098.546

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

Separation of Securitisation of Non-Performing Loans as Types and Losses in Current Year:

There is no securitisation of non-performing loans.

e) Credit Risk Mitigation Techniques:

Bank makes a credit risk reduction with regard to simple financial collateral in accordance with Article 33 of Communiqué on Credit Risk Reduction Methods.

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

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

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

Bank has no position about credit derivatives.

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VII. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

e) Credit Risk Mitigation Techniques: (Continued)

Collaterals in terms of Risk Categories: ⁽¹⁾

Exposure classifications	Amount	Financial Collaterals	Other/ Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	77.680.481	988.663	-	-
Conditional and unconditional receivables from regional or local governments	139.031	63.500	-	224
Conditional and unconditional receivables from administrative units and non-commercial enterprises	383.439	131.105	-	-
Conditional and unconditional receivables from multilateral development banks	6	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	33.173.566	21.878.153	-	-
Conditional and unconditional corporate receivables	55.251.870	313.938	-	401.605
Conditional and unconditional retail receivables	38.371.530	374.571	-	43.365
Conditional and unconditional secured mortgage receivables	7.825.439	3.308	-	706
Past due receivables	545.855	-	-	-
Receivables in high risk category defined by BRSA	20.742.774	-	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	52.987	3.313	-	-
Other receivables	8.751.792	-	-	-
Total	242.918.770	23.756.551	-	445.900

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

VIII. RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Strategies and Practices on Risk Management:

Bank, within the scope of regulations of BRSA, by also observing the best applications, provides management credit risk, interest rate on banking accounts, liquidity, operational and market risks that Bank faces with accordingly volume of its operations, quality and complexness.

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 31 December 2013, Risk Management organization consists of operation and market risk management, credit risk management and statement risks management units.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Risk Reporting and Measurement Systems’ Scope and Qualification

It is essential to consider practicing the risk assessment and monitoring operations and results in process of Banks’ strategic decisions so as to be revealed Bank faced with risks. It is made analysis indicated below regarding measurement and monitoring operations for portfolio that is determined by the Bank and whole balance sheet with scope of these essentials, within the scope of buying-selling strategy.

Liquidity Risk

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

For the purpose of measuring and monitoring activities of liquidity risk, 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 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 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 complexness of positions so as to be revealed interest rate on banking accounts that 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 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.

Market Risk

Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and banks also reports the findings cyclically.

In the Bank, the amount subject to the total market risk is calculated monthly by using Standard Method as per monthly periods 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 Held-for-Trading accounts and are 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 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.

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VIII. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Risk Reporting and Measurement Systems’ Scope and Qualification (Continued)

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 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 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 Bank Business Continuity Plan, 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 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 revised and Risk Analysis Reports regarding support services are being prepared.

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.

It was constituted scoring models for individual customers, rating for Corporate, Commercial and Entrepreneurial 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 base of segments, risk limits are framed at credit risk weighted assets and are monitored monthly based.

Based on general and sub accounts, credit portfolios’ improvement, tracking portfolio’s improvement and loans under close monitoring are analyzed periodically. Also, it is made vintage analysis for real estate, vehicle, consumer, commercial, corporate and entrepreneurial loans so as to credit monitoring and comparing past performances.

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VIII. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Procedures on Risk Management and Risk Mitigation Policies with Regular Control of Their Effectiveness

It is essential to be bordered with limits compatible with risk profile of risk levels and risk toleration so as to prevent to considerably affect from the negativeness that can occur while Bank conducts its operations.

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 Bank. Limits are reviewed regularly, adapted according to changes in market conditions, Bank strategy and risk appetite and monitored cyclically.

Additionally, derivative transactions are occurred in Bank and thanks to operated transactions, long term funding is provided, liquidity and interest rate risk on banking accounts are limited.

According to financial method, risk reduction is made in Bank and financial commitments are daily assessed. Credibilities of guarantors are monitored and assessed as part of credit revision maturities.

IX. EXPLANATIONS ON OPERATING SEGMENTS

Organizational and internal reporting structure of the Bank is determined in line with TFRS 8 “Turkish Accounting Standard about Operating Segments”.

The Bank is operating in consumer, corporate, commercial, entrepreneurial banking, investment banking, project financing and international banking areas.

Known as having the most extensive branch network in retail (consumer) banking sector, the Bank renders services, such as; deposits, consumer loans, loans originated from funds whose risk does not belong to the Bank, credit cards, automatic payment, cheques and notes, money transfer order, foreign exchange transactions, internet banking, mobile banking, safe-deposit box 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 Bank. By “Finart” information 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 Bank 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 agricultural credit corporations.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IX. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Investment banking operations are conducted by the Financial Market and Asset-Liability Management and Economic Researches Departments. By foregoing departments, the 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 Bank. The 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 Bank and Ziraat Yatırım Menkul Değerler A.Ş. and keeps records of these financial instruments and the Bank performs repo/reverse repo transactions. Besides the Bank performs derivative transactions which are accounted as held for trading. As financial derivative transactions, the Bank performs foreign currency forward agreements and currency swap transactions.

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

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

As of 31 December 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”.

Table for Segment Reporting:

	Consumer Banking	Corporate, Commercial and Entrepreneur Banking⁽¹⁾	Specialized Lending⁽²⁾	Investment Banking	International Banking	Total Operations of the Bank
Current Period						
Total Operating Income/Expense ⁽¹⁾	3.337.861	1.844.505	1.064.448	3.539.003	82.556	9.868.373
Net Operating Profit	1.372.416	758.399	437.665	1.455.118	33.944	4.057.542
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	320.981
Income Before Taxes	-	-	-	-	-	4.378.523
Tax Provision	-	-	-	-	-	(1.048.449)
Net Profit for the Period	-	-	-	-	-	3.330.074
Segment Assets-net ⁽¹⁾	39.457.234	47.610.301	22.903.484	88.756.163	4.186.298	202.913.480
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	1.298.120
Undistributed Assets ⁽³⁾	-	-	-	-	-	3.318.354
Total Assets	-	-	-	-	-	207.529.954
Segment Liabilities – net ⁽¹⁾	27.950.762	33.726.239	20.258.724	87.033.332	4.139.981	173.109.038
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	16.054.237
Shareholders' Equity	-	-	-	-	-	18.366.679
Total Liabilities	-	-	-	-	-	207.529.954
Other Segment Items	-	-	-	-	-	-
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	126.632
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 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, other assets 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)

IX. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting: (Continued)

	Consumer Banking	Corporate Commercial and Entrepreneur Banking ⁽¹⁾	Specialized Lending ⁽²⁾	Investment Banking	International Banking	Total Operations of the Bank
Prior Period						
Total Operating Income/Expense ⁽¹⁾	2.594.102	918.930	1.008.284	3.550.917	56.045	8.128.278
Net Operating Profit	1.087.218	385.134	422.584	1.488.231	23.489	3.406.656
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	98.068
Income Before Taxes	-	-	-	-	-	3.504.724
Tax Provision	-	-	-	-	-	(854.297)
Net Profit for the Period	-	-	-	-	-	2.650.428
Segment Assets-net ⁽¹⁾	30.683.013	17.785.243	22.315.990	85.994.742	2.763.352	159.542.340
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	1.034.112
Undistributed Assets ⁽³⁾	-	-	-	-	-	2.291.305
Total Assets	-	-	-	-	-	162.867.757
Segment Liabilities - net ⁽¹⁾	23.110.631	13.395.952	21.097.674	76.098.984	2.717.302	136.420.543
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	9.279.724
Shareholders' Equity	-	-	-	-	-	17.167.490
Total Liabilities	-	-	-	-	-	162.867.757
Other Segment Items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	54.191
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 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, other assets 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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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. EXPLANATIONS RELATED TO PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	175.857.131	138.682.792	175.345.600	140.020.720
Due from Interbank Money Market	-	-	-	-
Banks	2.465.011	1.933.471	2.465.011	1.933.471
Available-for-sale Financial Assets	46.683.797	38.068.017	46.683.797	38.068.017
Held-to-maturity Investments	15.660.350	27.254.825	15.148.819	28.592.753
Loans	111.047.973	71.426.479	111.047.973	71.426.479
Financial Liabilities	154.284.290	125.140.214	154.284.290	125.140.214
Bank Deposits	8.150.112	7.256.395	8.150.112	7.256.395
Other Deposits	133.585.034	111.709.909	133.585.034	111.709.909
Funds Borrowed from Other Financial Institutions	8.559.329	3.072.439	8.559.329	3.072.439
Issued Marketable Securities	2.636.887	1.943.988	2.636.887	1.943.988
Miscellaneous Payables	1.352.928	1.157.483	1.352.928	1.157.483

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

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

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

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

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

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	15.310	438.627	-	453.937
Government Debt Securities	15.310	-	-	15.310
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	438.627	-	438.627
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets (Net)	46.422.764	254.803	-	46.677.567
Equity Securities ⁽¹⁾	233.169	123.196	-	356.365
Government Debt Securities	46.178.897	-	-	46.178.897
Other Marketable Securities	10.698	131.607	-	142.305
Total Assets	46.438.074	693.430	-	47.131.504
Trading Derivative Financial Liabilities	-	54.664	-	54.664
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	54.664	-	54.664

⁽¹⁾ Since equity securities under the heading of financial assets available for sale amounting to TL6.230 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	13.650	132.567	-	146.217
Government Debt Securities	13.650	-	-	13.650
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	132.567	-	132.567
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets (Net)	37.814.496	234.927	-	38.049.423
Equity Securities ⁽¹⁾	118.061	122.898	-	240.959
Government Debt Securities	37.694.799	-	-	37.694.799
Other Marketable Securities	1.636	112.029	-	113.665
Total Assets	37.828.146	367.494	-	38.195.640
Trading Derivative Financial Liabilities	-	55.548	-	55.548
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	55.548	-	55.548

⁽¹⁾ Since equity securities under the heading of financial assets available for sale amounting to TL18.594 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

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

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

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

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

The Bank has no fiduciary transactions.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1.227.432	538.232	1.105.697	318.761
Central Bank of the Republic of Turkey	2.437.056	22.390.350	4.802.571	14.473.438
Other	-	9.343	-	12.864
Total	3.664.488	22.937.925	5.908.268	14.805.063

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 the Central Bank of the Republic of Turkey’s Communiqué numbered 2005/1 “Required Reserves”. The Bank’s total domestic liabilities excluding the items stated in the Communiqué as deductibles, the deposits accepted on behalf of foreign branches from Turkey and loans obtained by the banks but followed under foreign branches constitute the required reserves liabilities.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2.401.860	941.696	4.773.232	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves ⁽¹⁾⁽²⁾	35.196	21.448.654	29.339	14.473.438
Total	2.437.056	22.390.350	4.802.571	14.473.438

⁽¹⁾ Required reserve of branches abroad amounting to TL50.888 is presented in this line (31 December 2012: TL36.777).

⁽²⁾ TL15.735.041 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC.

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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:

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	5.005	-
Total	5.005	-

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

Derivative Financial Assets Held-for-Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	11.680	25	27	324
Swap Transactions	282.060	144.862	7.861	124.355
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	293.740	144.887	7.888	124.679

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	459.579	127.561	32.447	211.697
Foreign Banks	52.525	1.825.346	12.669	1.676.658
Foreign Head Office and Branches	-	-	-	-
Total	512.104	1.952.907	45.116	1.888.355

b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	900.879	1.247.032	-	-
USA, Canada	711.563	226.319	-	-
OECD Countries ⁽¹⁾	7.749	2.893	-	-
Off-shore Banking Regions	-	-	-	-
Other	257.680	213.083	-	-
Total	1.877.871	1.689.327	-	-

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	23.412.254	4.303.003
Assets Blocked/Given as Collateral	1.529.694	289.203
Total	24.941.948	4.592.206

- b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	47.479.195	37.861.017
Quoted in Stock Exchange	47.479.195	37.861.017
Not Quoted in Stock Exchange	-	-
Share Certificates	363.274	261.545
Quoted in Stock Exchange	233.318	119.261
Not Quoted in Stock Exchange	129.956	142.284
Provision for Impairment (-)	1.158.672	54.545
Total	46.683.797	38.068.017

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	247.902	-	234.561	-
Total	247.902	-	234.561	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

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	83.799.459	721.751	-	2.197.691	280.000	-
Commercial loans	23.624.417	23.699	-	214.440	50.192	-
Export Loans	2.535.603	-	-	12.960	-	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	1.551.057	-	-	-	-	-
Consumer loans	33.170.846	34.292	-	1.709.912	22.733	-
Credit Cards	2.445.231	28	-	53.245	805	-
Other ⁽²⁾	20.472.305	663.732	-	207.134	206.270	-
Specialized Lending ⁽³⁾⁽⁴⁾	19.688.120	1.086.106	-	706.314	173.291	-
Other Receivables	-	-	-	-	-	-
Interest Income Accruals	1.600.703	-	-	-	-	-
Total	105.088.282	1.807.857	-	2.904.005	453.291	-

⁽¹⁾ Restructured or rescheduled loans cannot 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 cannot 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 (*)	1.807.857	453.291
3 - 4 or 5 Times Extended	-	-
Over 5 Times Extended	-	-

(*) Number of modification made according to extent of payment plan cannot 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	222.634	59.711
6 Months – 12 Months	1.208.926	201.555
1 - 2 Years	209.208	60.265
2 - 5 Years	161.100	127.918
5 Years and Over	5.989	3.842
Total	1.807.857	453.291

c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables (1)	Restructured or Rescheduled (1)	Loans and Other Receivables (1)	Restructured or Rescheduled (1)
Short-term Loans	32.107.415	1.350.863	482.793	161.821
Non-specialized Loans	22.488.338	536.057	117.456	19.146
Specialized Loans	9.619.077	814.806	365.337	142.675
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	71.380.160	456.994	2.421.216	291.470
Non-specialized Loans (2)	61.311.117	185.693	2.080.239	260.855
Specialized Loans	10.069.043	271.301	340.977	30.615
Other Receivables	-	-	-	-

(1) Rediscounts are not included.

(2) Agricultural loans originated from funds are shown under Specialized Lending.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	299.281	34.278.815	34.578.096
Real Estate Loans	1.299	10.246.193	10.247.492
Vehicle Loans	2.396	234.055	236.451
Consumer Loans	291.918	23.502.315	23.794.233
Abroad ⁽²⁾	3.668	296.252	299.920
Other	-	-	-
Consumer Loans- Indexed to FC	-	9	9
Real Estate Loans	-	9	9
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	77	954	1.031
Real Estate Loans	-	21	21
Vehicle Loans	-	-	-
Consumer Loans	77	933	1.010
Other	-	-	-
Individual Credit Cards-TL	2.271.375	14.558	2.285.933
With Installment	992.786	13.826	1.006.612
Without Installment	1.278.589	732	1.279.321
Individual Credit Cards-FC	4.300	-	4.300
With Installment	-	-	-
Without Installment	4.300	-	4.300
Personnel Loans-TL	15.940	153.218	169.158
Real Estate Loans	-	434	434
Vehicle Loans	-	-	-
Consumer Loans	5.532	151.775	157.307
Abroad ⁽²⁾	78	1.009	1.087
Other	10.330	-	10.330
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	75.477	361	75.838
With Installment	37.401	342	37.743
Without Installment	38.076	19	38.095
Personnel Credit Cards-FC	135	-	135
With Installment	-	-	-
Without Installment	135	-	135
Overdraft Accounts-TL (Real Person)	490.496	-	490.496
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	3.157.081	34.447.915	37.604.996

⁽¹⁾ TL261.236 of interest income accrual could not be decomposed therefore accruals are not included in the table above.

⁽²⁾ TL1.087 of consumer loans used by the personnel abroad and TL299.920 of consumer loans have been shown under “International Loans” of 5-b Table.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	1.045.882	7.973.626	9.019.508
Business Loans	2.227	142.151	144.378
Vehicle Loans	8.807	278.243	287.050
Consumer Loans	1.032.868	1.395.590	2.428.458
Other	1.980	6.157.642	6.159.622
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	118.892	8.488.982	8.607.874
Business Loans	-	8.672	8.672
Vehicle Loans	-	675	675
Consumer Loans	118.892	8.479.635	8.598.527
Other	-	-	-
Corporate Credit Cards-TL	132.351	207	132.558
With Installment	32.829	180	33.009
Without Installment	99.522	27	99.549
Corporate Credit Cards-FC	545	-	545
With Installment	-	-	-
Without Installment	545	-	545
Overdraft Account-TL (Legal Entity)	35.471	-	35.471
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	1.333.141	16.462.815	17.795.956

⁽¹⁾ Accruals and rediscounts related to these loans are not included in the table above.

f) Loans according to types of borrowers:

	Current Period	Prior Period
Public	1.409.979	824.207
Private	107.242.753	68.141.528
Interest Income Accruals of Loans	1.600.703	1.664.559
Total	110.253.435	70.630.294

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	107.649.974	68.158.284
Foreign Loans	1.002.758	807.451
Interest Income Accruals of Loans	1.600.703	1.664.559
Total	110.253.435	70.630.294

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	667.261	212.707
Indirect loans granted to subsidiaries and associates	-	-
Total ⁽¹⁾	667.261	212.707

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

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	79.322	125.115
Loans and other receivables with doubtful collectability	391.854	557.661
Uncollectible loans and other receivables	1.151.727	578.592
Total	1.622.903	1.261.368

j) 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: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current period	15.304	56.855	110.445
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	15.304	56.855	110.445
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	-	-	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Prior Period Ending Balance	256.273	1.043.629	757.651
Additions (+)	1.269.796	205.152	231.312
Transfers from Other Categories of Loans under Follow-Up (+)	-	1.118.342	1.771.550
Transfers to Other Categories of Loans under Follow-Up (-)	1.118.342	1.771.550	-
Collections (-) ⁽¹⁾	238.414	193.408	914.550
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance ⁽²⁾	169.313	402.165	1.845.963
Specific Provision (-) ⁽³⁾	79.322	391.854	1.151.727
Net Balance on Balance Sheet	89.991	10.311	694.236

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

⁽²⁾ Includes the loans originated from funds amounting to TL247.734 whose risk does not belong to the Bank.

⁽³⁾ As of 31 December 2013, Bank made 100% provision for the portion of TL155.927 of the loans under follow-up which is TL623.703 after taking guarantees into consideration.

3) Information on foreign currency non-performing loans:

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	25	9.697	10.848
Specific Provision (-)	13	9.697	10.848
Net Balance on Balance Sheet	12	-	-
Prior Period:			
Period Ending Balance	2.726	5.727	8.298
Specific Provision (-)	1.363	5.727	8.298
Net Balance on Balance Sheet	1.363	-	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period (Net)	89.991	10.311	694.236
Loans to Real Persons and Legal Entities (Gross)	169.313	346.311	1.845.963
Specific Provisions (-)	79.322	336.000	1.151.727
Loans to Real Persons and Legal Entities (Net)	89.991	10.311	694.236
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	55.854	-
Specific Provisions (-)	-	55.854	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	131.158	485.968	179.059
Loans to Real Persons and Legal Entities (Gross)	256.273	990.770	757.651
Specific Provisions (-)	125.115	504.802	578.592
Loans to Real Persons and Legal Entities (Net)	131.158	485.968	179.059
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	52.859	-
Specific Provisions (-)	-	52.859	-
Other Loans and Receivables (Net)	-	-	-

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

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

l) Explanations on write-off policy:

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

m) Other explanations and disclosures:

Current Period	Commercial⁽²⁾	Consumer⁽¹⁾	Agricultural⁽¹⁾	Total
Neither Past Due nor Impaired Loans	47.691.568	37.582.988	21.621.583	106.896.139
Past Due but not Impaired Loans	690.995	1.786.692	879.609	3.357.296
Impaired Loans	1.297.098	513.600	606.743	2.417.441
Total	49.679.661	39.883.280	23.107.935	112.670.876
Specific Provisions of Impaired Loans (-)	790.772	488.903	343.228	1.622.903
Net Loan Amount	48.888.889	39.394.377	22.764.707	111.047.973

⁽¹⁾ TL1.503.449 consumer, TL2.246.648 agricultural, and TL18 commercial loans originated from funds whose risk does not belong to the Bank, are shown under Neither Past Due nor Impaired Loans.

Prior Period	Commercial⁽²⁾	Consumer⁽¹⁾	Agricultural⁽¹⁾	Total
Neither Past Due nor Impaired Loans	17.215.473	27.823.177	21.090.230	66.128.880
Past Due but not Impaired Loans	1.008.778	2.678.930	813.705	4.501.413
Impaired Loans	1.148.530	397.149	511.874	2.057.553
Total	19.372.781	30.899.256	22.415.809	72.687.846
Specific Provisions of Impaired Loans (-)	620.231	365.405	275.732	1.261.368
Net Loan Amount	18.752.550	30.533.851	22.140.077	71.426.479

⁽¹⁾ TL1.265.064 consumer, TL2.805.292 agricultural, and TL48 commercial loans originated from funds whose risk does not belong to the Bank, are shown under Neither Past Due nor Impaired Loans.

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

Current Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	127.658	31.870	33.233	-	192.761
Consumer Loans	43.142	17.135	7.981	-	68.258
Agricultural Loans	402.836	227.563	19.096	-	649.495
Total	573.636	276.568	60.310	-	910.514

⁽¹⁾ The amounts at the table are the total of the overdue installments for the loans with installments and overdue principals for other loans; the remaining principal amount of loans with installments equals to TL2.446.782.

Prior Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	152.817	49.079	25.439	-	227.335
Consumer Loans	49.834	20.941	8.735	-	79.510
Agricultural Loans	320.853	103.323	12.579	-	436.755
Total	523.504	173.343	46.753	-	743.600

⁽¹⁾ The amounts at the table are the total of the overdue installments for the loans with installments and overdue principals for other loans; the remaining principal amount of loans with installments equals to TL3.072.006.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information on held-to-maturity investments:

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	586.720	4.028.780	4.617.294	3.182.681
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	586.720	4.028.780	4.617.294	3.182.681

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	5.959.248	893.747	6.456.814	594.419
Other	-	-	-	-
Total	5.959.248	893.747	6.456.814	594.419

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

	Current Period	Prior Period
Government Bonds	15.650.708	27.245.096
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	15.650.708	27.245.096

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	15.660.350	27.254.825
Quoted in a Stock Exchange	15.650.708	27.245.096
Not Quoted in a Stock Exchange	9.642	9.729
Provision for Impairment (-)	-	-
Total	15.660.350	27.254.825

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	27.254.825	32.504.197
Foreign Currency Differences on Monetary Assets	875.833	(247.868)
Purchases During the Year	253.278	220.573
Disposals through Sales and Redemptions	(12.723.586)	(5.222.077)
Provision for Impairment (-)	-	-
Period End Balance	15.660.350	27.254.825

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

Revaluation differences of reclassified available for sale securities before deferred tax are TL68.984, 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. At the end of balance sheet date, negative revaluation differences under shareholders’ equity are amounted as USD13.296 thousand and EUR6.590 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR34.627 thousand and USD64.226 thousand respectively.

If the reclassification from the held for trading securities portfolio to the held-to-maturity portfolio had not been performed, income accrual amounting to TL6.114 would have been recorded. As of 31 December 2013, the reclassification from held for trading securities to held-to-maturity investments has an income impact of TL(7.859).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information about associates (net):

a) 1) Information about unconsolidated associates:

	Description	Address (City/ Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	İstanbul/TURKEY	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	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	1.144	-
2	91.353	78.926	48.848	1.784	-	28.150	33.184	-

⁽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 as of 30 September 2013. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2012.

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

b) 1) Explanation regarding 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.	İstanbul/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	58.700	-

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

⁽²⁾ Current period information of Arap Türk Bankası A.Ş. has been provided from reviewed financial statements as of 30 September 2013. Prior period profit/loss information of ArapTürk Bankası A.Ş. has been provided from audited financial statements as of 31 December 2012.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

2) Information about consolidated associates:

	Current Period	Prior Period
Beginning Balance	59.386	53.781
Movement During the Period	-	5.605
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation	-	-
Transfer	-	-
Sales	-	-
Revaluation	-	5.605
Impairment Provision	-	-
Ending Balance	59.386	59.386
Capital Commitments	-	-
Period Ending Share of Capital Participation	15,43	15,43

3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	59.386	59.386
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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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Information on subsidiaries (net):

a) 1) Information about unconsolidated subsidiaries:

	Description	Address (City/ Country)	The Bank’s Share Percentage-if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara / TURKEY	100,00	100,00

	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	47.859	5.115	36.538	188	29	(364)	689	-

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

⁽²⁾ Current period information of subsidiaries has been provided from unaudited financial statements as of 31 December 2013. Prior period profit/loss information has been provided from audited financial statements as of 31 December 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 TL610.000 was vested in T. Halk Bankası A.Ş. and partnership relation with this subsidiary was actually ended in 23 July 2013.

b) 1) Information about consolidated subsidiaries:

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

	Description	Address (City/ Country)	The Bank’s Share Percentage-if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	İstanbul / TURKEY	100,00	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	Turkish Ziraat Bank Bosnia dd	Sarajevo / BOSNIA HERZEGOVINA	100,00	100,00
8	Ziraat Bank (Moscow) CJSC	Moscow / RUSSIA	100,00	100,00
9	Kazakhstan Ziraat Int. Bank	Almaty / KAZAKHSTAN	100,00	99,58

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

b) 1) Information about consolidated subsidiaries: (Continued)

	Total Assets ⁽³⁾	Shareholders' Equity ⁽³⁾	Total Non-Current Assets ⁽³⁾	Interest Income ⁽³⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽³⁾	Prior Period Profit / Loss ⁽³⁾	Fair Value ⁽¹⁾
1	1.217.706	213.177	2.381	56.276	8.616	98.963	70.081	-
2	333.954	109.980	1.601	9.456	462	37.436	45.352	-
3	1.300.039	170.487	432	53.660	3	15.008	19.304	-
4	90.375	75.815	1.441	21.344	662	4.733	8.952	-
5	9.546	9.139	107	462	443	(6)	644	-
6	2.403.126	433.426	3.833	46.250	2.946	1.915	6.217	455.807
7	502.395	104.235	13.638	15.331	397	5.461	(2.556)	58.047
8	143.207	61.037	4.308	7.445	97	2.836	3.611	57.240
9	354.149	229.298	9.485	14.176	814	13.828	6.209	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. are representing the net sales.

⁽³⁾ Information on subsidiaries shown in the above table has been provided from reviewed financial statements as of 30 September 2013, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 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	-	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⁾ Paid Capital Increases made during the period are classified under “Purchases” account.

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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

c) 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	17.930	17.930	157.443	10.441	18.839	24.937	13.193
Uzbekistan- Turkish Bank	27.904	27.915	130.590	2.063	2.134	10.303	6.290
Azer Türk Bank ASC	18.842	20.480	254.868	1.656	870	35.300	30.851
Total	64.676	66.325	542.901	14.160	21.843	70.540	50.334

⁽¹⁾ Information on entities under joint control is provided from the unaudited financial statements as of 31 December 2013.

⁽²⁾ Represents the 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 are 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):

The Bank has no finance lease receivables.

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).

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

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

The Bank’s immovables acquired amount to TL105.595 consisting of TL11.209 due to consumer loans, TL76.689 on its commercial loans and TL17.697 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL303. Total depreciation expense is TL946 for these held for sale assets. (31 December 2012: The Bank’s immovables acquired amount to TL66.604 consisting of TL4.049 due to consumer loans, TL54.611 on its commercial loans and TL7.944 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL82. Total depreciation expense is TL637 for these held for sale assets.

14. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End:					
Cost	1.411.917	477	40.251	365.330	1.817.975
Accumulated Depreciation (-)	638.072	48	25.516	222.983	886.619
Net Book Value	773.845	429	14.735	142.347	931.356
Current Period End:					
Net Book Value at the Beginning of the Period	773.845	429	14.735	142.347	931.356
Change During the Period (Net)	29.128	3.172	4.305	122.234	158.839
Depreciation – net (-)	(3.482)	365	4.577	35.217	36.677
Impairment (-)	-	-	-	3.867	3.867
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	1.441.045	3.648	44.556	483.698	1.972.947
Accumulated Depreciation at Period End (-)	634.590	412	30.093	258.200	923.295
Closing Net Book Value	806.455	3.236	14.463	225.498	1.049.652

- a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.
- b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

15. Explanations on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	107.073	47.523	59.550	58.585	26.127	32.458
Establishment Costs	2.464	910	1.554	4.505	2.767	1.738
Goodwill	-	-	-	-	-	-
Intangible Rights	107.154	33.330	73.824	40.963	13.743	27.220
Total	216.691	81.763	134.928	104.053	42.637	61.416

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

15. Explanations on intangible assets: (Continued)

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- e) Amount of purchase commitments for intangible fixed assets: None
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: Not applicable for the unconsolidated financial statements
- i) Information on Goodwill: None.

16. Information on deferred tax asset:

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

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

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

	Current Period	Prior Period
Deferred Tax Assets	735.750	468.823
Deferred Tax Liabilities	402.234	245.065
Net Deferred Tax Assets	333.516	223.758
Net Deferred Tax Income / (Expense)	(377.930)	287.936

	Current Period	Prior Period
Reserve for Employment Termination Benefits	113.409	127.960
Short Term Employee Benefits	26.920	26.880
Other Provisions	45.600	44.845
Valuation of Financial Assets	124.368	14.793
Other	23.219	9.280
Net Deferred Tax Assets	333.516	223.758

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

16. Information on deferred tax asset: (Continued)

	Current Period	Prior Period
As of 1 January	223.758	281.702
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax (Expense) / Income	(377.930)	287.936
Deferred Tax Expenses (Net)	(377.930)	287.936
Deferred Tax Recognized Under Shareholders’ Equity	487.688	(345.880)
Deferred Tax Assets	333.516	223.758

17. Information on other assets:

As of 31 December 2013 and 2012, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

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

1) For deposit banks:

Current Period	Demand	7 Days 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	9.471.948	-	2.306.619	44.971.074	3.911.099	668.484	853.993	5.011	62.188.228
Foreign Currency Deposits	5.581.597	-	4.739.736	10.804.880	2.633.979	1.680.226	8.324.948	298	33.765.664
Residents in Turkey	5.065.423	-	4.579.296	9.696.394	2.392.136	1.435.177	7.281.986	294	30.450.706
Residents Abroad	516.174	-	160.440	1.108.486	241.843	245.049	1.042.962	4	3.314.958
Public Sector Deposits	7.211.067	-	1.572.787	6.612.879	333.679	481.242	168.811	-	16.380.465
Commercial Inst. Deposits	3.442.000	-	3.920.234	4.703.009	579.908	109.280	6.219	-	12.760.650
Other Inst. Deposits	1.273.597	-	1.010.923	3.629.298	151.800	412.311	5.208	-	6.483.137
Precious Metals	1.700.414	-	-	306.476	-	-	-	-	2.006.890
Interbank Deposits	155.346	-	5.892.146	675.214	1.081.863	268.250	77.293	-	8.150.112
CBRT	3.058	-	2.769	-	-	-	-	-	5.827
Domestic Banks	31.537	-	3.938.310	248.985	229.863	2.000	2.051	-	4.452.746
Foreign Banks	93.149	-	1.951.067	426.229	852.000	266.250	75.242	-	3.663.937
Participation Banks	27.602	-	-	-	-	-	-	-	27.602
Other	-	-	-	-	-	-	-	-	-
Total	28.835.969	-	19.442.445	71.702.830	8.692.328	3.619.793	9.436.472	5.309	141.735.146

Prior Period	Demand	7 Days 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	6.841.609	-	2.177.611	43.625.246	3.366.354	481.282	838.565	5.010	57.335.677
Foreign Currency Deposits	3.958.526	-	3.333.810	6.203.551	2.588.811	874.081	5.425.944	272	22.384.995
Residents in Turkey	3.580.586	-	3.237.227	5.837.263	2.398.163	742.057	4.776.105	270	20.571.671
Residents Abroad	377.940	-	96.583	366.288	190.648	132.024	649.839	2	1.813.324
Public Sector Deposits	6.403.670	-	1.572.256	5.756.571	336.474	366.977	3.577	-	14.439.525
Commercial Inst. Deposits	2.176.608	-	2.486.280	4.779.989	879.998	4.076	18.851	-	10.345.802
Other Inst. Deposits	1.463.788	-	562.695	3.720.185	171.128	348.875	6.788	-	6.273.459
Precious Metals	848.805	-	-	81.527	-	-	-	-	930.332
Interbank Deposits	81.660	-	4.248.751	923.044	1.995.059	2.000	6.000	-	7.256.514
CBRT	2.214	-	1.779	-	-	-	-	-	3.993
Domestic Banks	35.552	-	4.078.998	211.324	279.529	2.000	6.000	-	4.613.403
Foreign Banks	33.863	-	167.974	711.720	1.715.530	-	-	-	2.629.087
Participation Banks	10.031	-	-	-	-	-	-	-	10.031
Other	-	-	-	-	-	-	-	-	-
Total	21.774.666	-	14.381.403	65.090.113	9.337.824	2.077.291	6.299.725	5.282	118.966.304

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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⁾	41.444.188	30.505.073	20.481.299	26.579.587
Foreign Currency Saving Deposits ⁽²⁾	13.960.516	8.336.033	12.461.340	10.600.342
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	467.408	423.579	54.646	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, the legal entity saving deposits amounting to TL24.133 and TL12.491 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2012: Bulgaria and Greece, TL10.668 and TL9.642, respectively).

⁽²⁾ Related deposit balances do not include foreign branches

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL2.654 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 TL100 attributable to a real person is covered by the insurance, TL369.958 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 Bank whose head office is abroad, and reasons if it is covered in where the head office is located:

The Bank’s head office is located in Turkey.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. b) Information on saving deposits: (Continued)

3) Amounts which are not covered by deposit insurance:

a) Saving deposits of real persons not covered by the deposit insurance fund:

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	56.859	64.624
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors, General Manager, Assistant General Managers and Their Close Families	2.010	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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	11.332	-	25	319
Swap Transactions	7.188	36.144	38.962	16.242
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	18.520	36.144	38.987	16.561

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	148.576	159.887	67.462	86.120
Foreign Banks, Institutions and Funds	933.386	7.317.480	797.484	2.121.373
Total	1.081.962	7.477.367	864.946	2.207.493

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	119.109	5.868.133	56.879	1.453.890
Medium and Long-Term	962.853	1.609.234	808.067	753.603
Total	1.081.962	7.477.367	864.946	2.207.493

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

68,30% of the Bank’s liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

3. d) Information on funds supplied from repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions				
Financial Institutions and Organizations	11.040.945	12.061.628	4.599.126	5.584.781
Other Institutions and Organizations	1.456.454	-	971.889	-
Real Person	11.823	-	6.678	-
From Overseas Operations				
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	12.509.222	12.061.628	5.577.693	5.584.781

e) Information on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2.404.051	-	1.767.858	-
Treasury Bills	232.836	-	179.130	-
Total	2.636.887	-	1.943.988	-

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 Bank 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	958	940	27	25
Between 1-4 Years	1	1	270	262
More than 4 Years	-	-	-	-
Total	959	941	297	287

6. Information on derivative financial liabilities for hedging purposes:

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions	1.970.093	1.204.739
Allocated for Group-I Loans and Receivables	1.703.039	974.713
Additional Provision for Loans and Receivables with Extended Maturities	79.184	20.214
Allocated for Group-II Loans and Receivables	135.567	150.130
Additional Provision for Loans and Receivables with Extended Maturities	18.994	13.702
Allocated for Non-cash Loans	87.444	47.201
Other	44.043	32.695

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

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

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL29.876.

d) Information on other provisions:

1) Information on general provisions for possible risks:

These financial statements include a free provision which is not in accordance with BRSA principles amounting to TL1.006.000 thousand (TL250.500 thousand of this provision amount was charged to the income statement 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. Moreover, the provision of TL11.550 and other provision of TL36 exist for cash transfers made by Bank officials.

	Current Period	Prior Period
General provisions for possible risks	1.017.586	765.976

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

Since the 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 Bank over TL100 amounts to TL80.385. Full provision has been provided in these financial statements for law suits ended against the Bank but not finalized yet, amounting to TL33.859. In addition to these, for the interest expenses calculated for the lawsuits against the Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, general provision amounting to TL62.932 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 TL148.231 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, TL111.174 was paid in 16 August 2013 and TL111.200 which was booked as other provision in early period was cancelled by reversal.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

d) Information on other provisions: (Continued)

Furthermore, based on the decision of the Bank management, provision amounting to TL108.000, 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 Bank also provided provisions amounting to TL29.876 for unindemnified non-cash loans, TL22.300 for commission payments of Maximum Card, and TL12.006 for other provisions. As a result of the provisions mentioned above, the other provision balance on the Bank’s balance sheet amounts to TL1.286.559. (31 December 2012: TL1.023.100)

e) Liabilities on reserve for employee termination benefits:

1) Employment termination benefits and unused vacation rights

The Bank 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 31 December 2013, unpaid vacation liability amounted to TL134.600 (31 December 2012: TL134.400), and employment termination amounted to TL567.043 (31 December 2012: TL639.800) are presented under the “Employee Benefits Provision” in the financial statements.

	Current Period	Prior Period
As of 1 January	639.800	531.100
Payments in the period	(143.727)	(49.367)
Charge for the period	70.970	158.067
Total	567.043	639.800

2) Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2013 and 2012.

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

According to related Actuary Report, the Fund’s surplus is TL1.371.944 (31 December 2012: TL813.030) as of 31 December 2013.

	Current Period	Prior Period
Present value of funded obligations	382.944	(64.970)
-Pension benefits transferable to SSI	(42.132)	(330.877)
-Post employment medical benefits transferable to SSI	425.076	265.907
Fair value of plan assets	989.000	878.000
Actuarial Surplus	1.371.944	813.030

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

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

2) Pension Rights (Continued)

The principal actuarial assumptions used are as follows:

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

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

Plan assets are comprised as follows:

	Current Period	Prior Period
Bank Placements	681.445	694.729
Property and Equipment	185.987	160.982
Marketable Securities	114.084	13.889
Other	7.484	8.400
Total	989.000	878.000

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of 31 December 2013, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL162.414 (31 December 2012: TL343.727).

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	162.414	343.727
Taxation on Income From Securities	103.823	86.192
Property Tax	1.428	1.000
Banking Insurance Transactions Tax (BITT)	66.744	51.049
Foreign Exchange Transactions Tax	22	5
Value Added Tax Payable	2.458	1.253
Other	45.111	29.964
Total	382.000	513.190

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on tax liability: (Continued)

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	36	20
Social Security Premiums - Employer	50	25
Bank Social Aid Pension Fund Premium - Employee	135	101
Bank Social Aid Pension Fund Premium - Employer	251	187
Pension Fund Membership Fees and Provisions - Employee	6	5
Pension Fund Membership Fees and Provisions - Employer	21	14
Unemployment Insurance - Employee	375	241
Unemployment Insurance - Employer	751	485
Other	-	9
Total	1.625	1.087

b) Information on deferred tax liabilities, if any:

The Bank’s deferred tax liability amounts to TL402.234 (31 December 2012: TL245.065). However, this amount is netted off against the deferred tax asset and accordingly deferred tax asset amounting to TL333.516 (31 December 2012: TL223.758) is presented in the financial statements.

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 bank, if so the registered capital ceiling amount:

The 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 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 Bank follows its operations in line with the previous periods. The 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 Bank’s performance and contributes to the profitability structure to be sustainable.

g) Information on preferred shares:

The Bank has no preferred shares.

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	34.084	175.386	-	175.386
Revaluation Difference	34.084	175.386	-	175.386
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	(860.836)	9.421	477.484	525.717
Revaluation Difference	(1.132.687)	9.421	689.021	525.717
Deferred Tax Effect	271.851	-	(211.537)	-
Foreign Exchange Difference	-	-	-	-
Total	(826.752)	184.807	477.484	701.103

III. EXPLANATIONS AND NOTES TO 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	2.513.009	2.410.263
Asset Purchase Commitments	4.466.898	443.890
Commitments for Credit Card Expenditure Limits	6.275.095	3.813.950
Loan Granting Commitments	1.145.256	141.017
Other Irrevocable Commitments	2.883.592	2.105.637
Subsidiaries and Associates Capital Contribution Commitments	-	-
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	13.049	10.985
Total	17.296.899	8.925.742

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

1. Information on off-balance sheet liabilities: (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	23.532.752	12.087.732
Bank Acceptances	2.428.838	959.329
Letter of Credits	4.253.464	2.346.493
Total	30.215.054	15.393.554

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

	Current Period	Prior Period
Letter of Temporary Guarantees	1.489.563	464.147
Letter of Certain Guarantees	15.038.291	6.838.988
Letters of Advance Guarantees	5.697.987	3.488.401
Letters of Guarantees given to Customs Offices	87.469	122.079
Other Letters of Guarantees	1.219.442	1.174.117
Total	23.532.752	12.087.732

c) 1) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	1.035.278	1.042.263
With Original Maturity of One Year or Less	61.329	119.644
With Original Maturity of More than One Year	973.949	922.619
Other Non-Cash Loans	29.179.776	14.351.291
Total	30.215.054	15.393.554

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

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

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	20.404	0,19	16	-	10.429	0,19	1.507	0,02
Farming and Raising Livestock	297	-	-	-	352	0,01	-	-
Forestry	20.107	0,19	16	-	10.077	0,18	1.507	0,02
Fishing	-	-	-	-	-	-	-	-
Manufacturing	2.891.237	26,68	10.452.863	53,94	1.334.176	24,13	5.903.762	59,85
Mining and Quarrying	57.269	0,53	165.360	0,85	34.068	0,62	154.802	1,57
Production	1.707.501	15,76	8.277.717	42,71	960.724	17,37	5.082.599	51,53
Electric, Gas and Water	1.126.467	10,40	2.009.786	10,37	339.384	6,14	666.361	6,76
Construction	2.163.664	19,97	3.299.327	17,02	915.437	16,56	1.257.986	12,75
Services	5.135.025	47,39	4.404.024	22,72	2.782.816	50,33	1.274.419	12,92
Wholesale and Retail Trade	2.325.707	21,46	1.194.253	6,16	959.988	17,36	713.601	7,23
Hotel, Food and Beverage Services	38.498	0,36	45.035	0,23	14.639	0,26	13.609	0,14
Transportation and Telecommunication	432.696	3,99	238.391	1,23	227.530	4,11	68.156	0,69
Financial Institutions	1.817.424	16,77	378.578	1,95	1.343.999	24,31	349.048	3,54
Real Estate and Leasing Services	283.671	2,62	591.203	3,05	185.374	3,35	129.300	1,31
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	22.183	0,20	9.756	0,05	14.425	0,26	289	-
Health and Social Services	214.846	1,98	1.946.808	10,05	36.861	0,67	416	-
Other	624.877	5,77	1.223.617	6,31	486.806	8,80	1.426.216	14,46
Total	10.835.207	100,00	19.379.847	100,00	5.529.664	100,00	9.863.890	100,00

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

	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	10.746.243	19.306.760	88.964	73.087
Letters of Guarantee	10.658.044	12.715.511	88.964	70.233
Bank Acceptances	68.438	2.360.400	-	-
Letters of Credit	19.761	4.230.849	-	2.854
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Explanations on derivative transactions:

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	22.795.493	11.329.664
Forward Transactions	720.364	112.342
Swap Transactions	22.075.129	11.217.322
Futures Transactions	-	-
Option Transactions	-	-
Interest Related Derivative Transactions (II)	-	-
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	-	-
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	22.795.493	11.329.664
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	-	-
Total Derivative Transactions (A+B)	22.795.493	11.329.664

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

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

2. Explanations on derivative transactions: (Continued)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	128.364	14.502	138.478	17.035	-	298.379
- Inflow	7.743.608	2.171.329	1.084.408	547.591	-	11.546.936
- Outflow	(7.615.244)	(2.156.827)	(945.930)	(530.556)	-	(11.248.557)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	7.743.608	2.171.329	1.084.408	547.591	-	11.546.936
Total Outflow	(7.615.244)	(2.156.827)	(945.930)	(530.556)	-	(11.248.557)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	122.522	14	(83)	(6.255)	-	116.198
- Inflow	4.548.646	2.467	15.273	1.156.545	-	5.722.931
- Outflow	(4.426.124)	(2.453)	(15.356)	(1.162.800)	-	(5.606.733)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	4.548.646	2.467	15.273	1.156.545	-	5.722.931
Total Outflow	(4.426.124)	(2.453)	(15.356)	(1.162.800)	-	(5.606.733)

3. Explanations on contingent assets and liabilities:

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

The Bank's liability resulting from the cheques given to its customers amounts to TL2.513.009 (31 December 2012: TL2.410.263).

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

4. Explanations on services in the name of others:

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

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

5. Information on the Bank’s rating that has been determined by international rating agencies

Information on the assessment done by the international rating agencies Moody’s Investor Services and Fitch Ratings are as follows:

Moody’s Investor Services: May 2013

Outlook	Stable
Bank Financial Strength	D+

Fitch Ratings: November 2013

Foreign Currency Commitments	
Long Term	BBB-
Short Term	F3
Outlook	Stable
Local Currency Commitments	
Long Term	BBB
Short Term	F3
Outlook	Stable
National	AAA (tur)
Outlook	Stable
Viability Rating	bbb-
Support Rating	2

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	8.814.448	694.054	8.333.751	331.547
Short Term Loans	2.617.514	75.810	2.483.854	57.034
Medium and Long Term Loans	6.058.391	618.226	5.746.550	274.493
Interest on Non-Performing Loans	138.543	18	103.347	20
Premiums from Resource Utilization Support Fund	-	-	-	-

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

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	11.380	1.271	785	535
Foreign Banks	939	20.701	863	21.750
Head Office and Branches	-	-	-	-
Total	12.319	21.972	1.648	22.285

c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	943	421	2.404	483
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	2.741.363	257.857	2.994.360	188.106
From Held-to-maturity Investments	1.499.694	313.744	2.640.001	285.454
Total	4.242.000	572.022	5.636.765	474.043

d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	6.898	3.770

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	67.853	76.008	46.993	27.698
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	6.757	2.284	4.702	1.094
Foreign Banks	61.096	73.724	42.291	26.604
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	67.853	76.008	46.993	27.698

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	24.868	70.439

c) Information on interest given on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	166.417	-	135.102	-

d) 1) Maturity structure of the interest expense on deposits:

Hesap Adı	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	155.177	-	-	-	-	-	155.177
Saving Deposit	9	120.599	3.020.608	283.134	51.861	62.189	755	3.539.155
Public Sector Deposit	196	133.714	417.906	22.756	30.205	958	-	605.735
Commercial Deposit	151	139.984	289.713	42.051	21.048	678	-	493.625
Other Deposit	32	36.316	190.378	22.971	28.875	343	-	278.915
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	388	585.790	3.918.605	370.912	131.989	64.168	755	5.072.607
FC								
Foreign Currency Deposit	1.624	53.972	149.526	51.814	29.824	181.143	6	467.909
Bank Deposit	58.945	-	-	-	-	-	-	58.945
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	152	1.153	81	51	46	-	1.483
Total	60.569	54.124	150.679	51.895	29.875	181.189	6	528.337
Grand Total	60.957	639.914	4.069.284	422.807	161.864	245.357	761	5.600.944

3. Explanations on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	9.035	14.998
Other ⁽¹⁾	311.946	83.070
Total	320.981	98.068

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

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

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

	Current Period	Prior Period
Profit	10.620.089	5.240.823
Profit from the Capital Market Transactions	72.615	84.519
Profit on Derivative Financial Instruments	1.958.052	1.330.628
Foreign Exchange Gains	8.589.422	3.825.676
Loss (-)	10.818.028	5.292.436
Loss from the Capital Market Transactions	2.669	19.964
Loss on Derivative Financial Instruments	1.550.614	1.376.786
Foreign Exchange Loss	9.264.745	3.895.686

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

	Current Period	Prior Period
Effect of the change in exchange rates on profit/loss	243.090	(654.958)
Effect of the change in interest rates on profit/loss	164.348	608.800
Total	407.438	(46.158)

6. Information on other operating income:

Information on factors covering the recent developments which has significant effect on the 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 Bank's income. Main component of the Bank's other operating income consists of reversals from prior period provisions amounting to (TL 630.015).

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	673.373	809.453
Group III Loans and Receivables	77.716	130.655
Group IV Loans and Receivables	333.127	509.898
Group V Loans and Receivables	262.530	168.900
General Provision Expenses ⁽²⁾	762.739	227.234
Provision Expenses for the Possible Losses	385.900	626.350
Marketable Securities Impairment Expense	615	49
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	615	49
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	-
Other ⁽³⁾	5.856	132.127
Total	1.828.483	1.795.213

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL310.711 are presented in other operating income (31 December 2012: TL132.966).

⁽²⁾ The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL185 are presented in other operating income.

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

8. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1.763.184	1.361.181
Reserve for Employee Termination Benefits	50.594	158.067
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	84.527	60.949
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	41.552	17.828
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	553	350
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	939.335	666.701
Operational Leasing Expenses	114.688	88.950
Maintenance Expenses	69.772	36.619
Advertisement Expenses	77.931	43.519
Other Expenses	676.944	497.613
Loss on Sales of Assets	883	148
Other ⁽¹⁾	780.739	563.116
Total	3.661.367	2.828.340

⁽¹⁾ TL301.092 (31 December 2012: TL199.939) of other item consists of Saving Deposit Insurance Fund accrual expense while TL304.600 (31 December 2012: TL224.139) consists of taxes, duties and charges expense.

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

The Bank 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	7.738.798	6.900.910
Net Fees and Commissions Income	958.779	752.112
Dividend Income	320.981	98.068
Trading Income/Expense (Net)	(197.939)	(51.613)
Other Operating Income	1.047.754	428.801
Provision for Loan or Other Receivables Losses (-)	1.828.483	1.795.213
Other Operating Expenses (-)	3.661.367	2.828.340
Income / (Loss) From Continuing Operations	4.378.523	3.504.725

10. Information on tax provision for continued and discontinued operations

As of 31 December 2013, 1,048,449 (31 December 2012: TL854,297) of the Bank's total tax provision expense amounting to TL670,519 (31 December 2012: TL1,142,233), consists of current tax expense while remaining balances amounting to TL 377,930 (31 December 2012: TL287,936 income) consists of deferred tax income.

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

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

The Bank’s net operating income after tax amounts to TL 3.330.074 (31 December 2012: TL2.650.428).

12. Information on net profit/loss:

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

The 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 (31 December 2012: None).

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

As of 31 December 2013, the Bank’s other fee and commission income amounting to TL1.061.859 (31 December 2012: TL870.314) consists of TL263.257 (31 December 2012: TL268.971) of credit card fees and commission income, TL231.068 (31 December 2012: TL145.288) of insurance commission and the remaining TL567.534 (31 December 2012: TL456.055) of money order, account management fee and other commission income.

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

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

a) Explanations on inflation adjustment differences for equity items:

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

b) Explanations on profit distribution:

The General Assembly for the year 2012 was carried out on 29 March 2013. In accordance with the decision taken, the amount of TL2.362.492 on the basis of distribution of the profit for the year 2012 amounting to TL2.650.428, TL118.125 is decided to transfer to primary legal reserves and TL14.500 is decided to transfer to secondary legal reserves, TL145.000 is decided to distribute as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL106.250 is decided to distribute to the Treasury after deducting withholding tax of 15% (TL18.750) in cash. Besides, TL1.959.867 of the profit has been preserved and TL134.987 is paid within the framework of dividend decided to transfer to employees. According to the decision of the General Assembly's the remaining part of dividend reserved to be distributed to personnel TL10.013 is transferred to the account of the “Profit Reserves”.

Bank is planning to distribute its 2013 profit in accordance with its articles of association. However, as of the report date, there is no decision taken regarding the profit distribution.

c) Explanations on Available For Sale Financial Assets:

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

Subsidiaries and jointly controlled entities domiciled and operating abroad are followed by their fair values. For such subsidiaries and entities under common control, the fair value is determined with revaluation report prepared by independent valuation firm and revaluation differences are recognized under “Marketable Securities Revaluation Fund” under equity.

d) Profit Reserves:

As of the balance sheet date, profit reserves amount to TL 12.474.183, legal reserves amount to TL2.541.114, extraordinary reserves amount to TL9.011.091 and other profit reserves amount to TL921.978.

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VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

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

“Operating Profit before Changes in Operating Assets and Liabilities” amounting to TL5.001.737 is composed mainly from interest received from loans and securities amounting to TL15.653.030 and interest paid to deposit and money market operations which is amounting to TL6.612.487. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of change in foreign exchange rate on cash and cash equivalents is determined, approximately, as TL408.178 as of 31 December 2013 (31 December 2012: TL(182.399)).

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

Period opening and end cash and cash equivalents balance:

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	1.437.326	1.331.278
Central Bank of the Republic of Turkey and Other Banks	6.322.525	6.356.714
Money Market Operations	-	-
Total Cash and Cash Equivalents	7.759.851	7.687.992

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	1.756.313	1.437.326
Central Bank of the Republic of Turkey and Other Banks	4.913.264	6.322.525
Money Market Operations	-	-
Total Cash and Cash Equivalents	6.669.577	7.759.851

VII. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE 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 Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the 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	2.267.916	445.849	-	-	-	-
Closing Balance	2.819.175	907.299	-	-	-	-
Interest and Commissions Income	6.898	-	-	-	-	-

(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 TL853.794 are included in the cash loans.

b) Prior Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the 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	1.812.188	675.435	-	-	-	-
Closing Balance	2.267.916	445.849	-	-	-	-
Interest and Commissions Income	3.770	-	-	-	-	-

(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 TL1.021.097 are included in the cash loans.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the 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	932.442	1.175.691	-	-	-	-
Closing Balance	261.957	932.442	-	-	-	-
Interest Expense on Deposits	24.868	70.439	-	-	-	-

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the 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	(322)	(297)	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information about fees paid to the Bank’s key management:

Fees paid to the Bank’s key management amount to TL19.625 (31 December 2012: TL13.423).

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

1. The Board of Directors of the Bank has decided to take all necessary actions regarding the issue of bills, bonds and similar kinds of debt instruments which will be issued abroad through one or more issuance, in total up to 3 billion USA dollars or equivalent foreign exchange or TL, and establishing bond issuance program which would allow issuances with different foreign currencies, and maturities (Medium Term Note Program/Global Medium Term Note Program) at the amount of the equivalent of 3 billion USA dollars. Related to that, Board of Director has decided the authorization for the applications to Capital Market Board and other in charge parties regarding necessary permits. In this regard, the required application has been made to Capital Market Board and it has been announced that the application has been approved by Capital Market Board on January 14, 2014. In addition, Banking Regulation and Supervision Agency has declared that it is not considered risky to issue debt instruments as part of bond issuance program to abroad at the amount of the equivalent of 3 billion USA dollars.
2. The issue and the public offerings of the Bank’s bonds with a nominal value of TRY450 million with 126-day maturity and having a fixed term on 30 May 2014 and of the bonds with a nominal value of TRY300 million with 175-day maturity and having a fixed term on 18 July 2014 have been performed via book-building method on 20, 21, 22 January 2014. The compound interest rates were respectively 9.39% and 9.81%.

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

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

	Number	Number of Employees			
Domestic Branch ⁽¹⁾	1.636	24.639			
			Country of Incorporation		
Foreign Representative Office	1	1	1- Iran		
				Total Assets	Statutory Share Capital
Foreign branch ⁽²⁾	1	2	1- USA	1.639.080	250.200
	1	3	2- England	1.080.279	113.562
	4	6	3- Bulgaria	95.934	41.676
	2	4	4- Georgia	52.937	18.648
	2	6	5- Iraq	197.850	29.820
	4	5	6- Greece	350.702	96.905
	1	1	7- Saudi Arabia	57.619	31.950
	10	37	8-T.R. of Northern Cyprus	874.096	57.539
Off-shore Banking Region Branches	-	-	-	-	-

⁽¹⁾ Includes the employees of the domestic branches, excluding the employees of head office and regional management.

⁽²⁾ Excluding the local employees of the foreign branches.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

As of 31 December 2013, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor’s Report dated 17 February 2014 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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