

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS  
TOGETHER WITH REVIEW REPORT  
AT 30 SEPTEMBER 2015**

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



## **REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**

### **(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I of Section three)**

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

#### *Introduction*

We have reviewed the consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (“the Bank”) and its consolidated subsidiaries at 30 September 2015 and the related consolidated income statement, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” other than subjects regulated by BRSA Accounting and Reporting Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

#### *Scope of Review*

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards of Turkey and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

#### *Basis for the Qualified Conclusion*

As mentioned in Section II. Note 7.d1 of Explanations and Notes to the Consolidated Financial Statements; as of the balance sheet date, the accompanying consolidated financial statements include a free provision amounting to TL 1.255.400 thousand (TL64.600 thousand of this provision amount was reversed from the income statement in the current year), 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.



### *Qualified Conclusion*

Based on our review, except for the effect of the matter on the financial statements described in the basis for the qualified conclusion paragraph nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and its consolidated subsidiaries at 30 September 2015 and of the results of its operations and its cash flows for the nine-month period then ended in all aspects in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” other than subjects regulated by BRSA Accounting and Reporting Legislation.

### *Additional Paragraph for Convenience Translation:*

The effects of differences between accounting principles and standards explained in detail in Note I. of Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Haluk Yalçın, SMMM  
Partner

Istanbul, 4 November 2015



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

**THE CONSOLIDATED INTERIM FINANCIAL REVIEW REPORT OF  
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 SEPTEMBER 2015**

The Parent Bank's Headquarter Address: Anafartalar Mahallesi Atatürk Bulvarı  
No: 8 06050-Altındağ/ANKARA  
Phone: (312) 584 20 00  
Facsimile: (312) 584 49 63  
Website: www.ziraatbank.com.tr

The consolidated financial report for nine months includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

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

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

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

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Hüseyin AYDIN  
Member of the Board,  
CEO

---

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

---

Peyami Ömer ÖZDİLEK  
Financial Coordination  
Executive Vice President

---

Atakan BEKTAŞ  
Senior Vice President  
of Financial Reporting and  
Budget Management

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

Name/Title : Serkan ÖZKAN / Financial Statements Manager  
Telephone Number : 0312 584 59 32  
Facsimile Number : 0312 584 59 38

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**SECTION ONE**

**GENERAL INFORMATION ABOUT THE GROUP**

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

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

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

The sole shareholder of the Parent Bank is the Republic of Turkey Prime Ministry Undersecretariat of Treasury (“Treasury”).

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015

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

GENERAL INFORMATION ABOUT THE GROUP (Continued)

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

Name	Administrative Function
<b>Members of the Board</b>	
Muharrem KARSLI	Chairman
Hüseyin AYDIN	CEO and Member
Yusuf DAĞCAN	Vice Chairman and Member
Cemalettin BAŞLI	Member
Fahrettin ÖZDEMİRCİ	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mustafa ÇETİN	Member
Salim ALKAN	Member
<b>Audit Committee Members</b>	
Muharrem KARSLI	Member
Feyzi ÇUTUR	Member
<b>Executive Vice Presidents</b>	
Alpaslan ÇAKAR	Retail Banking
Bilgehan KURU	Treasury and International Banking
Bülent SÜER	Operational Transactions
Peyami Ömer ÖZDİLEK (*)	Financial Coordination
Mehmet Cengiz GÖĞEBAKAN	Loan Policies
Musa ARDA	Loan Allocation and Management
Ömer Muzaffer BAKTIR	Marketing
Yüksel CESUR	Internal Systems

(\*) With The Bank's Board of Directors decision, dated 30 July 2015 Peyami Ömer ÖZDİLEK was appointed Executive Vice President in charge of Financial Coordination.

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

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

Name/Trade Name	Amount of Share	Percentage of Share(%)	Paid-in Shares	Unpaid Shares
Treasury	5.000.000	100	5.000.000	-

The sole shareholder of the Parent Bank is the Treasury.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015**

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

**GENERAL INFORMATION ABOUT THE GROUP (Continued)**

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

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

As of 30 September 2015, Parent Bank carries its activities with a grand total of 1.802 domestic branches; 1.776 branches including 23 corporate branches, 80 entrepreneurial branches, 91 dynamic entrepreneurial branches, 1.580 branches and 2 mobile branches (31 December 2014: 1.682 domestic branches including 1.486 branches, 24 corporate branches, 80 entrepreneurial branches, 90 dynamic entrepreneurial branches, 2 mobile branches) and 26 branches abroad including 22 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, Pristina in Kosova, 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 Parent Bank signed a contract with T. İş Bankası A.Ş. on 22 January 2007 to provide longer installment plan and bonus points to their credit card users and benefit from all the advantages within Maximum credit card at merchants that are a part of Maximum plan. Also with this contract the Bank has the right to register members for Maximum. Transactions between the two banks are administered by Interbank Card Center.

Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Bank can associate Başakkart with enterprise loans below TL 100 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 90% of cash limits of loan accounts can be used through the branches/ATMs of the Bank. Repayments regarding the transactions with Başakkart can be made through the branches of the Bank. Agricultural products/services obtained by using Başakkart are repaid without any interest charge within the time periods defined by the Bank.

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

As of 30 September 2015, the number of the Group’s employees is 26.518 (31 December 2014: 24.882).

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015**

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

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**GENERAL INFORMATION ABOUT THE GROUP (Continued)**

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

According to Communiqué regarding the Preparation of the Consolidated Financial Statements and Turkish Accounting Standards, Araptürk Bankası A.Ş., one of the associates of the Parent Bank, and Turkmen Turkish Joint Stock Commercial Bank, UTBank JSC (formerly named as “Uzbekistan-Turkish Bank”) entities under common control are consolidated through “Equity Method” in accompanying consolidated financial statements of the Bank.

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

All other subsidiaries are fully consolidated.

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

None.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS OF 30 SEPTEMBER 2015

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

SECTION TWO  
CONSOLIDATED FINANCIAL STATEMENTS

I. CONSOLIDATED BALANCE SHEET (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)		Note (Section Five I)	Current Period (30/09/2015)			Prior Period (31/12/2014)		
			TL	FC	Total	TL	FC	Total
<b>ASSETS</b>								
I.	CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	4.112.137	34.974.390	39.086.527	2.773.749	27.510.997	30.284.746
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	815.533	246.395	1.061.928	294.906	35.088	329.994
2.1	Financial Assets Held for Trading		815.395	246.395	1.061.790	294.834	35.088	329.922
2.1.1	Public Sector Debt Securities		43.958	15.813	59.771	28.363	3.998	32.361
2.1.2	Securities Representing a Share in Capital		696	-	696	909	-	909
2.1.3	Derivative Financial Assets Held for Trading		770.741	207.643	978.384	265.562	31.090	296.652
2.1.4	Other Marketable Securities		-	22.939	22.939	-	-	-
2.2	Financial Assets at Fair Value Through Profit or Loss		138	-	138	72	-	72
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		138	-	138	72	-	72
III.	BANKS	(3)	1.467.968	2.473.661	3.941.629	1.789.607	978.204	2.767.811
IV.	MONEY MARKET PLACEMENTS		43.954	33.915	77.869	16.839	34.690	51.529
4.1	Interbank Money Market Placements		-	33.915	33.915	-	34.690	34.690
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		43.954	-	43.954	16.839	-	16.839
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	41.804.045	10.993.946	52.797.991	45.891.736	8.538.507	54.430.243
5.1	Securities Representing a Share in Capital		136.947	418.909	555.856	131.975	314.297	446.272
5.2	Public Sector Debt Securities		41.489.449	10.472.157	51.961.606	45.620.600	8.070.022	53.690.622
5.3	Other Marketable Securities		177.649	102.880	280.529	139.161	154.188	293.349
VI.	LOANS AND RECEIVABLES	(5)	136.260.160	50.968.074	187.228.234	110.346.717	35.175.186	145.521.903
6.1	Loans and Receivables		135.442.553	50.945.707	186.388.260	109.562.008	35.158.472	144.720.480
6.1.1	Loans Granted to Risk Group of The Bank		-	19.503	19.503	-	8.558	8.558
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		135.442.553	50.926.204	186.368.757	109.562.008	35.149.914	144.711.922
6.2	Loans under Follow-up		2.989.318	103.006	3.092.324	2.709.827	60.656	2.770.483
6.3	Specific Provisions (-)		2.171.711	80.639	2.252.350	1.925.118	43.942	1.969.060
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD TO MATURITY (Net)	(6)	4.617.404	5.873.067	10.490.471	5.106.644	5.133.172	10.239.816
8.1	Public Sector Debt Securities		4.583.661	5.826.989	10.410.650	5.095.536	5.104.322	10.199.858
8.2	Other Marketable Securities		33.743	46.078	79.821	11.108	28.850	39.958
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	94.584	876	95.460	88.182	731	88.913
9.1	Accounted with Equity Method		88.518	-	88.518	82.116	-	82.116
9.2	Unconsolidated Associates		6.066	876	6.942	6.066	731	6.797
9.2.1	Financial Associates		-	876	876	-	731	731
9.2.2	Non-financial Associates		6.066	-	6.066	6.066	-	6.066
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	7.457	-	7.457	7.450	-	7.450
10.1	Unconsolidated Financial Subsidiaries		1.220	-	1.220	1.213	-	1.213
10.2	Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237	6.237	-	6.237
XI.	ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	74.901	74.901	-	60.271	60.271
11.1	Accounted with Equity Method		-	74.901	74.901	-	60.271	60.271
11.2	Unconsolidated Entities Under Common Control		-	-	-	-	-	-
11.2.1	Financial Entities Under Common Control		-	-	-	-	-	-
11.2.2	Non-Financial Entities Under Common Control		-	-	-	-	-	-
XII.	RECEIVABLES FROM LEASING TRANSACTIONS	(10)	598.154	1.855.519	2.453.673	512.978	1.338.278	1.851.256
12.1	Finance Lease Receivables		737.836	2.107.881	2.845.717	639.592	1.528.388	2.167.980
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		139.682	252.362	392.044	126.614	190.110	316.724
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)	4.853.602	88.502	4.942.104	4.681.525	59.780	4.741.305
XV.	INTANGIBLE ASSETS (Net)		217.679	14.890	232.569	185.408	7.907	193.315
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		217.679	14.890	232.569	185.408	7.907	193.315
XVI.	REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-
XVII.	TAX ASSET		471.946	1.510	473.456	226.647	1.158	227.805
17.1	Current Tax Asset		2.925	1.510	4.435	1.057	1.158	2.215
17.2	Deferred Tax Asset		469.021	-	469.021	225.590	-	225.590
XVIII.	ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	217.382	-	217.382	174.207	-	174.207
18.1	Held for Sale		217.382	-	217.382	174.207	-	174.207
18.2	Held from Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS		1.647.330	1.617.882	3.265.212	1.398.577	640.050	2.038.627
<b>TOTAL ASSETS</b>			<b>197.229.335</b>	<b>109.217.528</b>	<b>306.446.863</b>	<b>173.495.172</b>	<b>79.514.019</b>	<b>253.009.191</b>

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS OF 30 SEPTEMBER 2015**

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

I.	CONSOLIDATED BALANCE SHEET (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period (30/09/2015)			Prior Period (31/12/2014)		
			TL	FC	Total	TL	FC	Total
			LIABILITIES AND EQUITY					
<b>I.</b>	<b>DEPOSITS</b>	(1)	<b>121.324.083</b>	<b>70.893.849</b>	<b>192.217.932</b>	<b>107.566.897</b>	<b>48.577.827</b>	<b>156.144.724</b>
1.1	Deposits Held By the Risk Group of the Bank		22.829	37.718	60.547	13.895	247.940	261.835
1.2	Other		121.301.254	70.856.131	192.157.385	107.553.002	48.329.887	155.882.889
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	<b>54.148</b>	<b>353.915</b>	<b>408.063</b>	<b>18.806</b>	<b>397.591</b>	<b>416.397</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	(3)	<b>1.219.815</b>	<b>20.270.533</b>	<b>21.490.348</b>	<b>1.263.427</b>	<b>14.348.926</b>	<b>15.612.353</b>
<b>IV.</b>	<b>MONEY MARKET BALANCES</b>		<b>23.977.637</b>	<b>15.825.709</b>	<b>39.803.346</b>	<b>16.310.776</b>	<b>15.483.183</b>	<b>31.793.959</b>
4.1	Interbank Money Market Borrowings		-	-	-	-	12.883	12.883
4.2	Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3	Funds Provided under Repurchase Agreements		23.977.637	15.825.709	39.803.346	16.310.776	15.470.300	31.781.076
<b>V.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>		<b>2.020.086</b>	<b>3.168.575</b>	<b>5.188.661</b>	<b>1.618.173</b>	<b>2.655.704</b>	<b>4.273.877</b>
5.1	Bills		1.888.416	735.741	2.624.157	1.550.328	783.430	2.333.758
5.2	Asset-backed Securities		-	-	-	-	-	-
5.3	Bonds		131.670	2.432.834	2.564.504	67.845	1.872.274	1.940.119
<b>VI.</b>	<b>FUNDS</b>		<b>5.869.251</b>	-	<b>5.869.251</b>	<b>5.426.448</b>	-	<b>5.426.448</b>
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		5.869.251	-	5.869.251	5.426.448	-	5.426.448
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>1.446.252</b>	<b>855.044</b>	<b>2.301.296</b>	<b>1.235.465</b>	<b>557.639</b>	<b>1.793.104</b>
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	(4)	<b>2.240.660</b>	<b>581.322</b>	<b>2.821.982</b>	<b>1.742.321</b>	<b>328.463</b>	<b>2.070.784</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X.</b>	<b>PAYABLES FROM LEASING TRANSACTIONS (Net)</b>	(5)	-	-	-	-	-	-
10.1	Finance Lease Payables		-	-	-	-	-	-
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Finance Lease Expenses ( - )		-	-	-	-	-	-
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING</b>	(6)	-	-	-	-	-	-
11.1	Fair Value Hedges		-	-	-	-	-	-
11.2	Cash Flow Hedges		-	-	-	-	-	-
11.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	(7)	<b>6.194.829</b>	<b>89.897</b>	<b>6.284.726</b>	<b>5.930.930</b>	<b>78.351</b>	<b>6.009.281</b>
12.1	General Provisions		2.795.090	62.911	2.858.001	2.323.422	39.647	2.363.069
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Employee Benefits Provisions		816.248	2.209	818.457	821.619	848	822.467
12.4	Insurance Technical Reserves (Net)		1.126.839	-	1.126.839	1.185.089	-	1.185.089
12.5	Other Provisions		1.456.652	24.777	1.481.429	1.600.800	37.856	1.638.656
<b>XIII.</b>	<b>TAX LIABILITY</b>	(8)	<b>576.613</b>	<b>8.256</b>	<b>584.869</b>	<b>845.706</b>	<b>5.526</b>	<b>851.232</b>
13.1	Current Tax Liability		575.991	3.661	579.652	845.706	2.585	848.291
13.2	Deferred Tax Liability		622	4.595	5.217	-	2.941	2.941
<b>XIV.</b>	<b>LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)</b>	(9)	-	-	-	-	-	-
14.1	Held for Sale		-	-	-	-	-	-
14.2	Held from Discontinued Operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	(10)	-	-	-	-	-	-
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(11)	<b>28.866.417</b>	<b>609.972</b>	<b>29.476.389</b>	<b>27.706.068</b>	<b>910.964</b>	<b>28.617.032</b>
16.1	Paid-in Capital		5.000.000	-	5.000.000	2.500.000	-	2.500.000
16.2	Capital Reserves		1.845.429	609.972	2.455.401	5.054.092	910.964	5.965.056
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		(1.733.002)	609.972	(1.123.030)	930.429	910.964	1.841.393
16.2.4	Tangible Assets Revaluation Reserves		3.617.038	-	3.617.038	3.634.310	-	3.634.310
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	17.388	-	17.388
16.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9	Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10	Other Capital Reserves		(55.995)	-	(55.995)	471.965	-	471.965
16.3	Profit Reserves		18.150.872	-	18.150.872	15.654.752	-	15.654.752
16.3.1	Legal Reserves		3.085.206	-	3.085.206	2.852.218	-	2.852.218
16.3.2	Statutory Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		13.640.331	-	13.640.331	11.880.556	-	11.880.556
16.3.4	Other Profit Reserves		1.425.335	-	1.425.335	921.978	-	921.978
16.4	Profit or Loss		3.868.826	-	3.868.826	4.495.841	-	4.495.841
16.4.1	Prior Years Profit/Loss		194.314	-	194.314	385.586	-	385.586
16.4.2	Net Period Profit/Loss		3.674.512	-	3.674.512	4.110.255	-	4.110.255
16.5	Minority Shares		1.290	-	1.290	1.383	-	1.383
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>193.789.791</b>	<b>112.657.072</b>	<b>306.446.863</b>	<b>169.665.017</b>	<b>83.344.174</b>	<b>253.009.191</b>

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 30 SEPTEMBER 2015**

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

II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (30/09//2015)			Prior Period (31/12/2014)		
		TL	FC	Total	TL	FC	Total
		<b>A OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>36.164.480</b>	<b>101.938.570</b>	<b>138.103.050</b>	<b>64.878.593</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(I)	<b>17.506.513</b>	<b>40.327.591</b>	<b>57.834.104</b>	<b>13.871.599</b>	<b>27.296.181</b>	<b>41.167.780</b>
1.1 Letters of Guarantee		17.426.585	29.049.141	46.475.726	13.785.685	18.141.359	31.927.044
1.1.1 Guarantees Subject to State Tender Law		1.141.055	5.721.351	6.862.406	910.333	2.893.151	3.803.484
1.1.2 Guarantees Given for Foreign Trade Operations		15.039.166	23.031.449	38.070.615	12.183.495	14.931.500	27.114.995
1.1.3 Other Letters of Guarantee		1.246.364	296.341	1.542.705	691.857	316.708	1.008.565
1.2 Bank Acceptances		13.040	4.519.098	4.532.138	21.260	3.565.019	3.586.279
1.2.1 Import Letter of Acceptance		13.040	4.501.245	4.514.285	21.260	3.562.312	3.583.572
1.2.2 Other Bank Acceptances		-	17.853	17.853	-	2.707	2.707
1.3 Letters of Credit		66.888	6.725.693	6.792.581	64.654	5.561.707	5.626.361
1.3.1 Documentary Letters of Credit		66.888	6.668.716	6.735.604	64.654	5.409.015	5.473.669
1.3.2 Other Letters of Credit		-	56.977	56.977	-	152.692	152.692
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		-	33.659	33.659	-	28.096	28.096
1.9 Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(I)	<b>15.874.998</b>	<b>4.652.612</b>	<b>20.527.610</b>	<b>48.109.526</b>	<b>48.677.522</b>	<b>96.787.048</b>
2.1 Irrevocable Commitments		15.829.664	3.371.474	19.201.138	14.639.105	6.187.325	20.826.430
2.1.1 Asset Purchase and Sale Commitments		326.504	1.124.315	1.450.819	114.630	4.410.507	4.525.137
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		2.517.390	147.882	2.665.272	2.120.280	241.168	2.361.448
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		3.018.580	10	3.018.590	2.737.371	9	2.737.380
2.1.8 Ta Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		7.204.595	1.192	7.205.787	7.160.308	18.775	7.179.083
2.1.10 Commitments for Credit Cards and Banking Services Promotions		20.801	-	20.801	17.011	-	17.011
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		2.741.794	2.098.075	4.839.869	2.489.505	1.516.866	4.006.371
2.2 Revocable Commitments		45.334	1.281.138	1.326.472	33.470.421	42.490.197	75.960.618
2.2.1 Revocable Loan Granting Commitments		-	7.223	7.223	33.452.669	42.447.453	75.900.122
2.2.2 Other Revocable Commitments		45.334	1.273.915	1.319.249	17.752	42.744	60.496
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>2.782.969</b>	<b>56.958.367</b>	<b>59.741.336</b>	<b>2.897.468</b>	<b>44.009.280</b>	<b>46.906.748</b>
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		2.782.969	56.958.367	59.741.336	2.897.468	44.009.280	46.906.748
3.2.1 Forward Foreign Currency Buy/Sell Transactions		1.219.002	3.442.406	4.661.408	286.378	1.642.050	1.928.428
3.2.1.1 Forward Foreign Currency Transactions-Buy		574.064	1.755.505	2.329.569	143.281	822.340	965.621
3.2.1.2 Forward Foreign Currency Transactions-Sell		644.938	1.686.901	2.331.839	143.097	819.710	962.807
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		1.558.767	53.497.891	55.056.658	2.595.290	42.182.143	44.777.433
3.2.2.1 Foreign Currency Swap-Buy		111.518	24.304.974	24.416.492	13.989	22.316.066	22.330.055
3.2.2.2 Foreign Currency Swap-Sell		1.447.249	22.449.743	23.896.992	2.581.301	19.866.077	22.447.378
3.2.2.3 Interest Rate Swap-Buy		-	3.270.930	3.270.930	-	-	-
3.2.2.4 Interest Rate Swap-Sell		-	3.472.244	3.472.244	-	-	-
3.2.3 Foreign Currency, Interest rate and Securities Options		5.200	18.070	23.270	15.800	185.087	200.887
3.2.3.1 Foreign Currency Options-Buy		2.600	9.035	11.635	7.900	10.981	18.881
3.2.3.2 Foreign Currency Options-Sell		2.600	9.035	11.635	7.900	10.981	18.881
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	163.125	163.125
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>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>608.632.964</b>	<b>105.180.209</b>	<b>713.813.173</b>	<b>485.315.840</b>	<b>78.266.972</b>	<b>563.582.812</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>88.787.421</b>	<b>11.718.215</b>	<b>100.505.636</b>	<b>67.200.299</b>	<b>8.407.565</b>	<b>75.607.864</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		31.230.554	4.494.809	35.725.363	26.678.975	3.195.814	29.874.789
4.3 Checks Received for Collection		3.909.882	330.633	4.240.515	3.025.848	170.446	3.196.294
4.4 Commercial Notes Received for Collection		4.497.781	351.676	4.849.457	4.761.985	225.708	4.987.693
4.5 Other Assets Received for Collection		8.934	-	8.934	8.664	-	8.664
4.6 Assets Received for Public Offering		45.853.579	10.621	45.864.200	32.505.222	1.742	32.506.964
4.7 Other Items Under Custody		3.284.492	6.527.229	9.811.721	217.956	4.813.855	5.031.811
4.8 Custodians		2.199	3.247	5.446	1.649	-	1.649
<b>V. PLEDGES RECEIVED</b>		<b>519.513.624</b>	<b>92.246.835</b>	<b>611.760.459</b>	<b>418.084.299</b>	<b>69.256.701</b>	<b>487.341.000</b>
5.1 Marketable Securities		827.376	29.664	857.040	966.834	23.822	990.656
5.2 Guarantee Notes		13.387.825	2.545.664	15.933.489	11.659.528	2.106.200	13.765.728
5.3 Commodity		1.088.426	41.553	1.129.979	1.175.668	20.477	1.196.145
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		459.961.335	68.151.410	528.112.745	352.646.676	50.578.621	403.225.297
5.6 Other Pledged Items		44.243.453	21.467.469	65.710.922	51.630.384	16.518.881	68.149.265
5.7 Pledged Items-Depository		5.209	11.075	16.284	5.209	8.700	13.909
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>331.919</b>	<b>1.215.159</b>	<b>1.547.078</b>	<b>31.242</b>	<b>602.706</b>	<b>633.948</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>644.797.444</b>	<b>207.118.779</b>	<b>851.916.223</b>	<b>550.194.433</b>	<b>198.249.955</b>	<b>748.444.388</b>

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED STATEMENT OF INCOME AS OF 30 SEPTEMBER 2015  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

III. CONSOLIDATED STATEMENT OF INCOME		Note (Section Five IV)	Current Period	Prior Period	Current Period	Prior Period
INCOME AND EXPENSE ITEMS			01/01-30/09/2015	01/01-30/09/2014	01/07-30/09/2015	01/07-30/09/2014
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	<b>16.425.270</b>	<b>13.675.380</b>	<b>5.752.304</b>	<b>4.682.842</b>
1.1	Interest Income from Loans		12.227.995	9.385.888	4.446.833	3.348.623
1.2	Interest Income From Reserve Deposits		32.713	1.869	18.886	897
1.3	Interest Income from Banks		142.462	121.036	46.855	39.062
1.4	Interest Income from Money Market Placements		2.724	1.271	1.099	(94)
1.5	Interest Income from Marketable Securities		3.840.289	4.058.726	1.186.010	1.259.296
1.5.1	Financial Assets Held for Trading		948	2.083	196	354
1.5.2	Financial Assets at Fair Value through Profit and Loss		7.250	1.630	536	379
1.5.3	Financial Assets Available-for-Sale		3.240.450	3.202.186	991.370	1.056.238
1.5.4	Investments Held-to-Maturity		591.641	852.827	193.908	202.325
1.6	Finance Lease Income		115.499	91.990	43.262	32.506
1.7	Other Interest Income		63.588	14.600	9.359	2.552
<b>II.</b>	<b>INTEREST EXPENSES</b>	(2)	<b>8.505.309</b>	<b>7.216.433</b>	<b>3.046.319</b>	<b>2.353.449</b>
2.1	Interest Expense on Deposits		6.376.764	5.663.501	2.253.022	1.876.893
2.2	Interest on Borrowings		329.981	222.575	127.351	85.604
2.3	Interest on Money Market Borrowings		1.534.023	1.151.267	579.282	321.546
2.4	Interest on Marketable Securities Issued		206.884	145.803	78.328	58.228
2.5	Other Interest Expense		57.657	33.287	8.336	11.178
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSES (I - II)</b>		<b>7.919.961</b>	<b>6.458.947</b>	<b>2.705.985</b>	<b>2.329.393</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>887.973</b>	<b>723.538</b>	<b>299.906</b>	<b>241.803</b>
4.1	Fees and Commissions Received		1.127.781	946.136	383.564	325.715
4.1.1	Non-cash Loans		183.555	121.118	69.704	41.466
4.1.2	Other		944.226	825.018	313.860	284.249
4.2	Fees and Commissions Paid		239.808	222.598	83.658	83.912
4.2.1	Non-cash Loans		157	99	87	58
4.2.2	Other		239.651	222.499	83.571	83.854
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>5.980</b>	<b>5.248</b>	<b>418</b>	<b>496</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	(3)	<b>(215.726)</b>	<b>(33.098)</b>	<b>(138.644)</b>	<b>(53.297)</b>
6.1	Profit/Loss from Capital Market Operations		69.563	56.954	10.226	11.989
6.2	Profit/losses on Derivative Financial Transactions	(4)	(926.739)	(969.784)	(103.214)	(737.170)
6.3	Profit/Loss from Foreign Exchanges		641.450	879.732	(45.656)	671.884
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5)	<b>1.775.062</b>	<b>1.439.274</b>	<b>577.229</b>	<b>445.985</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)</b>		<b>10.373.250</b>	<b>8.593.909</b>	<b>3.444.894</b>	<b>2.964.380</b>
<b>IX.</b>	<b>PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)</b>	(6)	<b>1.208.995</b>	<b>1.129.094</b>	<b>238.616</b>	<b>392.686</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES(-)</b>	(7)	<b>4.426.900</b>	<b>3.555.148</b>	<b>1.615.533</b>	<b>1.179.375</b>
<b>XI.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>4.737.355</b>	<b>3.909.667</b>	<b>1.590.745</b>	<b>1.392.319</b>
<b>XII.</b>	<b>GAINS RECORDED AFTER MERGER</b>		-	-	-	-
<b>XIII.</b>	<b>PROFIT/LOSS ON EQUITY METHOD</b>		<b>17.445</b>	<b>16.472</b>	<b>6.593</b>	<b>6.823</b>
<b>XIV.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV.</b>	<b>INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	(8)	<b>4.754.800</b>	<b>3.926.139</b>	<b>1.597.338</b>	<b>1.399.142</b>
<b>XVI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(9)	<b>(1.080.171)</b>	<b>(879.659)</b>	<b>(334.689)</b>	<b>(305.368)</b>
16.1	Current Tax Provision		(498.819)	(1.164.496)	(230.600)	(323.877)
16.2	Deferred Tax Provision		(581.352)	284.837	(104.089)	18.509
<b>XVII.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>	(10)	<b>3.674.629</b>	<b>3.046.480</b>	<b>1.262.649</b>	<b>1.093.774</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
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		-	-	-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
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		-	-	-	-
<b>XX.</b>	<b>PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-	-	-
<b>XXI.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
21.1	Current tax provision		-	-	-	-
21.2	Deferred tax provision		-	-	-	-
<b>XXII.</b>	<b>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-	-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSSES (XVII+XXII)</b>	(11)	<b>3.674.629</b>	<b>3.046.480</b>	<b>1.262.649</b>	<b>1.093.774</b>
23.1	Group's Profit/Loss		3.674.512	3.046.413	1.262.624	1.093.711
23.2	Minority Shares Profit/Loss		117	67	25	63
	Earnings/Loss per Share (Full TL)		0,751	0,704	0,258	0,253

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS'  
EQUITY AS OF 30 SEPTEMBER 2015**

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

<b>IV. CONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>		
<b>CONSOLIDATED PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>	<b>Current Period (30/09/2015)</b>	<b>Prior Period (30/09/2014)</b>
<b>I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>(3.737.235)</b>	<b>1.088.397</b>
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	<b>(17.272)</b>	<b>3.645.797</b>
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	<b>-</b>	<b>-</b>
<b>IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	<b>(16.656)</b>	<b>(3.593)</b>
<b>V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)</b>	<b>-</b>	<b>-</b>
<b>VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	<b>-</b>	<b>-</b>
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS</b>	<b>-</b>	<b>-</b>
<b>VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS</b>	<b>19.402</b>	<b>62.189</b>
<b>IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES</b>	<b>822.507</b>	<b>(218.677)</b>
<b>X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>(2.929.254)</b>	<b>4.574.113</b>
<b>XI. CURRENT YEAR PROFIT/LOSS</b>	<b>3.674.629</b>	<b>3.046.480</b>
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	69.563	56.954
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	3.605.066	2.989.526
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>745.375</b>	<b>7.620.593</b>

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2014**

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY																			
30 September 2014		Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Canc. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Minority Shares	Total Equity
<b>I.</b>	<b>Balance at the Beginning of the Period</b>		2.500.000	543.482	-	-	2.645.390	-	9.011.091	905.677	-	3.846.416	(803.540)	-	17.388	-	-	1.435	18.667.339
<b>II.</b>	<b>Corrections according to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	The Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	The Effect of Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	<b>New Balance (I+II)</b>		2.500.000	543.482	-	-	2.645.390	-	9.011.091	905.677	-	3.846.416	(803.540)	-	17.388	-	-	1.435	18.667.339
	Changes During the Period																		
<b>IV.</b>	<b>Increase/Decrease Related to Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V.</b>	<b>Marketable Securities Valuation Differences</b>		-	-	-	-	20.099	-	-	-	-	-	804.003	-	-	-	-	(277)	823.825
<b>VI.</b>	<b>Hedging Funds (Active Part)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Hedges for Investments Made in Foreign																		
6.2	Countries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	<b>Revaluation Differences of Tangible Assets</b>		-	-	-	-	-	-	-	-	-	-	-	3.645.797	-	-	-	-	3.645.797
<b>VIII.</b>	<b>Revaluation Differences of Intangible Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	<b>Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X.</b>	<b>Foreign Exchange Differences</b>		-	-	-	-	3.103	-	-	-	-	-	164.391	-	-	-	-	-	167.494
<b>XI.</b>	<b>Changes Resulted from Disposal of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	<b>Changes Resulted from Reclassification of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	<b>Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	<b>Increase in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	From Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV.</b>	<b>Issuance of Share Certificates</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI.</b>	<b>Share Cancellation Profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII.</b>	<b>Adjustment to Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII.</b>	<b>Other</b>		-	-	-	-	-	-	-	(63.003)	-	(177.582)	-	-	-	-	-	31	(240.554)
<b>XIX.</b>	<b>Net Profit or Losses</b>		-	-	-	-	-	-	-	-	3.046.413	-	-	-	-	-	-	67	3.046.480
<b>XX.</b>	<b>Profit Distribution</b>		-	-	-	-	184.010	-	2.846.071	-	-	(3.301.648)	-	-	-	-	-	-	(271.567)
20.1	Dividend Distributed		-	-	-	-	-	-	-	-	-	(271.567)	-	-	-	-	-	-	(271.567)
20.2	Transfers to Legal Reserves		-	-	-	-	184.010	-	2.846.071	-	-	(3.030.081)	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Balance at the end of the period (I+II+III+.....+XVIII+XIX+XX)</b>		2.500.000	543.482	-	-	2.852.602	-	11.857.162	842.674	3.046.413	367.186	164.854	3.645.797	17.388	-	-	1.256	25.838.814

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2015**

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY																			
	Note (Section Five)	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.	Minority Shares	Total Equity	
30 September 2015																			
<b>I.</b>	<b>Balance at the Beginning of the Period</b>	2.500.000	543.482	-	-	2.852.218	-	11.880.556	850.461	-	4.495.841	1.841.393	3.634.310	17.388	-	-	1.383	28.617.032	
<b>II.</b>	<b>Changes During the Period</b>																		
	<b>Increase/Decrease Related to Merger</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Marketable Securities Valuation</b>																		
<b>III.</b>	<b>Differences</b>					21.550						(2.932.188)					(210)	(2.910.848)	
<b>IV.</b>	<b>Hedging Funds (Active Part)</b>																		
4.1	Cash-Flow Hedge																		
4.2	Hedges for Investments Made in Foreign Countries																		
<b>V.</b>	<b>Revaluation Differences of Tangible Assets</b>												(17.272)					(17.272)	
<b>VI.</b>	<b>Revaluation Differences of Intangible Assets</b>																		
<b>VII.</b>	<b>Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)</b>																		
<b>VIII.</b>	<b>Foreign Exchange Differences</b>					15.579						(32.235)						(16.656)	
<b>IX.</b>	<b>Changes Resulted from Disposal of Assets</b>																		
<b>X.</b>	<b>Changes Resulted from Reclassification of Assets</b>																		
<b>XI.</b>	<b>Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity</b>																		
<b>XII.</b>	<b>Increase in Capital</b>	2.500.000	(543.482)					(1.281.518)										675.000	
12.1	Cash	675.000																675.000	
12.2	From Internal Resources	1.825.000	(543.482)					(1.281.518)											
<b>XIII.</b>	<b>Issuance of Share Certificates</b>																		
<b>XIV.</b>	<b>Share Cancellation Profits</b>																		
<b>XV.</b>	<b>Adjustment to Paid-in Capital</b>																		
<b>XVI.</b>	<b>Other</b>								15.522		(251.018)							(235.496)	
<b>XVII.</b>	<b>Net Profit or Losses</b>									3.674.512							117	3.674.629	
<b>XVIII.</b>	<b>Profit Distribution</b>					195.859		3.041.293	503.357		(4.050.509)							(310.000)	
18.1	Dividend Distributed										(310.000)							(310.000)	
18.2	Transfers to Legal Reserves					195.859		3.041.293	503.357		(3.740.509)								
18.3	Other																		
	<b>Balance at the end of the period</b>																		
	<b>(I+II+III+.....+XVIII+XIX+XX)</b>	5.000.000	-	-	-	3.085.206	-	13.640.331	1.369.340	3.674.512	194.314	(1.123.030)	3.617.038	17.388	-	-	1.290	29.476.389	

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 30 SEPTEMBER 2015  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

<b>VI. CONSOLIDATED STATEMENT OF CASH FLOWS</b>			
	<b>Note (Section Five)</b>	<b>Current Period 01/01 - 30/09/2015</b>	<b>Prior Period 01/01 - 30/09/2014</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	4.437.261	3.800.311
1.1.1	Interest Received	15.067.964	12.267.518
1.1.2	Interest Paid	(5.854.530)	(7.046.678)
1.1.3	Dividend Received	5.471	5.248
1.1.4	Fees and Commissions Received	1.127.027	947.349
1.1.5	Other Income	2.165.991	2.949.648
1.1.6	Collections from Previously Written-off Loans and Other Receivables	1.051.054	1.097.147
1.1.7	Payments to Personnel and Service Suppliers	(1.659.511)	(1.454.334)
1.1.8	Taxes Paid	(1.058.659)	(1.194.251)
1.1.9	Other	(6.407.546)	(3.771.336)
1.2	Changes in Operating Assets and Liabilities	1.255.943	(8.418.214)
1.2.1	Net (Increase)/Decrease in Trading Securities	(54.390)	(2.311)
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets	(66)	(21.204)
1.2.3	Net (Increase)/Decrease in Banks	(7.161.481)	(5.985.079)
1.2.4	Net (Increase)/Decrease in Loans	(40.947.542)	(23.252.288)
1.2.5	Net (Increase)/Decrease in Other Assets	(1.758.088)	(959.347)
1.2.6	Net Increase/(Decrease) in Bank Deposits	4.566.933	4.449.132
1.2.7	Net Increase/(Decrease) in Other Deposits	39.380.306	11.329.695
1.2.8	Net Increase/(Decrease) in Funds Borrowed	5.844.752	4.624.613
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	1.385.519	1.398.575
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>	<b>5.693.204</b>	<b>(4.617.903)</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>	<b>(3.901.359)</b>	<b>1.812.329</b>
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control	-	-
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control	-	-
2.3	Fixed Assets Purchases	(442.010)	(275.487)
2.4	Fixed Assets Sales	3.954	20.611
2.5	Cash Paid for Purchase of Financial Assets Available for Sale	(13.605.577)	(22.386.005)
2.6	Cash Obtained from Sale of financial Assets Available for Sale	15.469.717	19.429.187
2.7	Cash Paid for Purchase of Investment Securities	(148.236)	(285.902)
2.8	Cash Obtained from sale of Investment Securities	1.227.432	6.179.821
2.9	Other	(6.406.639)	(869.896)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>	<b>307.870</b>	<b>815.308</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued	2.633.694	3.674.082
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(2.325.824)	(2.587.207)
3.3	Marketable Securities Issued	-	-
3.4	Dividends Paid	-	(271.567)
3.5	Payments for Finance Leases	-	-
3.6	Other	-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>736.438</b>	<b>72.893</b>
<b>V.</b>	<b>Net (Decrease)/Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>2.836.153</b>	<b>(1.917.373)</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>6.445.194</b>	<b>8.223.744</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>9.281.347</b>	<b>6.306.371</b>

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION**

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards, within the scope of interim reporting Turkish Accounting Standards 34 “Interim Financial Reporting” and Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations (referred as “Turkish Accounting Standards” or “TAS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) (“all referred as BRSA Principles”).

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

The consolidated financial statements have been prepared in thousands of Turkish Lira (“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.

Consolidated balance sheet and consolidated statement of off-balance sheet commitments as of 30 September 2015 are presented comparatively with independently audited balances as of 31 December 2014 while consolidated income statement, consolidated statement of income and expense items accounted under shareholders’ equity, consolidated statement of cash flows and consolidated statement of changes in shareholders’ equity are presented comparatively with balances as of 30 September 2014.

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

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

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

**Additional paragraph for convenience translation into English:**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

Since the Parent Bank’s total debt to the market is low among its total liabilities, the Parent 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 Parent Bank is not presumed to be significantly affected from such a case since the Parent Bank is a public bank with an extensive branch network.

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

Foreign currency operations are recognized at transaction date and valued by Parent Bank’s prevailing counter currency buying rate. At period ends, foreign currency asset and liability balances are valued at the Parent 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 Parent Bank are translated into Turkish Lira with the Bank’s prevailing counter currency buying rates at the balance sheet date.

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

**a. Consolidation principles applied:**

The consolidated financial statements have been prepared in accordance with the procedures listed in the “Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks” published in the Official Gazette No. 26340 dated 8 November 2006 and the “Consolidated Financial Statements” (“TFRS 10”).

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**a. Consolidation principles applied (Continued)**

**1. Consolidation principles for subsidiaries:**

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

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

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

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

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

Title	Address (City/Country)	Main Activities	30 September 2015		31 December 2014	
			Parent Bank’s Share Percentage (%)	Parent Bank’s Risk Group Share Percentage (%)	Parent Bank’s Share Percentage (%)	Parent Bank’s Risk Group Share Percentage (%)
Ziraat Hayat ve Emeklilik A.Ş.	Istanbul/Turkey	Insurance	100,00	100,00	100,00	99,99
Ziraat Sigorta A.Ş.	Istanbul/Turkey	Insurance	100,00	100,00	100,00	99,99
Ziraat Finansal Kiralama A.Ş.	Istanbul/Turkey	Leasing	100,00	100,00	100,00	100,00
Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	Investment Management	99,60	99,60	99,60	99,60
Ziraat Portföy Yönetimi A.Ş.	Istanbul/Turkey	Portfolio Management	99,70	99,80	99,70	99,80
Ziraat Katılım Bankası A.Ş.	Istanbul/Turkey	Banking	100,00	100,00	-	-
Ziraat Bank International A.G.	Frankfurt/Germany	Banking	100,00	100,00	100,00	100,00
Ziraat Bank BH d.d.	Sarajevo/Bosnia Herzegovina	Banking	100,00	100,00	100,00	100,00
Ziraat Bank (Moscow) CJSC	Moscow/Russia	Banking	100,00	100,00	99,91	99,91
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,58	99,58	99,58	99,58
Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	Banking	100,00	100,00	-	-
Ziraat Bank Montenegro AD	Podgorica / Montenegro	Banking	100,00	100,00	-	-

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**a. Consolidation principles applied (Continued):**

1. Consolidation principles for subsidiaries: (Continued)

On the other hand, business segment of Ziraat Katılım Bankası, started its operations on 12 May 2015, includes services of corporate banking, international banking and retail banking. Core business segment of Ziraat Katılım Bankası is to collect funds within principles of participation banking through current accounts and participation accounts so as to devote funds acquired.

2. Consolidation principles of associates and joint ventures:

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

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

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

The associates and joint ventures consolidated with the equity method, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	30 September 2015		31 December 2014	
			Parent Bank’s Share Percentage (%)	Parent Bank’s Risk Group Share Percentage (%)	Parent Bank’s Share Percentage (%)	Parent Bank’s Risk Group Share Percentage (%)
Türkmen Turkish Joint Stock Commercial Bank	Ashgabat/Turkmenistan	Banking	50,00	50,00	50,00	50,00
UTBank JSC	Tashkent/Uzbekistan	Banking	50,00	50,00	50,00	50,00
Arap Türk Bankası A.Ş.	Istanbul/Turkey	Banking	15,43	15,43	15,43	15,43

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

4. Transactions with minority shareholders:

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

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

Turkish Lira denominated unconsolidated associates and subsidiaries are booked at cost value, less any impairment if any, in accordance with “Consolidated Financial Statements” (“TFRS 10”) are recognized in the consolidated financial statements.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**b. Presentation of unconsolidated subsidiaries and associates in consolidated financial statements:  
(Continued)**

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

**IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS**

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

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

Derivative instruments are recognized at fair value on contractual date and subsequently re-valued at their fair values and associated with the income statement. If the fair value of derivative financial instruments is positive, it is disclosed under the main account “Financial Assets at Fair Value Through Profit or Loss” in “Trading Derivative Financial Assets” and if the fair value difference is negative, it is disclosed under “Financial Liabilities at Fair Value Through Profit or Loss” in “Trading Derivative Financial Liabilities”. Fair value changes are recorded under “Derivative Financial Transactions Gains/Losses” in income statement.

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

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

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE**

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

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE**

Commission income from banking, agency, intermediary services is recognized as income on the date collected. Whereas, commission income from individual, corporate 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

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

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

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

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

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

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

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

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

**b. Held-to-maturity financial assets:**

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

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

There are not 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 value.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)**

**c. Loans and receivables:**

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

The loans and receivables originated by the Parent Bank are initially carried at cost value. 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.

The Parent Bank sets specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 26333 and dated 1 November 2006 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. In the previous periods, the Parent Bank allocated special provisions considering the minimum rates and prudence principle stated in "Regulation on the Procedures and Principles on Determining the Characteristics of the Loans and other Receivables by the Banks and the provisions that would be Set Aside for them" regardless of such loan collaterals; however, in line with the provision of the General Directorate Authority Approval dated 29 June 2012 and of the clause (8) of Article 10 of the regulation stating that "based on the reliability and prudence assumptions defined in the Communiqué on Conceptual Framework regarding Preparation and Presentation of Financial Statements promulgated in the Official Gazette No. 25702 dated 16 January 2005, special provision may be allocated to the extent of the amount of the said non-performing receivable on condition not to be less than the special provision amounts applicable for the group in which the non-performing receivable is included regardless of the amount of collateral", the bank started to set aside special provisions corresponding to 50% of the non-performing receivable amount as of the date of including the non-performing receivables in the Third Group and special provisions corresponding to 100% of the non-performing receivable amount as of the date of including the non-performing receivables in the Fourth and Fifth Group. Allocated provisions are deducted from the income for the period. If the receivables for which provisions were set in the previous years are collected, provision for allowances are released and recognized as income under “Other Operating Income” account. Releases of current period provisions are made by the reversal of the amount from the “Provision for Impairment of Loans and Other Receivables” account.

**d. Available-for-sale financial assets:**

Available-for-sale financial assets are defined as financial assets other than the ones classified as “loans and receivables”, “held-to-maturity assets” or “financial assets at fair value through profit or loss”.

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

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

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

When there is no price quotation in an active market for price formations to constitute the basis of the fair value or in such a situation when the reasonable value is not measured confidentially; the fair value of 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 “Impairment Expense for Marketable Securities”. If there is an increase in value, initially recognized impairment loss is reversed.

If financial assets available for sale are subject to permanent impairment, the amount is charged to “Impairment Expense for Marketable Securities” account in accordance with the related 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 “Impairment Expense for Subsidiaries, Associates, and Assets Held to Maturity”.

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

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

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES**

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

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

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

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

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

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

The Parent Bank’s tangible assets acquired in consideration of receivables are accounted for in accordance with the requirements of the Communiqué on “Methods, Principles for Purchase and Sale of Precious Metal and Sale of Goods and Immovables obtained in Return of Receivables” published in the Official Gazette numbered 26333 and dated 1 November 2006 and these assets are subject to revaluation by no means.

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

The Parent Bank has no discontinued operations.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

As of the balance sheet date, the Group has no goodwill within the financial statements.

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

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

The Group recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that do qualify as development are added to software’s initial costs and amortized over 3 years considering the useful lives. The Parent Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 6,67% to 33,3 %.

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT**

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. The Parent Bank’s tangible fixed assets purchased before 1 January 2005 are carried at inflation adjusted cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequent to 1 January 2005 are valued at historical cost. As of 31 January 2014 the Parent Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Parent Bank’s inventory, appraisal study was carried by independent expertise companies, and from 1 January 2014 valuation results are reflected in the accounting records. As a result of the fair valuation of the real estates which is included in tangible fixed assets, TL 3.617.038 revaluation difference is followed under shareholders’ equity as of 30 September 2015. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950. 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. The Parent Bank has begun to classify the leasehold improvements on operational leases under tangible fixed assets in the financial statements dated 31 March 2015, which was previously being followed under intangible assets.

Applied depreciation rates are as follows;

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

Gains or losses emerging from the disposal of tangible assets are recognized in the profit or loss account as difference between net revenue of a related intangible asset and its net book value.

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS**

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

**a. Accounting of leasing transactions for the lessee:**

**Financial Lease**

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

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

**Operational Lease**

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

**b. Accounting of leasing transactions for lessor:**

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

**XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES**

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

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS**

**a. Employment Termination and Vacation Benefits**

The Parent Bank recognizes its liabilities of employment terminations and vacation benefits in accordance with TAS 19 “Turkish Accounting Standard about Benefits for Employee” and estimates the net present value of future liabilities arising from employment terminations and vacation benefits 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 or resignation depending on the arise of the legal conditions. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, Employment Termination Benefit Provision is calculated in two ways; if the employee is a state employee, the calculation is based on retirement pension for the working period of the state employee, and if the employee is a blue-collar worker the calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Employment Termination Benefit Provision ceiling).

Communiqué on “Turkish Accounting Standard (TAS 19) 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 amounting to TL 56.049 was classified as “Other Comprehensive Expense” in the financials by the Parent Bank (31 December 2014: TL 71.114 actuarial loss).

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

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

**b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)**

Some of the Parent Bank’s personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (“Fund”) which was established by 20<sup>th</sup> provisional article of Social Security Law Act numbered 506.

In accordance with 23rd provisional clause of the Banking Law 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 Law 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 Law 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN) : (Continued)**

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

In accordance with 58th article and 7th temporary article of the Banking Law, 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 20<sup>th</sup> 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.

Based on the Council of Ministers’ decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, 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 one year.

Finally "Occupational Health and Safety Law and Other Laws and The Law Amending the Decree Law" No. 6645 dated 23 April 2015, published on Official Gazette and came into force. Also, authority of determination of the transfer date of pension funds participants, people endowed with salary and their right holders, to the Social Security Institution, is left to the Council of Ministers.

The technical balance sheet report as of 31 December 2014 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

**XVII. EXPLANATIONS ON TAXATION**

**a. Current Tax**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION (Continued)**

**a. Current Tax (Continued)**

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

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

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

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 shareholders’ equity for five years.

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

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

Tax rates used in tax calculation considering the related countries’ tax legislation as of 30 September 2015 are presented below:

Russia	20,00%
Kazakhstan	20,00%
Germany	15,00%
Bosnia Herzegovina	10,00%
Azerbaijan	20,00%
Montenegro	9,00%

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION (Continued)**

**b. Deferred tax**

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

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

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

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

Deferred tax asset and deferred tax liability are presented as net in these financial statements through offsetting them on individual financial statements of consolidated subsidiaries.

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

**XVIII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES**

**Technical Reserves**

Reserve for unearned premiums:

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

Unexpired risk provision:

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVIII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES (Continued)**

**Technical Reserves (Continued)**

Reserve for outstanding claims:

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

Offset provision:

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

Mathematical provisions:

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

**XIX. EXPLANATIONS ON BORROWINGS**

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

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

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

**XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES**

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

**XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES**

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

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXIII. CASH AND CASH EQUIVALENTS**

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

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

**XXIV. EXPLANATIONS ON SEGMENT REPORTING**

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

**XXV. EXPLANATIONS ON OTHER MATTERS**

In accordance with the decision taken in the General Assembly of the year 2014, which was carried out on 27 March 2015, from the TL 4.050.509 net profit after deduction of deferred tax income amounting to TL 503.358 which is not subject to distribution, the remaining TL 3.547.151 of the profit for the year 2014, TL 177.358 is transferred to first legal reserve and TL 18.500 is transferred to second legal reserve TL 185.000 is distributed as dividend to employees and TL 106.250 is distributed to Treasury after deducting withholding tax of 15% (TL 18.750) in cash. In this context, TL 3.041.293 of the profit is preserved; dividend payment made to Treasury on 15 April 2015, and within the framework of the dividend to be distributed to employees, at total TL 165.801 is paid.

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**SECTION FOUR**

**EXPLANATIONS RELATED TO THE FINANCIAL POSITION OF THE BANK**

**I. EXPLANATIONS ON THE CONSOLIDATED CAPITAL ADEQUACY STANDARD RATIO**

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

The Group’s consolidated capital adequacy ratio calculated in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” is 13,79% (31 December 2014: 17,47%).

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

Consolidated Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and “Communiqué on Credit Risk Mitigation Techniques” published in the Official Gazette dated 6 September 2014 and numbered 29111.

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 “Communiqué 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 THE FINANCIAL POSITION OF THE BANK (Continued)

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

Information related to capital adequacy standard ratio:

Current Period	Risk Weights										
	The Parent Bank										
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
<b>Credit Risk Based Amount – 30 September 2015</b>	<b>74.932.089</b>	-	<b>28.598.951</b>	-	<b>30.525.293</b>	<b>86.056.737</b>	<b>118.138.611</b>	<b>2.335.384</b>	<b>5.466.248</b>	<b>468.800</b>	-
Risk Classes:											
Conditional and unconditional receivables from central governments or central banks	67.012.542	-	-	-	14.195.419	-	262.844	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	428.445	-	73	-	2.080	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	633.425	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	13.301	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	27.812.089	-	14.389.959	-	998.886	-	-	-	-
Conditional and unconditional corporate receivables	-	-	342.518	-	1.939.279	-	107.658.266	-	-	-	-
Conditional and unconditional retail receivables	-	-	10	-	563	68.444.254	658.883	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	17.612.483	365.924	-	-	-	-
Past due receivables	-	-	-	-	-	-	570.364	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	2.335.384	5.466.248	468.800	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	81.972	-	-	-	-
Other receivables	7.906.246	-	15.889	-	-	-	6.905.967	-	-	-	-

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

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

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

Information related to capital adequacy standard ratio:

Current Period	Risk Weights										
	Consolidated										
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
<b>Credit Risk Based Amount – 30 September 2015</b>	<b>75.120.030</b>	-	<b>29.399.412</b>	-	<b>28.119.921</b>	<b>86.523.429</b>	<b>126.298.618</b>	<b>2.335.384</b>	<b>5.466.248</b>	<b>469.345</b>	-
Risk Classes:											
Conditional and unconditional receivables from central governments or central banks	67.200.483	-	104.445	-	14.247.795	-	294.697	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	429.021	-	73	-	2.080	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	716	-	-	-	633.426	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	13.301	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	28.546.597	-	12.929.073	-	465.982	-	-	-	-
Conditional and unconditional corporate receivables	-	-	302.734	-	942.417	-	115.667.740	-	-	-	-
Conditional and unconditional retail receivables	-	-	10	-	563	68.910.946	658.883	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	17.612.483	365.924	-	-	-	-
Past due receivables	-	-	-	-	-	-	591.703	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	2.335.384	5.466.248	469.345	-	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	81.972	-	-	-	-
Other receivables	7.906.246	-	15.889	-	-	-	7.536.211	-	-	-	-

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

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

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

**Summary Information Related to the Capital Adequacy Ratio:**

	Consolidated Current Period	Consolidated Prior Period	The Parent Bank Current Period	The Parent Bank Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	16.143.390	12.080.749	15.547.480	11.641.473
Capital Requirement for Market Risk (CRM)	1.526.989	1.130.622	1.399.657	1.087.412
Capital Requirement for Operational Risk (CRO)	1.444.182	1.276.599	1.301.706	1.098.374
Shareholders' Equity	32.940.744	31.643.693	32.662.034	31.484.041
Shareholders' Equity/((CRCR+CRM+CRO)*12,5)*100	13,79	17,47	14,32	18,22
Tier 1 Capital/((CRCR+CRM+CRO)*12,5)*100	12,73	16,43	13,25	17,18
Common Equity Tier 1 Capital/((CRCR+CRM+CRO)*12,5)*100	12,79	16,49	13,31	17,23

**Information Related to the Components of Consolidated Shareholders' Equity:**

	Current Period	Prior Period
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	5.000.000	3.043.482
Share Premium	-	-
Share Cancellation Profits	-	-
Reserves	18.150.872	15.654.752
Income recognized under equity in accordance with TAS	4.901.343	5.475.703
Profit	3.868.826	4.495.841
Current Period's Profit	3.674.512	4.110.255
Prior Period's Profit	194.314	385.586
Free Provisions for Possible Risks	1.269.459	1.334.053
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	17.388	17.388
Minority Shares	191	177
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>33.208.079</b>	<b>30.021.396</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS (-)	2.463.330	71.114
Leasehold Improvements on Operational Leases (-)	92.665	71.490
Goodwill and intangible asset and the related deferred tax liability (-)	93.028	24.365
Net Deferred Tax Asset / Liability (-)	-	-
Excess amount expressed in the law (Article 56 4th paragraph) (-)	-	-
Bank's direct or indirect investments on its own Tier 1 Capital (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights (-)	-	-
Excess amount of deferred tax assets from temporary differences (-)	-	-
Other Items Determined by BRSA (-)	-	-
The amount to be deducted from common equity tier 1 capital (-)	-	-
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>2.649.023</b>	<b>166.969</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>30.559.056</b>	<b>29.854.427</b>

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

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

**Information Related to the Consolidated Components of Shareholders' Equity: (Continued)**

	<b>Current Period</b>	<b>Prior Period</b>
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Premiums that are not included in Common Equity Tier 1 Capital	-	-
Bank's borrowing instruments and related issuance premium (issued after 1.1.2014 )	-	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014 )	-	-
The shares of third parties in additional Tier 1 Capital	-	-
<b>Additional Tier 1 Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier 1 Capital</b>		
Bank's a direct or indirect investment in Tier 1 Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other Items Determined by BRSA (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
<b>Total Deductions from Additional Tier 1 Capital</b>	-	-
<b>Total Additional Tier 1 Capital</b>	-	-
<b>Deductions From Tier 1 Capital</b>	<b>139.541</b>	<b>97.460</b>
The amount related to goodwill or other intangible assets not deducted from Common Equity Tier 1 Capital (-)	139.541	97.460
The amount related to deferred tax assets not deducted from Common Equity Tier 1 Capital (-)	-	-
<b>Tier 1 Capital</b>	<b>30.419.515</b>	<b>29.756.967</b>
<b>TIER 2 CAPITAL</b>		
Bank's borrowing instruments and related issuance premium (issued after 1.1.2014 )	-	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014 )	-	-
Pledged assets of the shareholders to be used for the Bank's capital increases	-	-
General Provisions	2.522.405	1.887.617
Third parties share in Tier 2 capital	-	-
<b>Tier 2 Capital Before Deductions</b>	<b>2.522.405</b>	<b>1.887.617</b>
<b>Deductions From Tier 2 Capital</b>		
Bank's direct or indirect investment in Tier 2 capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other Items Determined by BRSA (-)	-	-
<b>Total Deductions From Tier 2 Capital</b>	-	-
<b>Tier 2 Capital</b>	<b>2.522.405</b>	<b>1.887.617</b>
<b>TOTAL CAPITAL BEFORE REGULATORY DEDUCTIONS</b>	<b>32.941.920</b>	<b>31.644.584</b>
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	1.112	757
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	-	-
Securitization positions that is deducted -preferably- from the shareholders' equity (Article 20 paragraph 2 ) (-)	-	-
Other items to be defined by BRSA (-)	64	134
The sum of partnership share on banks and financial institutions, with shareholding of less than 10%, but exceeding 10% of Common Equity Tier 1 not deducted from Common Equity Tier 1, Tier 1 or Tier 2 (-)	-	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%, but exceeding 10% of the bank (-)	-	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%, but exceeding 10% of bank (-)	-	-
<b>TOTAL CAPITAL</b>	<b>32.940.744</b>	<b>31.643.693</b>

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

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

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

	Current Period	Prior Period
<b>Amounts below deduction thresholds</b>		
The sum of partnership share on banks and financial institutions, with shareholding of less than 10%	125.763	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%	77.926	144.118
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability) (-)	469.021	225.590

**Information related to the components which subject to temporary implementation in the calculation of equity:**

	Parent Bank		Consolidated	
	Amount to be considered in equity calculation in currnt period	Total	Amount to be considered in equity calculation in currnt period	Total
Minority shares in Common Equity Tier 1 Capital	-	-	191	1.290
Third parties in Additional Tier 1 Capital	-	-	-	-
Third parties in Tier 2 Capital	-	-	-	-
Bank's borrowing instruments and related premium (issued before 1.1.2014 )	-	-	-	-

**Information related to the debt instruments which will be included in the calculation of equity:**

None.

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

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

Therefore, in the Parent Bank,

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

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

**II. EXPLANATIONS ON THE CONSOLIDATED MARKET RISK**

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

The Parent Bank has 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 “Regulation on the Measurement and Assessment of the Capital Adequacy of Banks” and “Regulation on the Assessment Process of Banks’ Internal Systems and Internal Capital Adequacy”.

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

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

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

Excluding Standard Method, Daily Value at Risk (“VAR”) forecasts are made 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, Parent Bank performs as per daily and monthly periods stress tests and scenario analysis so as to observe the effect of excessive market fluctuations that are not covered by models over the Parent Bank’s financial position.

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

**Information Related to Group’s Market Risk:**

	<b>Current Period</b>	<b>Prior Period</b>
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	552.860	551.192
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	94.044	87.112
Capital Requirement for Specific Risk of Securitization Positions	-	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	837.430	449.680
(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	42.655	42.638
(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)	1.526.989	1.130.622
<b>(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)</b>	<b>19.087.363</b>	<b>14.132.775</b>

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

**III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK**

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

The Parent Bank's policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Parent 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 USD and EUR, which are mainly used by the Parent Bank in its operations. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders' Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
21.09.2015	2,9865	3,3452	2,1312	0,4485	0,3578	3,0735	2,2550	0,3624	4,6273	0,7967	2,4780
22.09.2015	3,0163	3,3577	2,1295	0,4503	0,3587	3,0968	2,2713	0,3628	4,6282	0,8044	2,5123
23.09.2015	3,0087	3,3493	2,1205	0,4491	0,3577	3,0792	2,2700	0,3624	4,6051	0,8023	2,5047
28.09.2015	3,0323	3,3992	2,1238	0,4557	0,3588	3,1138	2,2717	0,3540	4,6054	0,8086	2,5298
29.09.2015	3,0239	3,3970	2,1188	0,4554	0,3602	3,1145	2,2585	0,3562	4,5824	0,8063	2,5226
30.09.2015	3,0134	3,3659	2,1163	0,4513	0,3582	3,0862	2,2511	0,3525	4,5670	0,8036	2,5099

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

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
3,0025	3,3669	2,1211	0,4514	0,3591	3,0865	2,2674	0,3627	4,6104	0,8009	2,5005

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

**III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)**

**Information on the foreign currency risk of the Group:**

	EUR	USD	Other FC	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	5.973.507	21.886.566	7.114.317	34.974.390
Banks	182.367	1.847.315	443.979	2.473.661
Financial Assets at Fair Value Through Profit and Loss <sup>(4)</sup>	-	15.813	22.939	38.752
Money Market Placements	-	-	33.915	33.915
Financial Assets Available-for-Sale	3.983.249	6.930.731	79.966	10.993.946
Loans <sup>(1)</sup>	15.185.928	35.973.300	929.452	52.088.680
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) <sup>(3)</sup>	10.154	64.747	876	75.777
Investments Held-to-Maturity	1.675.477	4.192.497	5.093	5.873.067
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	9.955	1.905	76.642	88.502
Intangible Assets	7.243	698	6.949	14.890
Other Assets <sup>(5)</sup>	2.172.775	1.154.362	130.604	3.457.741
<b>Total Assets <sup>(4)</sup></b>	<b>29.200.655</b>	<b>72.067.934</b>	<b>8.844.732</b>	<b>110.113.321</b>
<b>Liabilities</b>				
Interbank Deposits	5.956.102	3.406.067	64.540	9.426.709
Foreign Currency Deposits	35.356.844	23.170.567	2.939.729	61.467.140
Money Market Borrowings	1.482.320	14.343.389	-	15.825.709
Funds Provided from Other Financial Institutions	6.400.515	13.869.088	930	20.270.533
Issued Marketable Securities	70.819	3.097.756	-	3.168.575
Sundry Creditors	732.990	76.673	45.381	855.044
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	409.344	200.111	70.020	679.475
<b>Total Liabilities</b>	<b>50.408.934</b>	<b>58.163.651</b>	<b>3.120.600</b>	<b>111.693.185</b>
<b>Net Balance Sheet Position</b>	<b>(21.208.279)</b>	<b>13.904.283</b>	<b>5.724.132</b>	<b>(1.579.864)</b>
<b>Net Off-Balance Sheet Position <sup>(2)</sup></b>	<b>21.253.076</b>	<b>(14.774.196)</b>	<b>(4.756.359)</b>	<b>1.722.521</b>
Assets on Derivative Instruments	23.196.514	4.998.998	1.144.932	29.340.444
Liabilities on Derivative Instruments	1.943.438	19.773.194	5.901.291	27.617.923
<b>Non-cash Loans</b>	<b>12.193.881</b>	<b>24.456.142</b>	<b>3.677.568</b>	<b>40.327.591</b>
<b>Prior Period</b>				
Total Assets	19.363.677	52.753.191	7.806.899	79.923.767
Total Liabilities	36.326.576	42.473.912	3.235.131	82.035.619
<b>Net Balance Sheet Position</b>	<b>(16.962.899)</b>	<b>10.279.279</b>	<b>4.571.768</b>	<b>(2.111.852)</b>
<b>Net Off-Balance Sheet Position <sup>(2)</sup></b>	<b>18.379.967</b>	<b>(10.306.935)</b>	<b>(5.783.538)</b>	<b>2.289.494</b>
Financial Derivative Assets	18.879.664	3.333.682	936.041	23.149.387
Financial Derivative Liabilities	499.697	13.640.617	6.719.579	20.859.893
<b>Non-cash Loans</b>	<b>6.299.610</b>	<b>18.953.006</b>	<b>2.043.565</b>	<b>27.296.181</b>

(1) TL 822.590 equivalent of USD loans, TL 298.016 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2014: TL 347.656 equivalent of USD and TL 99.687 equivalent of EUR).

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

(3) 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 TL currency equivalents. No exchange rate difference arises from such investments.

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

(5) Prepaid expenses amounting TL 17.170 among other expenses are not included in the table.

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

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK**

**a) 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
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	62.613	-	-	-	-	39.023.914	39.086.527
Banks	865.514	1.046.782	123.322	28.880	3.568	1.873.563	3.941.629
Financial Assets at Fair Value Through Profit and Loss	86.271	472.172	380.816	113.599	4.321	4.749	1.061.928
Money Market Placements	43.954	33.915	-	-	-	-	77.869
Financial Assets Available-for-Sale	7.039.142	6.467.759	9.534.993	15.528.099	13.664.584	563.414	52.797.991
Loans Given	56.201.775	25.118.331	44.731.230	50.746.571	9.454.855	975.472	187.228.234
Investments Held-to-Maturity	1.011.444	1.173.666	3.940.992	2.912.791	1.451.578	-	10.490.471
Other Assets	30.295	268.253	544.957	1.406.592	173.039	9.339.078	11.762.214
<b>Total Assets</b>	<b>65.341.008</b>	<b>34.580.878</b>	<b>59.256.310</b>	<b>70.736.532</b>	<b>24.751.945</b>	<b>51.780.190</b>	<b>306.446.863</b>
<b>Liabilities</b>							
Interbank Deposits	5.538.619	842.916	1.199.146	1.171.740	-	430.794	9.183.215
Other Deposits	97.239.473	24.415.893	17.358.536	1.752.383	3.416	42.265.016	183.034.717
Money Market Borrowings	31.674.029	5.009.647	2.434.338	685.332	-	-	39.803.346
Sundry Creditors	858.508	20.652	30.377	2.127	-	1.389.632	2.301.296
Issued Marketable Securities	989.536	1.099.581	625.453	2.474.091	-	-	5.188.661
Funds provided from Other Financial Institutions	6.665.616	4.112.537	8.280.440	1.622.485	809.270	-	21.490.348
Other Liabilities	203.912	255.284	192.448	5.857.648	10.908	38.925.080	45.445.280
<b>Total Liabilities</b>	<b>143.169.693</b>	<b>35.756.510</b>	<b>30.120.738</b>	<b>13.565.806</b>	<b>823.594</b>	<b>83.010.522</b>	<b>306.446.863</b>
<b>Balance Sheet Long Position</b>	-	-	<b>29.135.572</b>	<b>57.170.726</b>	<b>23.928.351</b>	-	<b>110.234.649</b>
<b>Balance Sheet Short Position</b>	<b>(77.828.685)</b>	<b>(1.175.632)</b>	-	-	-	<b>(31.230.332)</b>	<b>(110.234.649)</b>
Off-Balance Sheet Long Position	509.508	1.347.998	1.157	-	-	-	1.858.663
Off-Balance Sheet Short Position	-	-	-	(1.333.476)	-	-	(1.333.476)
<b>Total Position</b>	<b>(77.319.177)</b>	<b>172.366</b>	<b>29.136.729</b>	<b>55.837.250</b>	<b>23.928.351</b>	<b>(31.230.332)</b>	<b>525.187</b>

- (1) Balances without fixed maturity are shown in the "Up to 1 Month" and "Non-Interest Bearing" columns.
- (2) TL 5.783.096 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the "1-5 Years" column. TL 86.155 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)**

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (Continued)**

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	47.903	-	-	-	-	30.236.843	30.284.746
Banks	1.183.535	931.771	89.358	-	19.404	543.743	2.767.811
Financial Assets at Fair Value Through Profit and Loss	18.580	142	3.626	5.277	4.736	297.633	329.994
Money Market Placements	51.529	-	-	-	-	-	51.529
Financial Assets Available-for-Sale	5.335.944	7.382.602	13.141.150	12.555.925	15.555.925	458.697	54.430.243
Loans Given	50.256.354	16.675.139	33.762.230	37.565.719	6.345.499	916.962	145.521.903
Investments Held-to-Maturity	3.293.568	2.197.294	73.116	3.293.013	1.382.825	-	10.239.816
Other assets	1.213	201.681	1.139.559	382.337	64.260	7.594.099	9.383.149
<b>Total Assets</b>	<b>60.188.626</b>	<b>27.388.629</b>	<b>48.209.039</b>	<b>53.802.271</b>	<b>23.372.649</b>	<b>40.047.977</b>	<b>253.009.191</b>
<b>Liabilities</b>							
Interbank Deposits	4.150.209	870.979	454.939	14.048	-	250.584	5.740.759
Other Deposits	79.922.073	21.524.339	15.576.005	1.157.545	46.185	32.177.818	150.403.965
Money Market Borrowings	28.011.583	2.599.660	1.182.716	-	-	-	31.793.959
Sundry Creditors	19.423	10.059	9.631	3.835	-	1.750.156	1.793.104
Issued Marketable Securities	338.579	1.632.779	489.145	1.813.374	-	-	4.273.877
Funds Provided from Other Financial Institutions	1.529.929	3.483.353	8.784.231	1.212.865	601.975	-	15.612.353
Other Liabilities	341.761	104.032	120.186	6.358.424	8.806	36.457.965	43.391.174
<b>Total Liabilities</b>	<b>114.313.557</b>	<b>30.225.201</b>	<b>26.616.853</b>	<b>10.560.091</b>	<b>656.966</b>	<b>70.636.523</b>	<b>253.009.191</b>
<b>Balance Sheet Long Position</b>	-	-	<b>21.592.186</b>	<b>43.242.180</b>	<b>22.715.683</b>	-	<b>87.550.049</b>
<b>Balance Sheet Short Position</b>	<b>(54.124.931)</b>	<b>(2.836.572)</b>	-	-	-	<b>(30.588.546)</b>	<b>(87.550.049)</b>
Off Balance Sheet Long Position	98	1.271.454	-	-	-	-	1.271.552
Off Balance Sheet Short Position	(81.721)	(1.250)	(429.810)	(873.417)	-	-	(1.386.198)
<b>Total Position</b>	<b>(54.206.554)</b>	<b>(1.566.368)</b>	<b>21.162.376</b>	<b>42.368.763</b>	<b>22.715.683</b>	<b>(30.588.546)</b>	<b>(114.646)</b>

- (1) Balances without fixed maturity are shown under the "Up to 1 Month" and "Non-Interest Bearing" columns.
- (2) TL 5.326.157 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the "1-5 Years" column. TL 100.291 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.
- (3) Deferred tax asset is shown under the "Non-Interest Bearing" column.
- (4) Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in other assets.
- (5) Total shareholders' equity is shown under the "Non-Interest Bearing" column.

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

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (Continued)**

**b) Average interest rates applied to the monetary financial instruments (Represents the values belong to the Parent Bank):**

	EUR	USD	JPY	TL
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	0,21	-	2,33
Banks	1,70	1,93	-	9,15
Financial Assets at Fair Value Through Profit and Loss	-	5,36	-	6,56
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,72	5,67	-	8,73
Loans Given <sup>(2)</sup>	4,11	4,95	-	12,47
Investments Held-to-Maturity	6,42	7,08	-	9,39
<b>Liabilities</b>				
Interbank Deposits <sup>(3)</sup>	0,73	0,45	-	9,14
Other Deposits <sup>(4)</sup>	1,28	1,26	-	6,82
Money Market Borrowings	0,67	0,83	-	9,77
Sundry Creditors	-	-	-	-
Issued Marketable Securities	0,85	3,64	-	10,45
Funds Provided from Other Financial Institutions	1,16	1,71	-	8,60

- (1) The ratio on TL column denotes the interest rates applied for required reserve at CBRT. It does not include the interest rate on required reserves given by Central Bank of Turkish Republic of Northern Cyprus .
- (2) Credit card loan balances are not included.
- (3) Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.
- (4) Related ratios include demand deposits as well.

	EUR	USD	JPY	TL
<b>Prior Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	7,00
Banks	1,21	1,72	-	8,42
Financial Assets at Fair Value Through Profit and Loss	-	5,36	-	6,33
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,73	5,72	-	8,75
Loans Given <sup>(2)</sup>	4,53	5,17	-	11,43
Investments Held-to-Maturity	6,42	7,01	-	8,60
<b>Liabilities</b>				
Interbank Deposits <sup>(3)</sup>	0,86	1,19	-	9,28
Other Deposits <sup>(4)</sup>	1,54	1,50	-	6,37
Money Market Borrowings	0,75	0,90	-	9,64
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	3,38	-	9,07
Funds Provided from Other Financial Institutions	1,47	1,82	-	7,90

- (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 loan balances are not included.
- (3) Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.
- (4) Related ratios include demand deposits as well.

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

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (Continued)**

**c) Interest rate risk on banking accounts:**

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

The Parent Bank 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 provide to reports the findings cyclically. Banks 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 Lira and foreign currency, the follow-up of the effects of interest rate changes on Parent 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 Parent 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 Parent 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 (Represents the values belong to the Parent Bank):**

Type of Currency	Shock Applied (+/- x basis point)	Gains / Losses	Gains/ Equity– Losses/ Equity
1. TRY	(+) 300bp	(2.410.431)	(%7,38)
2. TRY	(-) 300bp	2.756.067	%8,44
3. EUR	(+) 100bp	114.542	%0,35
4. EUR	(-) 100bp	(115.562)	(%0,35)
5. USD	(+) 100bp	(648.428)	(%1,99)
6. USD	(-) 100bp	754.851	%2,31
<b>Total (of negative shocks)</b>		<b>3.395.356</b>	<b>%10,40</b>
<b>Total (of positive shocks)</b>		<b>(2.944.317)</b>	<b>(%9,01)</b>

**d) Risk of stock position on banking accounts (Represents the values belong to the Parent Bank):**

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	184.303	184.303	-

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

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

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

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

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

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

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

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

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

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

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

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

**V. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK (Continued)**

**Presentation of assets and liabilities according to their remaining maturities:**

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed <sup>(1)(2)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	39.078.486	-	-	-	-	-	8.041	39.086.527
Banks	1.873.563	865.514	1.046.782	123.322	28.880	3.568	-	3.941.629
Financial Assets at Fair Value Through Profit and Loss	834	64.314	17.569	43.169	866.781	65.346	3.915	1.061.928
Money Market Placements	-	77.869	-	-	-	-	-	77.869
Financial Assets Available-for-Sale	5.209	805.277	245.746	4.363.261	25.698.959	21.128.494	551.045	52.797.991
Loans Given	135.498	7.814.447	14.760.444	67.803.094	76.291.095	19.583.682	839.974	187.228.234
Investments Held-to-Maturity	-	64.607	28.810	2.754.296	4.754.470	2.888.288	-	10.490.471
Other Assets	2.940.487	111.963	158.424	550.236	1.424.671	169.457	6.406.976	11.762.214
<b>Total Assets</b>	<b>44.034.077</b>	<b>9.803.991</b>	<b>16.257.775</b>	<b>75.637.378</b>	<b>109.064.856</b>	<b>43.838.835</b>	<b>7.809.951</b>	<b>306.446.863</b>
<b>Liabilities</b>								
Interbank Deposits	430.794	5.538.619	842.916	1.199.146	1.171.740	-	-	9.183.215
Other Deposits	42.265.016	97.593.263	25.071.745	16.942.405	672.332	24.322	465.634	183.034.717
Funds Provided from Other Financial Instruments	-	1.228.498	2.684.134	12.153.548	3.383.321	2.040.847	-	21.490.348
Money Market Borrowings	-	31.674.029	5.009.647	2.434.338	685.332	-	-	39.803.346
Issued Marketable Securities	-	989.536	1.074.633	615.133	2.509.359	-	-	5.188.661
Sundry Creditors	1.255.819	911.041	25.278	48.373	4.218	-	56.567	2.301.296
Other Liabilities <sup>(3)</sup>	4.579.682	628.233	354.680	192.448	5.960.514	840.365	32.889.358	45.445.280
<b>Total Liabilities</b>	<b>48.531.311</b>	<b>138.563.219</b>	<b>35.063.033</b>	<b>33.585.391</b>	<b>14.386.816</b>	<b>2.905.534</b>	<b>33.411.559</b>	<b>306.446.863</b>
<b>Liquidity Gap</b>	<b>(4.497.234)</b>	<b>(128.759.228)</b>	<b>(18.805.258)</b>	<b>42.051.987</b>	<b>94.678.040</b>	<b>40.933.301</b>	<b>(25.601.608)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	32.663.273	8.647.477	13.815.484	57.871.345	93.017.231	39.913.210	7.081.171	253.009.191
Total Liabilities	36.068.607	114.444.972	28.987.261	27.306.051	11.644.100	2.462.757	32.095.443	253.009.191
<b>Liquidity Gap</b>	<b>(3.405.334)</b>	<b>(105.797.495)</b>	<b>(15.171.777)</b>	<b>30.565.294</b>	<b>81.373.131</b>	<b>37.450.453</b>	<b>(25.014.272)</b>	<b>-</b>

(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) TL 5.783.096 of the funds balance, whose risk is not born by the Parent Bank, is included in other liabilities and shown under the "1-5 Years" column, fund balance amounted to TL 86.155 is not granted as loan and is included under "Up to 1 Month" column.

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

**V. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK (Continued)**

**e) Credit Risk Mitigation Techniques:**

The Parent Bank makes a credit risk reduction with regard to simple financial collateral in accordance with the Article 38 of Communiqué on Credit Risk Reduction Methods.

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

Financial collaterals considering as funded credit safe guards in the parent 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 the Parent Bank. Credibility of guarantors are monitored and evaluated in the scope of revision maturity.

The Parent Bank has no position about credit derivatives.

**Collaterals in terms of Risk Categories: <sup>(1)</sup>**

<b>Exposure classifications – 30 September 2015</b>	<b>Amount</b>	<b>Financial Collaterals</b>	<b>Other/Physical Collaterals</b>	<b>Guarantees and Credit Derivatives</b>
Conditional and unconditional receivables from central governments or central banks	81.847.420	119.506	-	-
Conditional and unconditional receivables from regional or local governments	431.174	40.583	-	262
Conditional and unconditional receivables from administrative units and non-commercial enterprises	634.142	207.392	-	-
Conditional and unconditional receivables from multilateral development banks	13.301	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	41.941.652	29.713.315	-	-
Conditional and unconditional corporate receivables	116.912.891	927.149	-	349.904
Conditional and unconditional retail receivables	69.570.402	17.117.496	-	57.785
Conditional and unconditional secured mortgage receivables	17.978.407	6.601	-	4.770
Past due receivables	591.703	6.263	-	16
Receivables in high risk category defined by BRSA	8.270.977	55.278	-	5.256
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	81.972	3.735	-	-
Other receivables	15.458.346	-	-	-
<b>Total</b>	<b>353.732.387</b>	<b>48.197.318</b>	<b>-</b>	<b>417.993</b>

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

**VI. EXPLANATIONS ON THE SECURITIZATION POSITIONS**

None.

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

**VII. RISK MANAGEMENT OBJECTIVES AND POLICIES**

**a) Strategies and Practices on Risk Management:**

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

**b) Structure and Organization of Risk Management**

Risk Management Operations are conducted in accordance with the Regulation for Banks’ Internal Systems and Internal Capital Adequacy of Banks, issued in the Official Gazette numbered 29057 and dated 11 July 2014 by Banking Regulation and Supervision Agency and within the scope of “Regulation for Risk Management” approved by the Bank’s Board of Directors’ Decision No. 7/101, dated 21 March 2012.

As of 30 September 2015, Risk Management organization consists of operation and market risk management, credit risk management and statement risks management units.

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

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

**Liquidity Risk**

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

For the purpose of measuring and monitoring activities of liquidity risk, Parent Bank realizes “Liquidity Gap Analysis”, “Behavioral 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 Parent Bank’s expected cash flows based on each position and each product, and after adjustment its potential liquidity needs on the basis of the maturity groups in line with the Parent Bank’s liquidity creation capacity, liquidity risk stress test is done. For liquidity risk, legal reporting is also done weekly.

**Interest Rate Risk on Banking Accounts**

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

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

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

**VII. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

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

**Market Risk**

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

In the Parent Bank, the amount subject to the 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 buy - sell accounts and are reported to the related units. Backward testing is performed so as to measure performance of used model. Also, Parent Bank performs as per daily and monthly periods stress tests and scenario analysis so as to observe the effect of excessive market fluctuations that are not covered by models over the Parent Bank’s financial position.

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

**Operational Risks**

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

- The amount subject to operational risk is calculated by Basic Indicator Approach within the scope of “Communiqué on Measurement and Assessment of Capital Adequacy of Banks” in order for keeping adequate shareholder’s equity against losses that could arise due to operational risks in the Parent Bank, and is reported to BRSA based on yearly.
- Operational risk profile in the Parent 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, studies 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 actualized risks and actions taken are monitored via the database.
- By being revised of the Parent Bank Business Continuity Plan, that possible risks that may occur in activities due to corruption and its potential effects evaluated are documented as “Business Impact Analysis”.
- Risk arising from purchase of services provided from support service organizations 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 taken by the Parent Bank are being prepared.

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

**VII. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

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

**Credit Risk**

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

In the Parent Bank, it was constituted scoring models for individual customers, rating for corporate, 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 the Parent Bank, in base of segments, risk limits are framed at credit risk weighted assets and are monitored monthly based.

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

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

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

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

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

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

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

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

**VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS**

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

The Bank is operating in retail banking, corporate and entrepreneurial banking, specialized banking, investment banking and international banking areas.

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

In the context of corporate and entrepreneurial banking, the Group 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 Parent 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 The Central Union of Turkish Agricultural Credit Cooperatives. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from funds.

Investment banking operations are conducted by the Financial Market and Asset-Liability Management and Head of Departments of Economic Researches. By foregoing departments, the Parent Bank’s liquidity is used for Turkish Lira, foreign exchange and securities transactions in local and international organized and over-the-counter markets, and enables sources of funds in Turkish Lira and foreign currencies according to the needs of the Parent Bank. The Parent Bank acts as an intermediary for transaction of securities and Eurobonds by the related departments, for transaction of shares and public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of investment funds founded by the Parent Bank and Ziraat Yatırım Menkul Değerler A.Ş. and keeps records of these financial instruments and the Parent Bank performs repo/reverse repo transactions. Besides the Parent Bank performs derivative transactions which are accounted as held for trading. As financial derivative transactions, the Parent Bank performs foreign currency forward agreements and currency swap transactions.

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

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

As of 30 September 2015 explanations on segment reporting as shown below are in line with Communiqué on “Financial Statements and the Related Policies and Disclosures to be Publicly Announced”.

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

**VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)**

**Table for Segment Reporting:**

Current Period	Retail Banking	Corporate/ Entrepreneurial Banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other /Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>							
<b>Interest Income</b>	<b>4.266.447</b>	<b>5.052.042</b>	<b>2.508.516</b>	<b>4.295.910</b>	-	<b>302.355</b>	<b>16.425.270</b>
Interest Income from Loans	4.266.447	5.022.648	2.508.516	405.326	-	25.058	12.227.995
Interest Income from Banks	-	27.837	-	42.634	-	71.991	142.462
Interest Income from Securities	-	1.557	-	3.812.808	-	25.924	3.840.289
Other Interest Income	-	-	-	35.142	-	179.382	214.524
<b>Interest Expense</b>	<b>4.168.451</b>	<b>1.848.598</b>	-	<b>2.392.120</b>	-	<b>96.140</b>	<b>8.505.309</b>
Interest Expense on Deposits	4.168.451	1.844.532	-	362.589	-	1.192	6.376.764
Interest Expense on Funds Borrowed	-	3.847	-	298.034	-	28.100	329.981
Interest Expense on Money Market Transactions	-	-	-	1.534.005	-	18	1.534.023
Interest Expense on Securities Issued	-	-	-	197.492	-	9.392	206.884
Other Interest Expense	-	219	-	-	-	57.438	57.657
<b>Net Interest Income/Expense</b>	<b>97.996</b>	<b>3.203.444</b>	<b>2.508.516</b>	<b>1.903.790</b>	-	<b>206.215</b>	<b>7.919.961</b>
<b>Net Fees and Commission Income/Expense</b>	<b>598.253</b>	<b>226.849</b>	<b>49.821</b>	<b>(141.118)</b>	-	<b>154.168</b>	<b>887.973</b>
Fees and Commissions Received	598.253	228.686	49.821	4.633	-	246.388	1.127.781
Fees and Commissions Paid	-	1.837	-	145.751	-	92.220	239.808
<b>Dividend Income</b>	-	-	-	<b>195.655</b>	<b>(191.711)</b>	<b>2.036</b>	<b>5.980</b>
<b>Trading Income/Loss (Net)</b>	-	<b>(502)</b>	<b>968</b>	<b>(220.628)</b>	-	<b>4.436</b>	<b>(215.726)</b>
<b>Other Operating Income</b>	<b>18.204</b>	<b>160.756</b>	<b>36.713</b>	<b>2.668</b>	<b>(21.141)</b>	<b>1.577.862</b>	<b>1.775.062</b>
<b>Provision for Loans or Other Receivables Losses</b>	<b>317.567</b>	<b>619.534</b>	<b>222.734</b>	<b>1.861</b>	<b>6.010</b>	<b>41.289</b>	<b>1.208.995</b>
<b>Other Operating Expense</b>	<b>35.143</b>	<b>148.848</b>	<b>23.090</b>	-	<b>54</b>	<b>4.219.765</b>	<b>4.426.900</b>
<b>Income Before Tax</b>	<b>361.743</b>	<b>2.822.164</b>	<b>2.350.194</b>	<b>1.738.507</b>	<b>(218.917)</b>	<b>(2.316.336)</b>	<b>4.737.355</b>
<b>Tax Provision</b>	-	-	-	-	-	<b>(1.080.171)</b>	<b>(1.080.171)</b>
<b>Net Profit/Loss</b>	<b>(5.777)</b>	<b>(44.723)</b>	<b>968</b>	<b>10.634</b>	<b>(201.472)</b>	<b>3.914.999</b>	<b>3.674.629</b>
<b>SEGMENT ASSETS</b>							
Financial Assets at FV Through P/L	-	22.939	-	1.005.632	-	33.357	1.061.928
Banks and Other Financial Institutions	-	49.134	-	2.752.011	-	1.218.353	4,019,498
Financial Assets Available for Sale (Net)	-	24.463	3,240	52,695,578	160	74,550	52,797,991
Loans	50,148,750	93,100,328	35,124,409	8,314,535	-	540,212	187,228,234
Held to Maturity Investments (Net)	-	48,106	-	10,287,998	-	154,367	10,490,471
Associates, Subsidiaries and Joint Ventures	-	2,080	-	2,639,225	(2,486,574)	23,087	177,818
Other Assets	-	180,527	-	-	(31,175)	50,521,571	50,670,923
<b>Total Segment Assets</b>	<b>50.148.750</b>	<b>93.427.577</b>	<b>35.127.649</b>	<b>77.694.979</b>	<b>(2.517.589)</b>	<b>52.565.497</b>	<b>306.446.863</b>
<b>SEGMENT LIABILITIES</b>							
Deposits	139,205,200	41,190,258	2,024	10,462,299	-	1,358,151	192,217,932
Derivative Financial Liabilities Held for Trading	-	-	-	396,935	-	11,128	408,063
Funds Borrowed	-	131,786	-	19,965,976	-	1,392,586	21,490,348
Money Market Funds	-	-	-	39,803,346	-	-	39,803,346
Securities Issued (Net)	-	-	-	5,056,991	-	131,670	5,188,661
Provisions	520	15,614	-	-	24,537	6,244,055	6,284,726
Other Liabilities	20	13,030	-	-	(24,561)	11,588,909	11,577,398
Shareholders' Equity	-	228,175	51,074	-	(2,517,566)	31,714,706	29,476,389
<b>Total Segment Liabilities</b>	<b>139.205.740</b>	<b>41.578.863</b>	<b>53.098</b>	<b>75.685.547</b>	<b>(2.517.590)</b>	<b>52.441.205</b>	<b>306.446.863</b>
<b>OTHER SEGMENT ITEMS</b>							
Capital Investment	-	-	-	-	-	-	-
Amortization Expense	-	-	-	-	-	236,972	236,972
Restructuring Costs	-	-	-	-	-	-	-

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**VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)**

**Table for Segment Reporting: (Continued)**

Prior Period	Retail Banking	Corporate/ Entrepreneurial Banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other /Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>							
<b>30 September 2014</b>							
Interest Income	3.792.247	3.439.948	1.810.750	4.636.370	(35.239)	31.304	13.675.380
Interest Income from Loans	3.792.247	3.439.948	1.810.750	338.160	(14.281)	19.064	9.385.888
Interest Income from Banks	-	-	-	141.230	(20.194)	-	121.036
Interest Income from Securities	-	-	-	4.059.490	(764)	-	4.058.726
Other Interest Income	-	-	-	97.490	-	12.240	109.730
Interest Expense	3.863.777	1.539.039	-	1.815.569	(35.239)	33.287	7.216.433
Interest Expense on Deposits	3.863.777	1.539.039	-	280.879	(20.194)	-	5.663.501
Interest Expense on Funds Borrowed	-	-	-	236.856	(14.281)	-	222.575
Interest Expense on Money Market Transactions	-	-	-	1.151.267	-	-	1.151.267
Interest Expense on Securities Issued	-	-	-	146.567	(764)	-	145.803
Other Interest Expense	-	-	-	-	-	33.287	33.287
Net Interest Income/Expense	(71.530)	1.900.909	1.810.750	2.820.801	-	(1.983)	6.458.947
Net Fees and Commission Income/Expense	496.762	302.437	40.997	(112.499)	-	(4.159)	723.538
Fees and Commissions Received	496.762	302.437	40.997	3.846	(148.570)	250.664	946.136
Fees and Commissions Paid	-	-	-	116.345	(148.570)	254.823	222.598
Dividend Income	-	-	-	186.285	(181.037)	-	5.248
Trading Income/Loss (Net)	-	-	-	(34.028)	-	930	(33.098)
Other Operating Income	21.461	58.625	78.181	2.060	(4.502)	1.283.449	1.439.274
Provision for Loans or Other Receivables Losses	279.736	363.490	175.350	18	3.525	306.975	1.129.094
Other Operating Expense	23.408	116.745	18.650	-	(7.925)	3.404.270	3.555.148
Income Before Tax	149.104	1.749.931	1.735.928	2.646.999	(182.937)	(2.189.358)	3.909.667
Tax Provision	-	-	-	-	-	(879.659)	(879.659)
Net Profit/Loss	-	-	-	-	(166.464)	3.212.944	3.046.480
<b>SEGMENT ASSETS</b>							
<b>31 December 2014</b>							
Financial Assets at FV Through P/L	-	-	-	329.994	-	-	329.994
Banks and Other Financial Institutions	-	-	-	3.846.150	(1.026.810)	-	2.819.340
Financial Assets Available for Sale (Net)	-	-	-	54.450.928	(20.685)	-	54.430.243
Loans	44.973.789	62.122.744	29.095.441	9.624.514	(764.850)	470.265	145.521.903
Held to Maturity Investments (Net)	-	-	-	10.239.816	-	-	10.239.816
Associates, Subsidiaries and Joint Ventures	-	-	-	1.678.431	(1.521.797)	-	156.634
Other Assets	-	-	-	-	(75.516)	39.586.777	39.511.261
<b>Total Segment Assets</b>	<b>44.973.789</b>	<b>62.122.744</b>	<b>29.095.441</b>	<b>80.169.833</b>	<b>(3.409.658)</b>	<b>40.057.042</b>	<b>253.009.191</b>
<b>SEGMENT LIABILITIES</b>							
<b>31 December 2014</b>							
Deposits	110.997.850	37.612.275	-	6.716.130	(1.026.810)	1.845.279	156.144.724
Derivative Financial Liabilities Held for Trading	-	-	-	416.397	-	-	416.397
Funds Borrowed	-	-	-	16.377.203	(764.850)	-	15.612.353
Money Market Funds	-	-	-	31.793.959	-	-	31.793.959
Securities Issued (Net)	-	-	-	4.294.722	(20.845)	-	4.273.877
Provisions	-	-	-	-	18.526	5.990.755	6.009.281
Other Liabilities	-	-	-	-	(67.938)	10.209.506	10.141.568
Shareholders' Equity	-	-	-	-	(1.547.741)	30.164.773	28.617.032
<b>Total Segment Liabilities</b>	<b>110.997.850</b>	<b>37.612.275</b>	<b>-</b>	<b>59.598.411</b>	<b>(3.409.658)</b>	<b>48.210.313</b>	<b>253.009.191</b>
<b>OTHER SEGMENT ITEMS</b>							
Capital Investment	-	-	-	-	-	-	-
Amortization Expense	-	-	-	-	-	187.081	187.081
Restructuring Costs	-	-	-	-	-	-	-

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**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	1.274.789	1.067.225	1.162.355	707.074
Central Bank of the Republic of Turkey	2.836.547	33.750.197	1.611.393	26.753.700
Other	801	156.968	1	50.223
<b>Total</b>	<b>4.112.137</b>	<b>34.974.390</b>	<b>2.773.749</b>	<b>27.510.997</b>

**1) Information on required reserves:**

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to Communiqué on Required Reserves of Central Bank of the Republic of Turkey’s numbered 2015/19. Based on accounting standards and registration layout for banks and companies, the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Turkey of the banks established by international agreements, constitute required reserves liabilities.

As of the balance sheet date, according to CBRT’s Communiqué about Required Reserves No. 2015/19, 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 time 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 20%; for FC liabilities other than deposits up to 2-years maturity 14%; for FC liabilities other than deposits up to 3-years maturity 8%; for FC liabilities other than deposits up to 5-years maturity 7%; and for FC liabilities other than deposits more than 5-years maturity 6%.

According to the press release of CBRT held on 21 October 2014, interest payment for Turkish Lira reserve requirement has been commenced from the November 2014 maintenance period. In addition, according to Press Release of CBRT on Remuneration of Foreign Currency Required and Free Reserves numbered 2015/35, the implementation of remuneration for US dollars denominated required reserves, reserve options and free reserves held at CBRT has been started as of 5 May 2015.

As of 30 September 2015, total reserve requirement of the Group is TL 36.911.268 including Central Banks abroad (31 December 2014: TL 28.468.561).

**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	2.773.934	774.255	1.563.450	301.734
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves <sup>(1)(2)</sup>	62.613	32.975.942	47.943	26.451.966
<b>Total</b>	<b>2.836.547</b>	<b>33.750.197</b>	<b>1.611.393</b>	<b>26.753.700</b>

(1) Required reserve of branches abroad amounting to TL 82.001 is presented in this line (31 December 2014: 75.723).

(2) TL 20.995.250 in FC required reserves is the part of TL required reserves kept as FC (31 December 2014: 18.822.279).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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:**

	<b>Current Period</b>	<b>Prior Period</b>
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	3.856	8.756
<b>Total</b>	<b>3.856</b>	<b>8.756</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Derivative Financial Assets Held-for-Trading				
Forward Transactions	52.186	50.952	5.949	6.583
Swap Transactions	718.543	156.681	259.596	24.496
Futures Transactions	-	-	-	-
Options	12	10	17	11
Other	-	-	-	-
<b>Total</b>	<b>770.741</b>	<b>207.643</b>	<b>265.562</b>	<b>31.090</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Banks				
Domestic Banks	1.449.752	156.991	1.765.968	415.079
Foreign Banks	18.216	2.316.670	23.639	563.125
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>1.467.968</b>	<b>2.473.661</b>	<b>1.789.607</b>	<b>978.204</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Assets Subject to Repurchase Agreements	37.393.675	30.650.483
Assets Blocked/Given as Collateral	5.142.699	5.700.219
<b>Total</b>	<b>42.536.374</b>	<b>36.350.702</b>

**b) Information on financial assets available for sale:**

	<b>Current Period</b>	<b>Prior Period</b>
Debt Securities	54.363.332	54.124.518
Quoted in Stock Exchange	54.347.738	54.096.908
Not Quoted in Stock Exchange	15.594	27.610
Share Certificates	556.274	446.555
Quoted in Stock Exchange	366.707	274.474
Not Quoted in Stock Exchange	189.567	172.081
Provision for Impairment (-)	2.121.615	140.830
<b>Total</b>	<b>52.797.991</b>	<b>54.430.243</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**5. Information related to loans:**

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	529	-	224
<b>Loans Granted to Employees<sup>(1)(2)</sup></b>	272.784	141	258.116	117
<b>Total</b>	272.784	670	258.116	341

<sup>(1)</sup> Interest rediscount and interest accrual amounting TL 2.158, are not included in the table above.

<sup>(2)</sup> Since the balance of overdraft accounts related to employees amounting TL 12.130, is showed under Table 5-c as overdraft accounts (real person), it is not included to the table above.

**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 <sup>(1)</sup>	Other		Loans and other receivables with revised contract terms	Other
Non-Specialized Loans	145.954.035	924.823	-	2.159.296	752.546	-
Commercial Loans	87.748.649	463.474	-	788.257	645.175	-
Export Loans	2.702.276	-	-	20.788	-	-
Import Loans	163.379	-	-	1.264	-	-
Loans Given to Financial Sector	5.908.961	-	-	-	-	-
Consumer Loans	45.573.240	461.292	-	1.279.444	104.278	-
Credit Cards	2.850.292	57	-	63.754	3.093	-
Other <sup>(2)</sup>	1.007.238	-	-	5.789	-	-
Specialized Lending <sup>(3)(4)</sup>	30.313.413	1.719.110	-	758.246	192.876	-
Other Receivables	-	-	-	-	-	-
Interest Income Accruals	3.613.915	-	-	-	-	-
<b>Total</b>	<b>179.881.363</b>	<b>2.643.933</b>	<b>-</b>	<b>2.917.542</b>	<b>945.422</b>	<b>-</b>

<sup>(1)</sup> Restructured or rescheduled loans cannot be decomposed systematically. Therefore it is shown in the “Loans and other receivables with revised contract terms” section.

<sup>(2)</sup> 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.

<sup>(3)</sup> Fund sourced agricultural loans are shown under specialized lending.

<sup>(4)</sup> Agriculturally qualified farmer standby loans have been displayed under specialized lending.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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)**

<b>No. of extensions</b>	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables Under Close Monitoring</b>
1 or 2 Times Extended (*)	2.578.636	924.492
3, 4 or 5 Times Extended	65.282	20.930
Over 5 Times Extended	15	-

(\*) Number of modification made according to extent of payment plan of individual loans cannot be decomposed systematically therefore it is shown in this line.

<b>Extension Periods</b>	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables Under Close Monitoring</b>
0 - 6 Months	348.793	140.822
6 - 12 Months	1.603.527	397.321
1 - 2 Years	438.588	133.083
2 - 5 Years	226.043	255.860
5 Years and Over	26.982	18.336
<b>Total</b>	<b>2.643.933</b>	<b>945.422</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**5. Information related to loans: (Continued)**

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

	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Consumer Loans – TL	348.872	45.886.790	46.235.662
Real Estate Loans <sup>(2)</sup>	6.785	21.525.696	21.532.481
Vehicle Loans	1.279	187.204	188.483
Consumer Loans <sup>(2)</sup>	336.837	23.838.202	24.175.039
Abroad	3.971	335.688	339.659
Other	-	-	-
Consumer Loans- Indexed to FC	-	3	3
Real Estate Loans	-	3	3
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- FC	21.025	280.196	301.221
Real Estate Loans	-	31.200	31.200
Vehicle Loans	-	872	872
Consumer Loans	903	168.161	169.064
Abroad	1.478	26.039	27.517
Other	18.644	53.924	72.568
Individual Credit Cards-TL	2.527.587	3.029	2.530.616
With Installment	888.848	189	889.037
Without Installment	1.638.739	2.840	1.641.579
Individual Credit Cards-FC	23.073	-	23.073
With Installment	18	-	18
Without Installment	23.055	-	23.055
Personnel Loans-TL	8.050	176.273	184.323
Real Estate Loans	-	246	246
Vehicle Loans	-	-	-
Consumer Loans	7.958	174.313	182.271
Abroad	92	1.714	1.806
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	1.079	10.955	12.034
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	682	10.655	11.337
Other	397	300	697
Personnel Credit Cards-TL	76.254	155	76.409
With Installment	33.845	98	33.943
Without Installment	42.409	57	42.466
Personnel Credit Cards-FC	18	-	18
With Installment	-	-	-
Without Installment	18	-	18
Overdraft Accounts-TL (Real Person)	685.011	-	685.011
Overdraft Accounts-FC (Real Person)	-	-	-
<b>Total<sup>(1)</sup></b>	<b>3.690.969</b>	<b>46.357.401</b>	<b>50.048.370</b>

(1) TL 306.743 of interest income accrual and interest income rediscount are not included in the table above.

(2) Consumer loans originated from funds amounting to TL 3.359.648 are included in the table above.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**5. Information related to loans: (Continued)**

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

	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Commercial Installment Loans-TL	928.362	12.799.117	13.727.479
Business Loans	752	405.588	406.340
Vehicle Loans	32.155	748.568	780.723
Consumer Loans	895.455	11.644.961	12.540.416
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	406	406
Business Loans	-	-	-
Vehicle Loans	-	406	406
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	206.324	18.666.855	18.873.179
Business Loans	-	3.497	3.497
Vehicle Loans	-	326	326
Consumer Loans	164.431	18.374.133	18.538.564
Other	41.893	288.899	330.792
Corporate Credit Cards-TL	286.294	66	286.360
With Installment	86.436	51	86.487
Without Installment	199.858	15	199.873
Corporate Credit Cards-FC	720	-	720
With Installment	711	-	711
Without Installment	9	-	9
Overdraft Account-TL (Legal Entity)	93.588	-	93.588
Overdraft Account-FC (Legal Entity)	1.249	-	1.249
<b>Total <sup>(1)</sup></b>	<b>1.516.537</b>	<b>31.466.444</b>	<b>32.982.981</b>

<sup>(1)</sup> Accruals and rediscount amounts are not included in the table above.

**e) Breakdown of domestic and international loans:**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	176.813.095	136.525.746
Foreign Loans	5.961.250	5.944.930
Interest Income Accruals of Loans	3.613.915	2.249.804
<b>Total</b>	<b>186.388.260</b>	<b>144.720.480</b>

**f) Loans granted to subsidiaries and associates:**

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and associates	-	-
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**g) Specific provisions provided against loans:**

	<b>Current Period</b>	<b>Prior Period</b>
Loans and other receivables with limited collectability	142.124	104.549
Loans and other receivables with doubtful collectability	465.397	452.657
Uncollectible loans and other receivables	1.644.829	1.411.854
<b>Total</b>	<b>2.252.350</b>	<b>1.969.060</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**5. Information related to loans: (Continued)**

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

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

	<b>Group III:</b>	<b>Group IV:</b>	<b>Group V:</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current period</b>	<b>13.631</b>	<b>61.534</b>	<b>103.971</b>
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	13.631	61.534	103.971
Rescheduled loans and other receivables	-	-	-
<b>Prior period</b>	<b>15.457</b>	<b>61.241</b>	<b>115.881</b>
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	15.457	61.241	115.881
Rescheduled loans and other receivables	-	-	-

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Prior Period Ending Balance</b>	<b>207.045</b>	<b>476.178</b>	<b>2.087.260</b>
Additions (+)	964.681	127.472	256.397
Transfers from other categories of non-performing loans (+)	24.345	813.853	760.948
Transfers to other categories of non-performing loans (-)	813.853	760.948	-
Collections (-) <sup>(1)</sup>	127.455	171.039	752.560
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Current Period End Balance</b> <sup>(2)</sup>	<b>254.763</b>	<b>485.516</b>	<b>2.352.045</b>
Specific Provision (-) <sup>(3)</sup>	142.124	465.397	1.644.829
<b>Net Balance on Balance Sheet</b> <sup>(2)</sup>	<b>112.639</b>	<b>20.119</b>	<b>707.216</b>

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

<sup>(2)</sup> Includes the loans originated from funds amounting to TL 250.719 whose risk does not belong to the Parent Bank.

<sup>(3)</sup> As of 30 September 2015, the Parent Bank made 100% provision for the portion of TL 627.633 of the loans under follow-up which is TL 156.912 after taking guarantees into consideration.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**5. Information related to loans: (Continued)**

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

**3) Information on foreign currency non-performing loans:**

	<b>Group III:</b> Loans and other receivables with limited collectability	<b>Group IV:</b> Loans and other receivables with doubtful collectability	<b>Group V:</b> Uncollectible loans and other receivables
<b>Current Period:</b>			
<b>Period Ending Balance</b>	<b>69.751</b>	<b>7.033</b>	<b>26.222</b>
Specific Provision (-)	47.384	7.033	26.222
<b>Net Balance on Balance Sheet</b>	<b>22.367</b>	<b>-</b>	<b>-</b>
<b>Prior Period:</b>			
<b>Period Ending Balance</b>	<b>32.768</b>	<b>7.975</b>	<b>19.913</b>
Specific Provision (-)	16.053	7.975	19.913
<b>Net Balance on Balance Sheet</b>	<b>16.715</b>	<b>-</b>	<b>-</b>

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

	<b>Group III</b> Loans and other receivables with limited collectability	<b>Group IV</b> Loans and other receivables with doubtful collectability	<b>Group V</b> Uncollectible loans and other receivables
<b>Current Period (Net)</b>	<b>112.639</b>	<b>20.119</b>	<b>707.216</b>
Loans to Real Persons and Legal Entities (Gross)	254.763	419.843	2.352.045
Specific Provisions (-)	142.124	399.724	1.644.829
Loans to Real Persons and Legal Entities (Net)	112.639	20.119	707.216
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	65.673	-
Specific Provisions (-)	-	65.673	-
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>102.496</b>	<b>23.521</b>	<b>675.406</b>
Loans to Real Persons and Legal Entities (Gross)	207.045	412.975	2.087.260
Specific Provisions (-)	104.549	389.454	1.411.854
Loans to Real Persons and Legal Entities (Net)	102.496	23.521	675.406
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	63.203	-
Specific Provisions (-)	-	63.203	-
Other Loans and Receivables (Net)	-	-	-

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	1.206.871	4.082.206	466.841	3.910.057
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1.206.871</b>	<b>4.082.206</b>	<b>466.841</b>	<b>3.910.057</b>

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	2.985.724	1.717.681	3.024.939	1.157.083
Other	-	-	-	-
<b>Total</b>	<b>2.985.724</b>	<b>1.717.681</b>	<b>3.024.939</b>	<b>1.157.083</b>

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

	Current Period	Prior Period
Government Bonds	10.396.513	10.162.945
Treasury Bills	-	29.947
Other Public Sector Debt Securities	14.137	6.966
<b>Total</b>	<b>10.410.650</b>	<b>10.199.858</b>

**c) Information on held-to-maturity investments:**

	Current Period	Prior Period
Debt securities	10.490.471	10.239.816
Quoted in a Stock Exchange	10.410.650	10.199.858
Not Quoted in a Stock Exchange	79.821	39.958
Provision for Impairment (-)	-	-
<b>Total</b>	<b>10.490.471</b>	<b>10.239.816</b>

**d) Movements of held-to-maturity investments:**

	Current Period	Prior Period
<b>Beginning Balance</b>	<b>10.239.816</b>	<b>15.799.338</b>
Addition to Scope of Consolidation	-	-
Foreign Currency Differences on Monetary Assets	1.329.851	224.816
Purchases During the Year	148.236	288.638
Disposals through Sales and Redemptions	(1.227.432)	(6.072.976)
Provision for Impairment (-)	-	-
<b>Period End Balance</b>	<b>10.490.471</b>	<b>10.239.816</b>

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

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

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

Within the year 2008, the Parent Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TL 23.630.115, EUR 717.616 thousand and USD 1.483.317 thousand to held-to-maturity portfolio with fair values of TL 22.971.669, EUR 702.950 thousand and USD 1.562.742 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 EUR 37.951 thousand and USD 45.501 thousand to held-to-maturity portfolio with fair values of EUR 37.178 thousand and USD 62.311 thousand respectively which have been taken into consideration as book values after reclassification in accordance with the amendment of TAS 39 “Turkish Accounting Standard for Financial Instruments: Recognition and Measurement” published in the Official Gazette No. 27040 dated 31 October 2008 by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

Revaluation differences of reclassified available for sale securities before deferred tax are TL 68.984, EUR (23.067) thousand and USD (15.207) thousand respectively and are recorded under shareholders’ equity. These balances will be amortized until the redemption date of related securities using straight-line method and recorded as interest income or expense. As of the balance sheet date, negative revaluation differences which are accounted under shareholders’ equity are USD 12.197 thousand and EUR 2.852 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR 30.003 thousand and USD 67.008 thousand respectively.

If the reclassification from the held for trading securities portfolio to the held to maturity had not been performed, income accrual amounting to TL 7.534 would have been recorded. As of 30 September 2015, the reclassification from held for trading securities to held to maturity investments has an income statement impact of TL (18.075).

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

**a) 1) Information about unconsolidated associates:**

	Description	Address (City/Country)	The Parent Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/TURKEY	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/TURKEY	10,00	9,09

	Total Assets <sup>(2)</sup>	Shareholders’ Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2) (3)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit/Loss <sup>(2)</sup>	Prior Period Profit/Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	65.901	35.309	39.402	776	-	9.605	7.882	-
2	121.443	92.637	49.289	3.576	-	25.246	18.547	-

(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 unreviewed financial statements as of 30 September 2015. Prior period profit/loss information of associates has been provided from reviewed financial statements as of 30 September 2014.

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

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

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

**b) 1) Information about consolidated associates:**

	Description	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul/TURKEY	22,22	15,43

	Total Assets <sup>(2)</sup>	Shareholders' Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit/Loss <sup>(2)</sup>	Prior Period Profit/Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	3.974.635	573.674	22.072	84.396	16.633	41.824	60.284	-

(1) Since shares of Arap Türk 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 2015 and prior period profit/loss information of Arap Türk Bankası A.Ş. has been provided from reviewed financial statements as of 30 September 2014.

**2) Explanation regarding consolidated associates:**

	Current Period	Prior Period
<b>Beginning Balance</b>	<b>82.116</b>	<b>71.283</b>
<b>Movement During the Period</b>	<b>6.402</b>	<b>10.833</b>
Additions	-	-
Bonus Share Certificates	-	30.864
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation	-	-
Transfer to Available for Sale Fin. Assets	-	-
Sales	-	-
Revaluation	6.402	-
Impairment Provision	-	20.031
<b>Ending Balance</b>	<b>88.518</b>	<b>82.116</b>
Capital Commitments	-	-
Period Ending Share of Capital Participation (%)	15,43	15,43

**3) Sector information about consolidated associates:**

	Current Period	Prior Period
Banks	88.518	82.116
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

**4) Consolidated associates quoted to a stock exchange:**

None (31 December 2014: None).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

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

**a) 1) Information about unconsolidated subsidiaries:**

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

	Total Assets <sup>(2)</sup>	Shareholders’ Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit/ Loss <sup>(2)</sup>	Prior Period Profit/Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	33.903	10.214	3.473	201	55	291	10.171	-

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

<sup>(2)</sup> Current period information of the subsidiaries has been provided from unreviewed financial statements as of 30 September 2015 and prior period profit/loss information has been provided from reviewed financial statements as of 30 September 2014.

**b) 1) Explanation regarding consolidated subsidiaries:**

In consolidated financial statements of the Parent Bank’s, investments related to subsidiaries and joint ventures operating abroad in foreign currency are followed by their fair values. For these subsidiaries, fair value is determined by valuation reports, 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 shareholders’ equity.

	Description	Address (City/Country)	The Parent Bank’s Share Percentage-if different Voting Percentage (%)	The Parent Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	Istanbul / TURKEY	100,00	100,00
2	Ziraat Sigorta A.Ş.	Istanbul / TURKEY	100,00	100,00
3	Ziraat Finansal Kiralama A.Ş.	Istanbul / TURKEY	100,00	100,00
4	Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul / TURKEY	100,00	99,60
5	Ziraat Portföy Yönetimi A.Ş.	Istanbul / TURKEY	100,00	99,70
6	Ziraat Katılım Bankası A.Ş. <sup>(1)</sup>	Istanbul / TURKEY	100,00	100,00
7	Ziraat Bank International A.G.	Frankfurt / GERMANY	100,00	100,00
8	Ziraat Bank BH d.d.	Sarajevo / BOSNIA HERZEGOVINA	100,00	100,00
9	Ziraat Bank (Moscow) CJSC	Moscow / RUSSIA	100,00	100,00
10	Kazakhstan Ziraat Int. Bank	Almaty / KAZAKHSTAN	100,00	99,58
11	Ziraat Bank Azerbaycan ASC	Baku / AZERBAIJAN	100,00	100,00
12	Ziraat Bank Montenegro AD <sup>(2)</sup>	Podgorica / MONTENEGRO	100,00	100,00

<sup>(1)</sup> Ziraat Katılım Bankası A.Ş., which was established with the permission of BRSA numbered 6046, dated 10 October 2014 and was registered on 13 February 2015, started its operations by the consent of BRSA, dated 12 May 2015 and numbered 6302, that was published by the Official Gazette, dated 14 May 2015 and numbered 29355.

<sup>(2)</sup> Ziraat Bank Montenegro AD, started its operations dated 27 July 2015, with the permission of CBRT, 6 April 2015, regarding the Bank’s setting up a subsidiary bank in Montenegro.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

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

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

	Total Assets <sup>(3)</sup>	Shareholders' Equity <sup>(3)</sup>	Total Non-Current Assets <sup>(3)</sup>	Interest Income <sup>(3)(4)</sup>	Income from Marketable Securities Portfolio <sup>(2)</sup>	Current Period Profit/Loss <sup>(3)</sup>	Prior Period Profit/Loss <sup>(3)</sup>	Fair Value <sup>(1)</sup>	Shareholders' Equity Amount To Be Needed
1	2.448.585	265.913	2.329	96.519	-	125.568	104.552	-	-
2	589.243	175.263	2.828	42.875	-	65.855	54.263	-	-
3	2.608.469	227.314	4.866	1.805	-	27.838	(9.872)	-	-
4	284.719	86.336	826	6.015	2.950.817	15.201	7.168	-	-
5	18.683	16.814	632	1.190	9.577	4.454	2.609	-	-
6	1.423.489	677.317	35.380	29.926	17.500	222	-	-	-
7	4.902.459	616.358	3.749	100.369	1.969	39.629	8.169	572.382	-
8	1.113.105	197.600	15.966	31.734	573	6.464	5.188	159.032	-
9	173.173	53.003	3.529	5.558	124	2.389	2.152	112.646	-
10	560.893	223.850	13.684	18.372	643	11.157	5.919	258.982	-
11	212.539	147.438	5.126	7.412	988	3.038	-	166.682	-
12	34.201	31.999	2.529	6	-	(1.660)	-	30.627	-

- (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 unreviewed financial statements as of 30 September 2015, the prior period profit/loss balances have been provided from reviewed financial statements as of 30 September 2014.
- (4) The amount related to Ziraat Katılım Bankası A.Ş. showed under interest income includes profit share income

**2) Information about consolidated subsidiaries**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>1.453.735</b>	<b>1.145.069</b>
<b>Movements During the Period</b>	<b>997.857</b>	<b>308.666</b>
Additions to Scope of Consolidation	-	-
Purchases <sup>(1)(2)</sup>	997.857	100.000
Bonus Shares Obtained	-	-
Dividends from current year income	-	-
Transfers to available for sale assets	-	-
Sales	-	-
Revaluation Increase	-	208.666
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>2.451.592</b>	<b>1.453.735</b>
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

- (1) The capital increase in the period is shown under “Purchases”.
- (2) Purchases include amounts of Ziraat Bank Azerbaijan ASC, Ziraat Bank Montenegro AD and Ziraat Katılım Bank A.Ş. established as subsidiaries of the Parent Bank.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Banks	1.975.351	977.494
Insurance Companies	129.972	129.972
Factoring Companies	-	-
Leasing Companies	282.839	282.839
Financing Companies	-	-
Other Financial Subsidiaries	63.430	63.430

**c) Subsidiaries which are quoted on a stock exchange:**

None (31 December 2014: None).

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

<b>Entities under Common Control (Joint Ventures) <sup>(1)</sup></b>	<b>Parent Bank's Share <sup>(2)</sup></b>	<b>Group's Share</b>	<b>Current Assets</b>	<b>Non-Current Assets</b>	<b>Long Term Liabilities</b>	<b>Income</b>	<b>Expense</b>
Turkmen Turkish Joint Stock Commercial Bank	38.353	38.353	340.784	13.141	10.293	51.169	32.896
UTBank JSC <sup>(3)</sup>	37.552	37.567	235.432	3.487	1.886	17.494	11.806
<b>Total</b>	<b>75.905</b>	<b>75.920</b>	<b>576.216</b>	<b>16.628</b>	<b>12.179</b>	<b>68.663</b>	<b>44.702</b>

(1) Information on entities under common control is provided from the unreviewed financial statements as of 30 September 2015.

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

(3) Title of Uzbekistan Turkish Bank, one of entities under common control of the Parent Bank, was changed to UTBANK JSC on 8 May 2015.

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):**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	1.030.582	373.102	760.492	634.414
1-5 Years	1.626.747	1.911.114	1.341.307	1.155.480
More than 5 Years	188.388	169.457	66.181	61.362
<b>Total</b>	<b>2.845.717</b>	<b>2.453.673</b>	<b>2.167.980</b>	<b>1.851.256</b>

**11. Information on derivative financial assets for hedging purposes:**

The Group has no derivative financial assets for hedging purposes (31 December 2014: None).

**12. Information on investment property:**

None (31 December 2014: None).

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

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

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

The Group's immovables acquired amount to TL 216.733 consisting of TL 13.934 due to consumer loan, TL 160.003 on its commercial loans and TL 42.796 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 1.447. Total depreciation expense is TL 2.096 for these held for sale assets (31 December 2014: The Group's immovables acquired amount to TL 176.212 consisting of TL 15.038 on consumer loan, TL 127.458 on its commercial loans and TL 33.716 on its agricultural loans. Also, the sum of movables acquired from consumer loan amount to TL 740. Total depreciation expense is TL 2.745 for these held for sale assets).

**14. Explanations on property and equipment:**

	Immovables	Tangibles- Financial Leasing	Vehicles	Operational Leasing Development Costs (1)	Other Tangibles	Total
<b>Prior Period End:</b>						
Cost	5.173.711	6.961	38.495	144.560	638.551	6.002.278
Accumulated Depreciation (-)	758.047	1.192	26.068	74.926	331.106	1.191.339
<b>Net Book Value</b>	<b>4.415.664</b>	<b>5.769</b>	<b>12.427</b>	<b>69.634</b>	<b>307.445</b>	<b>4.810.939</b>
<b>Current Period End:</b>						
Net Book Value at the Beginning of the Period	4.415.664	5.769	12.427	69.634	307.445	4.810.939
Change During the Period (Net)	128.633	-	13.738	46.987	148.978	338.336
Depreciation – net (-)	106.441	533	2.777	23.956	69.724	203.431
Impairment (-)	3.740	-	-	-	-	3.740
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-
Cost at Period End	5.298.604	6.961	52.233	191.547	787.529	6.336.874
Accumulated Depreciation at Period End (-)	864.488	1.725	28.845	98.882	400.830	1.394.770
<b>Closing Net Book Value</b>	<b>4.434.116</b>	<b>5.236</b>	<b>23.388</b>	<b>92.665</b>	<b>386.699</b>	<b>4.942.104</b>

(1) The Parent Bank has begun to classify the operational leasing development costs under tangible fixed assets in the financial statements dated 31 March 2015, which was previously being followed under intangible assets.

- 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.

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES**

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

**1) For deposit banks:**

<b>Current Period</b>	<b>Demand</b>	<b>7 Day Call Accounts</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months-1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposits</b>	<b>Total</b>
Saving Deposits	17.296.742	-	2.791.806	52.792.830	4.163.880	940.263	699.912	5.263	78.690.696
Foreign Currency Deposits	12.044.753	-	7.502.730	18.783.655	5.190.311	3.798.219	14.048.031	461	61.368.160
Residents in Turkey	10.380.681	-	7.297.165	16.737.664	4.590.612	3.079.926	10.459.292	461	52.545.801
Residents Abroad	1.664.072	-	205.565	2.045.991	599.699	718.293	3.588.739	-	8.822.359
Public Sector Deposits	6.507.859	-	4.041.601	4.319.363	1.323.396	2.274.156	13.902	-	18.480.277
Commercial Inst. Deposits	4.065.393	-	4.482.709	4.136.307	1.127.061	547.789	1.285.979	-	15.645.238
Other Inst. Deposits	1.426.721	-	1.499.146	2.537.389	1.247.709	702.453	313.213	-	7.726.631
Precious Metals	923.548	-	28.549	130.551	20.819	10.558	9.690	-	1.123.715
Interbank Deposits	430.794	-	4.488.239	1.566.945	461.376	1.123.182	1.112.679	-	9.183.215
CBRT	6.428	-	-	-	-	-	-	-	6.428
Domestic Banks	110.014	-	3.468.550	84.966	104.839	13.080	4.303	-	3.785.752
Foreign Banks	84.039	-	1.019.689	1.481.979	356.537	1.110.102	1.108.376	-	5.160.722
Participation Banks	230.313	-	-	-	-	-	-	-	230.313
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>42.695.810</b>	<b>-</b>	<b>24.834.780</b>	<b>84.267.040</b>	<b>13.534.552</b>	<b>9.396.620</b>	<b>17.483.406</b>	<b>5.724</b>	<b>192.217.932</b>

<b>Prior Period</b>	<b>Demand</b>	<b>7 Day Call Accounts</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months-1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposits</b>	<b>Total</b>
Saving Deposits	11.772.551	-	2.403.145	48.851.579	3.673.378	787.318	643.760	5.053	68.136.784
Foreign Currency Deposits	7.777.702	-	4.248.009	14.179.418	3.545.606	2.319.034	10.790.916	380	42.861.065
Residents in Turkey	6.794.822	-	3.966.163	12.541.984	3.136.388	1.880.975	8.547.352	375	36.868.059
Residents Abroad	982.880	-	281.846	1.637.434	409.218	438.059	2.243.564	5	5.993.006
Public Sector Deposits	5.999.471	-	2.726.721	3.817.762	612.103	3.268.289	427.620	-	16.851.966
Commercial Inst. Deposits	3.707.864	-	4.559.751	4.002.438	111.733	192.822	1.018.718	-	13.593.326
Other Inst. Deposits	1.367.138	-	1.376.527	3.808.751	103.949	453.067	6.114	-	7.115.546
Precious Metals	1.553.092	-	42.462	213.553	17.807	8.436	9.928	-	1.845.278
Interbank Deposits	250.583	-	4.118.592	902.597	432.047	22.892	14.048	-	5.740.759
CBRT	9.480	-	372	16.892	-	-	-	-	26.744
Domestic Banks	22.208	-	3.466.202	287.059	18.000	22.892	-	-	3.816.361
Foreign Banks	110.427	-	652.018	598.646	414.047	-	14.048	-	1.789.186
Participation Banks	108.468	-	-	-	-	-	-	-	108.468
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>32.428.401</b>	<b>-</b>	<b>19.475.207</b>	<b>75.776.098</b>	<b>8.496.623</b>	<b>7.051.858</b>	<b>12.911.104</b>	<b>5.433</b>	<b>156.144.724</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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 <sup>(2)</sup>	53.212.782	45.578.354	25.031.697	22.285.192
Foreign Currency Saving Deposits <sup>(2)</sup>	19.551.661	16.414.992	24.878.702	16.534.145
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance <sup>(1)</sup>	555.523	507.656	53.616	44.686
Deposits at Off-Shore Banking Regions’ and under Foreign Authorities’ Insurance	-	-	-	-

<sup>(1)</sup> 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 TL 52.219 and TL 9.359 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2014: Bulgaria and Greece, TL 27.725, TL 14.642 respectively).

<sup>(2)</sup> Related deposit balances do not include foreign branches.

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 1.595 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 TL 100 attributable to a real person is covered by the insurance, TL 464.696 thousand of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

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

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

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**b) Information on saving deposits: (Continued)**

**3) Amounts which are not covered by deposit insurance:**

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

	<b>Current Period</b>	<b>Prior Period</b>
Deposits and other Accounts in Branches Abroad	62.279	51.132
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board, CEO, Executive Vice Presidents and Their Close Family Members	4.278	3.731
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> 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:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	51.435	47.609	5.771	4.167
Swap Transactions	2.708	306.300	13.028	393.418
Futures Transactions	-	-	-	-
Options	5	6	7	6
Other	-	-	-	-
<b>Total</b>	<b>54.148</b>	<b>353.915</b>	<b>18.806</b>	<b>397.591</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	275.800	1.027.376	319.412	678.240
Foreign Banks, Institutions and Funds	944.015	19.243.157	944.015	13.670.686
<b>Total</b>	<b>1.219.815</b>	<b>20.270.533</b>	<b>1.263.427</b>	<b>14.348.926</b>

**b) Maturity structure of funds borrowed:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-Term	255.376	7.419.593	295.014	10.389.206
Medium and Long-Term	964.439	12.850.940	968.413	3.959.720
<b>Total</b>	<b>1.219.815</b>	<b>20.270.533</b>	<b>1.263.427</b>	<b>14.348.926</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

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

62,72% of the Group’s liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Group’s liabilities are not subject to a significant concentration risk.

- d) **Information on funds supplied from repurchase agreements:**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From Domestic Transactions</b>	<b>23.963.142</b>	-	<b>16.310.776</b>	-
Financial Institutions and Organizations	23.633.605	-	15.777.291	-
Other Institutions and Organizations	296.439	-	510.319	-
Real Person	33.098	-	23.166	-
<b>From Overseas Operations</b>	-	<b>15.825.709</b>	-	<b>15.470.300</b>
Financial Institutions and Organizations	-	15.825.709	-	15.470.300
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
<b>Total</b>	<b>23.963.142</b>	<b>15.825.709</b>	<b>16.310.776</b>	<b>15.470.300</b>

- e) **Information on securities issued:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1.888.416	735.741	1.550.328	783.430
Treasury Bills	131.670	2.432.834	67.845	1.872.274
<b>Total</b>	<b>2.020.086</b>	<b>3.168.575</b>	<b>1.618.173</b>	<b>2.655.704</b>

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:**

In the financial lease agreements, lease payments are determined according to the price of leasehold, the Group’s interest rate of commercial loan and maturity of the agreement. The amounts in the lease agreements are paid in equal installments. There are not any restrictions in these agreements that create significant obligations to the Group.

The Group has no debt originated from finance lease payments in current term.

6. **Information on derivative financial liabilities for hedging purposes:**

There are no derivative financial liabilities for hedging purposes (31 December 2014: None).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**7. Explanations on provisions:**

**a) Information on general provisions:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>General Provisions</b>	<b>2.858.001</b>	<b>2.363.069</b>
Provisions for First Group Loans and Receivables	2.436.519	2.066.161
Additional Provision for Loans and Receivables with Extended Maturities	91.512	69.814
Provisions for Second Group Loans and Receivables	145.455	126.660
Additional Provision for Loans and Receivables with Extended Maturities	25.520	18.471
Provisions for Non-Cash Loans	159.138	118.974
Other	116.889	51.274

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

Foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables amount to TL 670 (31 December 2014: TL 2.071).

**c) Specific provisions for unindemnified non-cash loans:**

Specific provisions for unindemnified non-cash loans amount to TL 43.282 (31 December 2014: TL 58.774).

**d) Information on other provisions:**

**1) Information on free provisions for possible risks:**

These financial statements include a free provision which is not in accordance with BRSA Principles amounting to TL 1.255.400 (TL 64.600 of this provision amount was reversed from the income statement in the current year), provided by the Parent Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 14.050 and other provision of TL 9 exist for cash transfers made by Bank officials.

	<b>Current Period</b>	<b>Prior Period</b>
Free provisions for possible risks	1.269.459	1.334.053

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

Based on the information provided by the legal department, lawsuits against the Parent Bank over TL 100 amount to TL 58.140. Full provision has been provided in these financial statements for law suits ended against the Bank but not finalized yet, amounting to TL 34.309.

As a result of the audit performed by the Ministry of Customs and Trade, as part of the law numbered 6502 and cancelled law terms numbered 4077, the fine valued at TL 110.110, which is fined to Paret Bank, was paid as TL 82.583, dated 7 September 2015, by making use of the prepayment discount towards the 17<sup>th</sup> item of the Code on the Misdemeanor, and the amount TL 82.600 charged in other provisions account was cancelled.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**7. Explanations on provisions: (Continued)**

**d) Information on other provisions: (Continued)**

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

Based on the decision of the Bank management, provision amounting to TL 109.100 without taking into consideration the guarantees of the loans and in line with the conservatism principle, is provided for the consumer loans followed under standard loan portfolio that also have amounts in the non-performing loan portfolio in compliance with the Act on Preservation of Consumers numbered 4077. The provision is made in accordance with the “Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”, published in Official Gazette numbered 26333, dated 1 November 2006 and considering the conservatism principle without taking into consideration the guarantees of these loans.

The Parent Bank also provided provisions amounting to TL 43.282 (31 December 2014: TL 58.774) for unindemnified non-cash loans, and TL 25.279 (31 December 2014: TL 20.970) for other provisions. As a result, in addition to the provisions mentioned above, the other provision balance on the Group’s balance sheet amounts to TL 1.481.429 (31 December 2014: TL 1.638.656).

**e) Vacation and employment termination benefits obligations:**

**1) Employment termination benefits and unused vacation rights**

The Group accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 30 September 2015 unpaid vacation provision amounted to TL 169.604 (31 December 2014: TL 151.677) and employment termination benefits provision amounted to TL 648.853 (31 December 2014: TL 670.790) is presented under the “Employee Benefits Provision” in the financial statements.

**8. Information on tax liability:**

**a) Information on current tax liability:**

**1) Information on tax provisions:**

As of 30 September 2015, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 217.052 (31 December 2014: TL 537.715).

**2) Information on current taxes payable:**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	217.052	537.715
Taxation on Income From Securities	204.791	156.017
Property Tax	2.031	1.847
Banking Insurance Transactions Tax (BITT)	98.914	89.053
Foreign Exchange Transactions Tax	29	20
Value Added Tax Payable	2.334	6.694
Other	51.771	54.673
<b>Total</b>	<b>576.922</b>	<b>846.019</b>

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**8. Information on tax liability: (Continued)**

**a) Information on current tax liability: (Continued)**

**3) Information on premiums:**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums – Employee	405	206
Social Security Premiums – Employer	576	298
Bank Social Aid Pension Fund Premium - Employee	8	148
Bank Social Aid Pension Fund Premium - Employer	18	287
Pension Fund Membership Fees and Provisions - Employee	40	21
Pension Fund Membership Fees and Provisions - Employer	27	49
Unemployment Insurance – Employee	550	420
Unemployment Insurance – Employer	1.106	843
Other	-	-
<b>Total</b>	<b>2.730</b>	<b>2.272</b>

**b) Information on deferred tax liabilities, if any:**

The Group’s deferred tax liability, for the current term, amounts to TL 5.217 (31 December 2014: TL 2.941).

**9. Information on payables for assets held for sale and discontinued operations:**

The Group does not have any payables for assets held for sale and discontinued operations.

**10. Explanations on subordinated debts:**

The Group does not have any subordinated debts.

**11. Information on shareholders’ equity:**

**a) Presentation on paid-in capital:**

	<b>Current Period</b>	<b>Prior Period</b>
Common stock	5.000.000	2.500.000
Preferred stock	-	-

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

The Parent Bank does not have a registered capital system.

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

In accordance with the decision taken at the Extraordinary General Assembly, carried out on 11 February 2015, the paid-in capital of the bank which was TL 2.500.000 has been increased by TL 1.825.000 from internal sources, and TL 675.000 cash to TL 5.000.000 and the capital increase has been registered to Trade Registry Gazette No. 8761 dated 18 February 2015.

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

There is TL 543.482 capital reserves in the current period.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**11. Information on shareholders’ equity: (Continued)**

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

The Parent Bank has no capital commitments.

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

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

**g) Information on preferred shares:**

The Parent 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	202.072	214.546	202.072	214.546
Revaluation Difference	-	214.546	-	214.546
Foreign Exchange Difference	202.072	-	202.072	-
From Available for Sale Marketable Securities	(1.935.074)	395.426	728.357	696.418
Revaluation Difference	(2.222.088)	395.521	1.216.687	696.530
Deferred Tax Effect	472.166	(95)	(358.066)	(112)
Foreign Exchange Difference	(185.152)	-	(130.264)	-
<b>Total</b>	<b>(1.733.002)</b>	<b>609.972</b>	<b>930.429</b>	<b>910.964</b>

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

**1. Information on off-balance sheet liabilities:**

**a) Nature and amount of irrevocable loan commitments:**

	Current Period	Prior Period
Commitments for Credit Card Expenditure Limits	7.205.787	7.179.083
Asset Purchase Commitments	1.450.819	4.525.137
Other Irrevocable Commitments	4.839.869	4.006.371
Payment Commitments for Cheques	3.018.590	2.737.380
Loan Granting Commitments	2.665.272	2.361.448
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	20.801	17.011
<b>Total</b>	<b>19.201.138</b>	<b>20.826.430</b>

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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:

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

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

	Current Period	Prior Period
Guarantee Letters	46.475.726	31.927.044
Letter of Credits	6.792.581	5.626.361
Bank Acceptances	4.532.138	3.586.279
Other Guarantees	33.659	28.096
<b>Total</b>	<b>57.834.104</b>	<b>41.167.780</b>

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

	Current Period	Prior Period
Letter of Certain Guarantees	28.833.766	21.454.330
Letters of Advance Guarantees	12.784.010	7.792.444
Letter of Temporary Guarantees	3.315.245	1.671.705
Other Letters of Guarantees	928.785	918.387
Letters of Guarantees given to Customs Offices	613.920	90.178
<b>Total</b>	<b>46.475.726</b>	<b>31.927.044</b>

c) Total non-cash loans:

	Current Period	Prior Period
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>1.032.593</b>	<b>934.212</b>
With Original Maturity of One Year or Less	107.910	92.058
With Original Maturity of More than One Year	924.683	842.154
<b>Other Non-Cash Loans</b>	<b>56.801.511</b>	<b>40.233.568</b>
<b>Total</b>	<b>57.834.104</b>	<b>41.167.780</b>

IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest on Loans</b> <sup>(1)</sup> <sup>(2)</sup>	<b>10.602.525</b>	<b>1.625.470</b>	<b>8.364.134</b>	<b>1.021.754</b>
Short Term Loans	2.865.910	81.865	2.931.908	89.846
Medium and Long Term Loans	7.616.039	1.543.585	5.330.112	931.887
Interest on Non-Performing Loans	120.576	20	102.114	21
Premiums from Resource Utilization Support Fund	-	-	-	-

<sup>(1)</sup> Includes fees and commissions income on cash loans.

<sup>(2)</sup> Profit share income related to Ziraat Katılım Bankası A.Ş. is showed under interest on loans.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**b) Information on interest received from the banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	608	-	2.855	-
Domestic Banks	123.828	2.559	107.891	4.130
Foreign Banks	677	14.758	1.405	4.270
Head Office and Branches	-	32	-	485
<b>Total</b>	<b>125.113</b>	<b>17.349</b>	<b>112.151</b>	<b>8.885</b>

**c) Information on interest income received from marketable securities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	749	199	1.490	593
Financial assets where fair value change is reflected to income statement	6.262	988	1.630	-
Financial assets available for sale	2.872.748	367.702	2.941.699	260.487
Investments held to maturity	310.758	280.883	608.889	243.938
<b>Total</b>	<b>3.190.517</b>	<b>649.772</b>	<b>3.553.708</b>	<b>505.018</b>

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

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	98	-

**2.**

**a) Information on interest expense on borrowings:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks <sup>(1)</sup>	91.157	238.824	69.654	152.915
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	28.051	6.492	7.796	19.986
Foreign Banks	63.106	232.332	61.858	132.030
Head Office and Branches	-	-	-	899
Other Institutions	-	-	-	6
<b>Total</b>	<b>91.157</b>	<b>238.824</b>	<b>69.654</b>	<b>152.921</b>

<sup>(1)</sup> Includes fees and commissions expenses on cash loans.

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	2.238	6.406

**c) Information on interest expenses on securities issued:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Securities Issued	126.240	80.644	127.984	17.819

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Bank deposits	-	309.406	-	-	-	-	-	309.406
Saving deposits	-	132.440	3.217.679	226.489	48.340	33.414	1.237	3.659.599
Public sector deposits	113	189.387	312.353	39.420	229.829	1.721	-	772.823
Commercial deposits	116	296.267	299.248	49.064	18.331	645	-	663.671
Other deposits	8.608	68.688	236.852	37.320	40.073	18.864	-	410.405
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8.837</b>	<b>996.188</b>	<b>4.066.132</b>	<b>352.293</b>	<b>336.573</b>	<b>54.644</b>	<b>1.237</b>	<b>5.815.904</b>
FC								
Foreign currency deposits	2.300	59.611	189.895	49.625	38.391	181.364	8	521.194
Bank deposits	15.139	1.221	-	-	8.574	13.671	-	38.605
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	105	770	83	49	54	-	1.061
<b>Total</b>	<b>17.439</b>	<b>60.937</b>	<b>190.665</b>	<b>49.708</b>	<b>47.014</b>	<b>195.089</b>	<b>8</b>	<b>560.860</b>
<b>Grand Total</b>	<b>26.276</b>	<b>1.057.125</b>	<b>4.256.797</b>	<b>402.001</b>	<b>383.587</b>	<b>249.733</b>	<b>1.245</b>	<b>6.376.764</b>

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

	Current Period	Prior Period
<b>Profit</b>	<b>28.172.637</b>	<b>12.820.895</b>
Foreign Exchange Gains	25.304.935	11.393.095
Profit on Derivative Financial Instruments	2.796.644	1.368.782
Profit from the Capital Market Transactions	71.058	59.018
<b>Loss (-)</b>	<b>28.388.363</b>	<b>12.853.993</b>
Foreign Exchange Loss	24.663.485	10.513.363
Loss on Derivative Financial Instruments	3.723.383	2.338.566
Loss from the Capital Market Transactions	1.495	2.064

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

	Current Period	Prior Period
Effect of the Change in Exchange Rates on Profit/Loss	565.124	(427.569)
Effect of the Change in Interest Rates on Profit/Loss	(1.491.863)	(542.215)
<b>Total</b>	<b>(926.739)</b>	<b>(969.784)</b>

**5. Information on other operating income:**

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

There are no significant matters covering the recent developments which have significant effect on the Parent Bank's income. Main component of the Bank's other operating income consists of reversals from prior period provisions amounting to TL 620.468 (30 September 2014: TL 326.511) and income from sales of assets amounting to TL 73.101 (30 September 2014: TL 60.152).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Specific Provisions for Loans and Other Receivables <sup>(1)</sup>	675.806	582.068
Group III Loans and Receivables	124.783	110.215
Group IV Loans and Receivables	383.597	361.027
Group V Loans and Receivables	167.426	110.826
General Provision Expenses <sup>(2)</sup>	494.932	289.559
Provision Expenses for the Possible Losses	1.500	180.680
Marketable Securities Impairment Expense	1.861	18
Financial Assets at Fair Value through Profit and Loss	33	-
Financial Assets Available for Sale	1.828	18
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	34.896	76.769
<b>Total</b>	<b>1.208.995</b>	<b>1.129.094</b>

(1) The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL 408.008 are presented in other operating income (30 September 2014: TL 333.245).

(2) The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL 481 are presented in other operating income.

**7. a) Information on other operating expenses:**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel Expenses	1.659.511	1.454.334
Reserve for Employee Termination Benefits	22.360	37.315
Parent Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	203.431	149.089
Intangible Assets Impairment Expense	-	7
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	33.541	37.992
Impairment Expense for Equity Shares subject to the Equity Method	-	-
Impairment Expense for Investment Securities that will be Disposed	-	-
Amortization Expenses of Investment Securities that will be Disposed	-	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	880.993	626.635
Operational Leasing Expenses	138.946	106.987
Maintenance Expenses	61.206	44.780
Advertisement Expenses	45.362	30.327
Other Expenses	635.479	444.541
Loss on Sales of Assets	197	626
Other <sup>(1)</sup>	1.626.867	1.249.150
<b>Total</b>	<b>4.426.900</b>	<b>3.555.148</b>

(1) TL 298.555 of the relevant balance is Savings Deposit Insurance Fund expense accrual (30 September 2014: TL 242.262), TL 291.201 is taxes, fees and tolls expenses (30 September 2014: TL 226.162). TL 82.583 is T.R. Ministry of Customs and Trade, which consists of the amounts paid in penalty as a result of the audit conducted within the scope of Regulation numbered 6502 and Regulation abrogated numbered 4077.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**8. Information on profit/loss before tax for continuing and discontinued operations:**

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

	<b>Current Period</b>	<b>Prior Period</b>
Net Interest Income	7.919.961	6.458.947
Other Operating Expenses (-)	4.426.900	3.555.148
Other Operating Income	1.775.062	1.439.274
Provision for Loan or Other Receivables Losses (-)	1.208.995	1.129.094
Net Fees and Commissions Income	887.973	723.538
Earning/Loss from Subsidiaries Consolidated with Equity Pick-up	17.445	16.472
Dividend Income	5.980	5.248
Trading Income/Expense (Net)	(215.726)	(33.098)
<b>Income/(Loss) from Continuing Operations</b>	<b>4.754.800</b>	<b>3.926.139</b>

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

As of 30 September 2015, the Group's expense on tax provision amounting to TL 1.080.171 (30 September 2014: TL 879.659) consists of TL 498.819 (30 September 2014: TL 1.164.496) of current tax charge and TL 581.352 (30 September 2014: TL 284.837 deferred tax income) of deferred tax expense.

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

The Group's net operating income after tax amounts to TL 3.674.629 (30 September 2014: TL 3.046.480).

**11. Information on net profit/loss:**

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

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

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

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (30 September 2014: None).

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

	<b>Current Period</b>	<b>Prior Period</b>
Fees of Account Operations, Money Transfer and Other Commissions Income	400.422	338.611
Fees and Commission Income from Credit Cards	294.465	282.685
Commission Income from Insurances	159.737	142.183
Income from Expertise Fees	89.602	61.539
<b>Total</b>	<b>944.226</b>	<b>825.018</b>

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE PARENT BANK

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

a) Current Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables <sup>(1)</sup>						
Opening Balance	8.558	-	-	-	-	-
Closing Balance	19.503	-	-	-	-	-
<b>Interest and Commissions Income</b>	<b>98</b>	-	-	-	-	-

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

b) Prior Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables <sup>(1)</sup>						
Opening Balance	-	-	-	-	-	-
Closing Balance	8.558	-	-	-	-	-
<b>Interest and Commissions Income <sup>(2)</sup></b>	-	-	-	-	-	-

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

<sup>(2)</sup> Interest and commissions income balance is the balance as of 30 September 2014.

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

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposits</b>						
Opening Balance	261.835	168.049	-	-	-	-
Closing Balance	60.547	261.835	-	-	-	-
<b>Interest Expense on Deposits <sup>(1)</sup></b>	<b>2.238</b>	<b>6.406</b>	-	-	-	-

<sup>(1)</sup> The prior period balance of the accrued interest expense of the deposit is the balance as of 30 September 2014.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**V. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE PARENT BANK  
(Continued)**

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

None (31 December 2014: None).

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

Fees paid to the Group’s key management amount to TL 26.426 (30 September 2014: TL 23.409).

**VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

- 1) For the first stage of the third airport in Istanbul, which is stated that the cost will reach approximately EUR 6 billion, the Parent Bank has been involved with EUR 1.448.500 thousand to EUR 4.480.000 thousand financing package agreement which includes 6 banks.
- 2) The permission is received from Banking Regulation and Supervision Agency to open a banking branch in Georgia, Marneuli.

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**SECTION SIX**

**OTHER EXPLANATIONS AND NOTES**

**I. OTHER EXPLANATIONS ON THE GROUP’S OPERATIONS**

None.

**SECTION SEVEN**

**EXPLANATIONS ON REVIEW REPORT**

**I. EXPLANATIONS ON REVIEW REPORT**

As of 30 September 2015, consolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Review Report dated 4 November 2015 is presented preceding the financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS**

None.

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