

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 SEPTEMBER 2010**

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



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

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

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") at 30 September 2010 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Uniform Chart of Accounts of banks, accounting standards and the independent audit principles in conformity with Banking Law No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries concerning the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 30 September 2010 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2009 were audited by another auditor whose report dated 1 March 2010 expressed an unqualified opinion.

Additional paragraph for convenience translation:

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

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

Z. Alper Önder, SMMM

İstanbul, 9 November 2010

*Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED
INTERIM FINANCIAL STATEMENTS AND REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I OF SECTION THREE**

**THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 SEPTEMBER 2010**

The Bank's Headquarter Address: Doğanbey Mahallesi Atatürk Bulvarı
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Phone: (312) 584 20 00
Facsimile: (312) 584 49 63
Website: www.ziraatbank.com.tr
E-mail: zbmail@ziraatbank.com.tr

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

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

Unless otherwise indicated, these unconsolidated financial statements, explanatory footnotes and disclosures for the nine months period ended on September 30, 2010, are prepared in Thousands of Turkish Lira in accordance with the Communiqué on "Banks' Accounting Practices and Maintaining Documents", Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and interpretations, and the Banks' records, have been independently audited and presented as attached.

Muharrem KARSLI
Chairman of the Board of
Directors

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

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

Can Akın ÇAĞLAR
General Manager

İsmail Erdal MAZLUM
Assistant General Manager
responsible for Financial Reporting

Mehmet Şükrü TAŞCI
Head of General Accounting
and Reporting Unit

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

Name/Title : Atakan BEKTAŞ / Financial Statements Unit Manager
Telephone Number : 0312 584 70 97 – 70 98
Fax Number : 0312 584 71 61

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

The sole shareholder of the Bank is the Under Secretariat of Treasury of the Turkish Republic.

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IN TURKISH, SEE NOTE I OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

Name	Administrative Function
Members of the Board of Directors	
Muharrem KARSLI	Board of Directors
Mehmet MUMCUOĞLU	Vice Chairman
Can Akın ÇAĞLAR	General Manager and Board Member
Burhanettin AKTAŞ	Member
Halil ÇELİK	Member
Hayrettin KAPLAN	Member
Hikmet Aydın SİMİT	Member
Oğuz KAYHAN	Member
Dr. Ümran DEMİRÖRS	Member
Members of the Audit Committee	
Halil ÇELİK	Member
Oğuz KAYHAN	Member
Chief Assistant General Managers	
Selim Güray ÇELİK	Banking
Senih BOYACIGİL	Strategy and Financial Management
Assistant General Managers	
Ali Rıza AKBAS	Commercial Banking
Alparslan ÇAKAR	Consumer Banking
Celal REYHAN	Fund Management
Cem ÖZSEN	External Relations and Associates
Elif Zeynep ERÜL	Corporate Communication
Ercüment GÜLER	Resource Management
Ertuğrul İSPAHA	Credit Monitoring and Workout
Hüsamettin GÜLHAN	Agricultural Banking
İsmail Erdal MAZLUM	Accounting and Financial Management
Mustafa ŞAHİN	Support Services
Seyfettin SAĞLAM	Human Resources
Soner CANKO	Retail Banking
Group Heads	
Bülent YALIM	Internal Control
M. Ayhan ALTINTAŞ	Risk Management
Chairman of the Internal Audit	
Ali ARAS	Chairman of the Internal Audit

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

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

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

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

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IN TURKISH, SEE NOTE I OF SECTION THREE**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

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

As of September 30, 2010, Bank carries its activities with a grand total of 1.374 branches; 1.356 domestic branches including 1.263 branches, 28 bureaus, 62 private operation centers, 1 charge bureau, 2 mobile branches (31 December 2009: 1.305 domestic branches including 1.203 branches, 29 bureaus, 70 private operation centers, 1 charge bureau, 2 mobile branches) and abroad branches each in United States (New York), England (London), Georgia (Tbilisi) and Iraq (Baghdad), 2 branches in Greece (Athens, Komotini), 3 branches in Bulgaria (Sofia, Filibe/Plovdiv Subbranch, Kardzhali Subbranch), 5 branches (Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli) and 4 subbranches (Paşaköy, Near East University, Karaoğlanoğlu and Çatalköy) in Turkish Republic of Northern Cyprus. Also, Bank has 1 representative office in and Iran (Tehran). Moreover, preparations for opening a branch in Greece (Xanthi), Saudi Arabia (Jeddah) and Iraq (Arbil) with subbranches in Bulgaria (Varna) and Georgia (Batumi) are still continuing.

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010 AND 31 DECEMBER 2009
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

SECTION TWO
THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET	Note (Section Five I)	Current Period (30/09/2010)			Prior Period (31/12/2009)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	5.916.566	2.165.201	8.081.767	7.368.394	1.805.868	9.174.262
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	220.418	29.536	249.954	445.106	49.138	494.244
2.1 Financial Assets Held for Trading		220.418	29.536	249.954	445.106	49.138	494.244
2.1.1 Public Sector Debt Securities		219.636	27.586	247.222	444.972	48.226	493.198
2.1.2 Securities Representing a Share in Capital							
2.1.3 Derivative Financial Assets Held for Trading		782	1.950	2.732	133	912	1.045
2.1.4 Other Marketable Securities					1		1
2.2 Financial Assets at Fair Value Through Profit or Loss							
2.2.1 Public Sector Debt Securities							
2.2.2 Securities Representing a Share in Capital							
2.2.3 Loans							
2.2.4 Other Marketable Securities							
III. BANKS	(3)	17.518	6.333.301	6.350.819	6.695	5.422.914	5.429.609
IV. MONEY MARKET PLACEMENTS		1.700.316		1.700.316			
4.1 Interbank Money Market Placements		700.116		700.116			
4.2 Istanbul Stock Exchange Money Market Placements							
4.3 Receivables From Reverse Repurchase Agreements		1.000.200		1.000.200			
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	30.840.696	4.328.551	35.169.247	20.885.249	4.764.572	25.649.821
5.1 Securities Representing a Share in Capital		115.260	43.429	158.689	24.028	6	24.034
5.2 Public Sector Debt Securities		30.523.294	4.247.378	34.770.672	20.826.981	3.206.994	24.033.975
5.3 Other Marketable Securities		202.142	37.744	239.886	34.240	1.557.572	1.591.812
VI. LOANS AND RECEIVABLES	(5)	43.326.482	3.482.162	46.808.644	34.667.230	2.057.337	36.724.567
6.1 Loans and Receivables		43.129.026	3.482.162	46.611.188	34.495.155	2.057.337	36.552.492
6.1.1 Loans Granted to Risk Group of The Bank			146.993	146.993		35.001	35.001
6.1.2 Public Sector Debt Securities							
6.1.3 Other		43.129.026	3.335.169	46.464.195	34.495.155	2.022.336	36.517.491
6.2 Loans under Follow-up		856.910	9.879	866.789	845.315	9.594	854.909
6.3 Specific Provisions (-)		659.454	9.879	669.333	673.240	9.594	682.834
VII. FACTORING RECEIVABLES							
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	33.034.658	3.788.770	36.823.428	40.120.714	4.723.082	44.843.796
8.1 Public Sector Debt Securities		33.028.706	3.788.362	36.817.068	40.116.200	4.722.654	44.838.854
8.2 Other Marketable Securities		5.952	408	6.360	4.514	428	4.942
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	51.199		51.199	121.963		121.963
9.1 Accounted with Equity Method					74.147		74.147
9.2 Unconsolidated Associates		51.199		51.199	47.816		47.816
9.2.1 Financial Associates		46.145		46.145	43.516		43.516
9.2.2 Non-financial Associates		5.054		5.054	4.300		4.300
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	114.365	471.180	585.545	112.041	455.182	567.223
10.1 Unconsolidated Financial Subsidiaries		108.979	471.180	580.159	107.662	455.182	562.844
10.2 Unconsolidated Non-Financial Subsidiaries		5.386		5.386	4.379		4.379
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)		29.203	29.203		25.966	25.966
11.1 Accounted with Equity Method							
11.2 Unconsolidated Entities Under Common Control			29.203	29.203		25.966	25.966
11.2.1 Financial Entities Under Common Control							
11.2.2 Non Financial Entities Under Common Control			29.203	29.203		25.966	25.966
XII. RECEIVABLE FROM LEASING TRANSACTIONS	(10)						
12.1 Finance Lease Receivables							
12.2 Operating Lease Receivables							
12.3 Other							
12.4 Unearned Income (-)							
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)						
13.1 Fair Value Hedges							
13.2 Cash Flow Hedges							
13.3 Hedges for Investments Made in Foreign Countries							
XIV. TANGIBLE ASSETS (Net)		813.626	4.635	818.261	811.492	4.522	816.014
XV. INTANGIBLE ASSETS (Net)		17.170	1.971	19.141	15.664	1.974	17.638
15.1 Goodwill							
15.2 Other		17.170	1.971	19.141	15.664	1.974	17.638
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)						
XVII. TAX ASSET		299.298		299.298	347.201		347.201
17.1 Current Tax Asset		711		711	2.382		2.382
17.2 Deferred Tax Asset		298.587		298.587	344.819		344.819
XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	13.418		13.418	8.224		8.224
18.1 Held for Sale		13.418		13.418	8.224		8.224
18.2 Held from Discontinued Operations							
XIX. OTHER ASSETS		442.207	33.238	475.445	284.830	23.174	308.004
TOTAL ASSETS		116.807.937	20.667.748	137.475.685	105.194.803	19.333.729	124.528.532

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010 AND 31 DECEMBER 2009
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

I. BALANCE SHEET	Note (Section Five II)	Current Period (30/09/2010)			Prior Period (31/12/2009)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES AND EQUITY					
I. DEPOSITS	(1)	92.999.323	20.441.252	113.440.575	79.526.120	19.003.347	98.529.467
1.1 Deposits Held By the Risk Group of the Bank		721.445	27.910	749.355	77.077	23.875	100.952
1.2 Other		92.277.878	20.413.342	112.691.220	79.449.043	18.979.472	98.428.515
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	5.514	1.715	7.229	108	178	286
III. FUNDS BORROWED	(3)	25.083	7.526	32.609	15.316	5.847	21.163
IV. MONEY MARKET BALANCES		5.176.768	-	5.176.768	9.144.070	-	9.144.070
4.1 Interbank Money Market Borrowings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3 Funds Provided under Repurchase Agreements		5.176.768	-	5.176.768	9.144.070	-	9.144.070
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		3.393.741	-	3.393.741	3.245.391	-	3.245.391
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		3.393.741	-	3.393.741	3.245.391	-	3.245.391
VII. MISCELLANEOUS PAYABLES		485.165	136.293	621.458	382.239	145.386	527.625
VIII. OTHER LIABILITIES	(4)	597.440	202.924	800.364	415.473	199.143	614.616
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	1	1	-	1	-
10.1 Finance Lease Payables		-	1	1	-	2	2
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	-	-	-	1	1
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-	-	-	-
11.1 Fair Value Hedges		-	-	-	-	-	-
11.2 Cash Flow Hedges		-	-	-	-	-	-
11.3 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XII. PROVISIONS	(7)	1.354.153	4.600	1.358.753	1.698.554	4.947	1.703.501
12.1 General Provisions		323.730	17	323.747	428.436	33	428.469
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Employee Benefits Provisions		576.750	-	576.750	542.600	-	542.600
12.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5 Other Provisions		453.673	4.583	458.256	727.518	4.914	732.432
XIII. TAX LIABILITY	(8)	371.574	82	371.656	388.107	178	388.285
13.1 Current Tax Liability		371.574	82	371.656	388.107	178	388.285
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
14.1 Held for Sale		-	-	-	-	-	-
14.2 Held from Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(9)	12.098.873	173.658	12.272.531	10.326.445	27.682	10.354.127
16.1 Paid-in Capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2 Capital Reserves		1.109.597	173.658	1.283.255	1.019.172	27.682	1.046.854
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		548.820	173.658	722.478	462.925	27.682	490.607
16.2.4 Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6 Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7 Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17.295	-	17.295	12.764	-	12.764
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other Capital Reserves		543.482	-	543.482	543.483	-	543.483
16.3 Profit Reserves		5.596.300	-	5.596.300	3.136.520	-	3.136.520
16.3.1 Legal Reserves		2.012.298	-	2.012.298	1.758.096	-	1.758.096
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		3.000.593	-	3.000.593	1.074.290	-	1.074.290
16.3.4 Other Profit Reserves		583.409	-	583.409	304.134	-	304.134
16.4 Profit or Loss		2.892.976	-	2.892.976	3.670.753	-	3.670.753
16.4.1 Prior Years Profit/Loss		159.799	-	159.799	159.798	-	159.798
16.4.2 Net Period Profit/Loss		2.733.177	-	2.733.177	3.510.955	-	3.510.955
TOTAL LIABILITIES AND EQUITY		116.507.634	20.968.051	137.475.685	105.141.823	19.386.709	124.528.532

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010 AND 31 DECEMBER 2009
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

III	OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (30/09/2010)			Prior Period (31/12/2009)		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		20.229.832	8.616.055	28.845.887	16.043.131	8.500.812	24.543.943
I	GUARANTEES AND WARRANTIES	(1)	2.305.566	3.864.680	6.170.246	1.863.707	3.649.710	5.513.417
1.1	Letters of Guarantee		2.303.566	3.145.809	5.449.375	1.863.707	2.945.792	4.809.499
1.1.1	Guarantees Subject to State Tender Law		232.622	2.940.665	3.173.287	201.484	2.671.287	2.872.771
1.1.2	Guarantees Given for Foreign Trade Operations		1.559.694	-	1.559.694	1.176.679	-	1.176.679
1.1.3	Other Letters of Guarantee		511.250	205.144	716.394	485.544	274.505	760.049
1.2	Bank Acceptances		2.000	38.156	40.156	-	33.753	33.753
1.2.1	Import Letter of Acceptance		-	5.924	5.924	-	5.004	5.004
1.2.2	Other Bank Acceptances		2.000	32.232	34.232	-	28.749	28.749
1.3	Letters of Credit		-	680.715	680.715	-	670.165	670.165
1.3.1	Documentary Letters of Credit		-	680.715	680.715	-	670.165	670.165
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
II	COMMITMENTS	(1)	17.608.231	4.384.141	21.992.372	14.144.051	4.681.095	18.825.146
2.1	Irrevocable Commitments		5.509.133	613.982	6.123.115	4.745.082	493.722	5.238.804
2.1.1	Asset Purchase and Sale Commitments		189.768	360.284	550.052	155.778	234.856	390.634
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		2.000	-	2.000	2.250	1.388	3.638
2.1.4	Loan Granting Commitments		-	-	-	256.804	-	256.804
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		2.332.834	-	2.332.834	2.371.778	-	2.371.778
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		2.479.013	-	2.479.013	1.929.243	-	1.929.243
2.1.10	Commitments for credit cards and banking services promotions		6.042	-	6.042	1.861	-	1.861
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		499.474	253.698	753.172	27.368	257.478	284.846
2.2	Revocable Commitments		12.099.098	3.770.159	15.869.257	9.398.969	4.187.373	13.586.342
2.2.1	Revocable Loan Granting Commitments		12.098.746	3.770.159	15.868.905	9.398.617	4.187.373	13.585.990
2.2.2	Other Revocable Commitments		352	-	352	-	-	352
III	DERIVATIVE FINANCIAL INSTRUMENTS		316.035	367.234	683.269	35.373	170.007	205.380
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		316.035	367.234	683.269	35.373	170.007	205.380
3.2.1	Forward Foreign Currency Buy/Sell Transactions		28.932	28.280	57.212	35.373	36.408	71.781
3.2.1.1	Forward Foreign Currency Transactions-Buy		14.475	14.151	28.626	17.695	18.209	35.904
3.2.1.2	Forward Foreign Currency Transactions-Sell		14.457	14.129	28.586	17.678	18.199	35.877
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		287.103	338.954	626.057	-	133.599	133.599
3.2.2.1	Foreign Currency Swap-Buy		-	310.612	310.612	-	67.043	67.043
3.2.2.2	Foreign Currency Swap-Sell		287.103	28.342	315.445	-	66.556	66.556
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		121.447.609	2.708.848	124.156.457	95.455.909	2.052.933	97.508.842
IV	ITEMS HELD IN CUSTODY		9.447.266	637.508	10.084.774	8.108.322	647.052	8.755.374
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		3.180.066	495.204	3.675.270	3.964.563	539.030	4.503.593
4.3	Checks Received for Collection		622.029	17.442	639.471	593.924	12.007	605.931
4.4	Commercial Notes Received for Collection		1.946.135	88.271	2.034.406	1.103.817	53.386	1.157.203
4.5	Other Assets Received for Collection		7.807	-	7.807	16.952	-	16.952
4.6	Assets Received for Public Offering		3.489.316	-	3.489.316	2.210.442	-	2.210.442
4.7	Other Items Under Custody		200.261	36.591	236.852	216.972	42.629	259.601
4.8	Custodians		1.652	1.652	3.304	1.652	1.652	3.304
V	PLEDGES RECEIVED		112.000.343	2.042.313	114.042.656	87.347.587	1.380.654	88.728.241
5.1	Marketable Securities		198.936	12.872	211.808	201.018	14.152	215.170
5.2	Guarantee Notes		13.220.721	813.055	14.033.776	9.963.090	638.605	10.601.695
5.3	Commodity		1.227.762	24.404	1.252.166	1.205.407	12.422	1.217.829
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		89.862.145	888.111	90.750.256	70.158.893	489.701	70.648.594
5.6	Other Pledged Items		7.485.570	298.285	7.783.855	5.813.900	219.901	6.033.801
5.7	Pledged Items-Depository		5.209	5.586	10.795	5.279	5.873	11.152
VI	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		29.027	29.027	29.027	-	25.227	25.227
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			141.677.441	11.324.903	153.002.344	111.499.040	10.553.745	122.052.785

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIODS
FROM 1 JANUARY TO 30 SEPTEMBER 2010 AND 2009

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

III. INCOME STATEMENT				
INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period 01/01-30/09/2010	Prior Period 01/01-30/09/2009
I.	INTEREST INCOME	(1)	9.094.566	10.952.304
1.1	Interest Income from Loans		4.155.481	4.219.307
1.2	Interest Income From Reserve Deposits		823	809
1.3	Interest Income from Banks		170.170	260.371
1.4	Interest Income from Money Market Placements		2.287	4.456
1.5	Interest Income from Marketable Securities		4.757.915	6.460.913
1.5.1	Financial Assets Held for Trading		19.631	82.079
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	22
1.5.3	Financial Assets Available-for-Sale		1.878.320	1.256.935
1.5.4	Investments Held-to-Maturity		2.859.964	5.121.877
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		7.890	6.448
II.	INTEREST EXPENSES	(2)	5.165.969	6.468.964
2.1	Interest Expense on Deposits		4.782.092	5.820.543
2.2	Interest on Borrowings		1.249	2.182
2.3	Interest on Money Market Borrowings		367.188	616.751
2.4	Interest on Marketable Securities Issued		-	-
2.5	Other Interest Expense		15.440	29.488
III.	NET INTEREST INCOME/EXPENSES (I - II)		3.928.597	4.483.340
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		370.873	336.366
4.1	Fees and Commissions Received		441.732	402.380
4.1.1	Non-cash Loans		20.077	15.422
4.1.2	Other		421.655	386.958
4.2	Fees and Commissions Paid		70.859	66.014
4.2.1	Non-cash Loans		-	-
4.2.2	Other		70.859	66.014
V.	DIVIDEND INCOME		29.749	25.872
VI.	TRADING PROFIT/LOSS (Net)	(3)	40.721	50.758
6.1	Profit/Loss from Capital Market Operations		15.552	14.489
6.2	Profit/losses on Derivative Financial Transactions		(65.092)	449
6.3	Profit/Loss from Foreign Exchanges		90.261	35.820
VII.	OTHER OPERATING INCOME	(4)	703.149	292.803
VIII.	TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		5.073.089	5.189.139
IX.	PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)	(5)	199.665	484.108
X.	OTHER OPERATING EXPENSES(-)	(6)	1.579.225	1.360.494
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		3.294.199	3.344.537
XII.	GAINS RECORDED AFTER MERGER		-	-
XIII.	PROFIT/LOSS ON EQUITY METHOD		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)		3.294.199	3.344.537
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(7)	(561.022)	(674.671)
16.1	Current Tax Provision		(558.890)	(953.451)
16.2	Deferred Tax Provision		(2.132)	278.780
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)		2.733.177	2.669.866
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Resale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
18.3	Other Income From Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Resale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3	Other Expenses From Discontinued Operations		-	-
XX.	PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(8)	2.733.177	2.669.866
	Earnings/ Loss per Share (Thousands of TL)		0,001093	0,001068

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

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIODS
FROM 1 JULY TO 30 SEPTEMBER 2010 AND 2009

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

III. INCOME STATEMENT				
INCOME AND EXPENSE ITEMS			Current Period 01/07-30/09/2010	Prior Period 01/07-30/09/2009
I.	INTEREST INCOME		3.034.416	3.459.044
1.1	Interest Income from Loans		1.470.414	1.399.597
1.2	Interest Income From Reserve Deposits		296	263
1.3	Interest Income from Banks		61.831	71.004
1.4	Interest Income from Money Market Placements		961	1.957
1.5	Interest Income from Marketable Securities		1.498.963	1.985.257
1.5.1	Financial Assets Held for Trading		6.964	23.856
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	22
1.5.3	Financial Assets Available-for-Sale		604.293	485.308
1.5.4	Investments Held-to-Maturity		887.706	1.476.071
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		1.951	966
II.	INTEREST EXPENSES		1.841.664	1.998.830
2.1	Interest Expense on Deposits		1.716.037	1.762.957
2.2	Interest on Borrowings		457	448
2.3	Interest on Money Market Borrowings		122.169	233.063
2.4	Interest on Marketable Securities Issued		-	-
2.5	Other Interest Expense		3.001	2.362
III.	NET INTEREST INCOME/EXPENSES (I - II)		1.192.752	1.460.214
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		123.980	102.314
4.1	Fees and Commissions Received		150.592	124.843
4.1.1	Non-cash Loans		7.487	5.439
4.1.2	Other		143.105	119.404
4.2	Fees and Commissions Paid		26.612	22.529
4.2.1	Non-cash Loans		-	-
4.2.2	Other		26.612	22.529
V.	DIVIDEND INCOME		228	(11)
VI.	TRADING PROFIT/LOSS (Net)		17.400	12.917
6.1	Profit/Loss from Capital Market Operations		3.132	4.098
6.2	Profit/losses on Derivative Financial Transactions		(37.132)	(1.869)
6.3	Profit/Loss from Foreign Exchanges		51.400	10.688
VII.	OTHER OPERATING INCOME		242.326	52.720
VIII.	TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		1.576.686	1.628.154
IX.	PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)		64.000	93.624
X.	OTHER OPERATING EXPENSES(-)		516.666	432.628
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		996.020	1.101.902
XII.	GAINS RECORDED AFTER MERGER		-	-
XIII.	PROFIT/LOSS ON EQUITY METHOD		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)		996.020	1.101.902
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)		(173.563)	(217.228)
16.1	Current Tax Provision		(240.687)	(365.908)
16.2	Deferred Tax Provision		67.124	148.680
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)		822.457	884.674
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Resale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
18.3	Other Income From Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Resale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3	Other Expenses From Discontinued Operations		-	-
XX.	PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)		822.457	884.674
	Earnings/ Loss per Share (Thousands of TL)		0,0003290	0,0003539

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010 AND 2009
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY			
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Current Period (30/09/2010)	Prior Period (30/09/2009)
I.	ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	926.223	602.902
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(4.421)	(1.117)
V.	PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)	-	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	-	-
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(161.742)	(103.697)
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	760.060	498.088
XI.	CURRENT YEAR PROFIT/LOSS	(528.189)	(63.671)
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	(505.267)	(51.412)
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	(22.922)	(12.259)
XII.	TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)	231.871	434.417

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2009
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. CHANGES IN SHAREHOLDERS EQUITY																		
		Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancell. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity
30 September 2009																		
I.	Beginning Balance (*)		2.500.000	544.123	-	-	1.568.647	-	90.121	275.718	-	2.294.057	75.806	-	12.764	-	-	7.361.236
II.	Corrections According to TAS 8																	
2.1	The Effect of Corrections of Errors																	
2.2	The Effects of Changes in Accounting Policy																	
III.	New Balance (I + II)		2.500.000	544.123	-	-	1.568.647	-	90.121	275.718	-	2.294.057	75.806	-	12.764	-	-	7.361.236
Changes in Period																		
IV.	Increase/Decrease Related to Merger																	
V.	Marketable Securities Valuation Differences												435.535					435.535
VI.	Hedging Funds (Active Part)																	
6.1	Cash-Flow Hedge																	
6.2	Hedges for Investments Made in Foreign Countries																	
VII.	Revaluation Differences of Tangible Assets																	
VIII.	Revaluation Differences of Intangible Assets																	
IX.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)																	
X.	Foreign Exchange Differences			(729)						146			(1.118)					(1.701)
XI.	Changes Resulted from Disposal of Assets																	
XII.	Changes Resulted from Reclassification of Assets																	
XIII.	Effect of Changes in Shareholders' Equity Associates to the Bank's Shareholders Equity																	
XIV.	Increase in Capital																	
14.1	Cash																	
14.2	From Internal Resources																	
XV.	Issuance of Share Certificates																	
XVI.	Share Cancellation Profits																	
XVII.	Adjustment to Paid-in Capital																	
XVIII.	Other																	
XIX.	Net Profit or Losses									2.669.866								2.669.866
XX.	Profit Distribution					189.449		984.169	28.288			(2.134.259)						(932.353)
20.1	Dividend Distributed											(932.353)						(932.353)
20.2	Transfers to Legal Reserves					189.449		984.169	28.288			(1.201.906)						
20.3	Other																	
Closing Balance (III+IV+V +...+XVIII+XIX+XX)			2.500.000	543.394	-	-	1.758.096	-	1.074.290	304.152	2.669.866	159.798	510.223		12.764			9.532.583

(*) Subsidiaries and entities under common control domiciled and operating abroad are followed by their fair values starting from December 31, 2008. In the current period, the revaluation differences according to about current values inspected from revaluation report prepared by independent valuation firm are presented in "Marketable Securities Valuation Differences" column.

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

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. CHANGES IN SHAREHOLDERS EQUITY																	
	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancell. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity
30 September 2010																	
I. Prior Period End Balance		2.500.000	543.483			1.758.096		1.074.290	304.134		3.670.753	490.607		12.764			10.354.127
Changes in the Period																	
II. Increase/Decrease Related to Merger																	
III. Marketable Securities Valuation Differences												236.292					236.292
IV. Hedging Funds (Active Part)																	
4.1 Cash-Flow Hedge																	
4.2 Hedges for Investments Made in Foreign Countries																	
V. Revaluation Differences of Tangible Assets																	
VI. Revaluation Differences of Intangible Assets																	
VII. Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)														4.531			4.531
VIII. Foreign Exchange Differences												(4.421)					(4.421)
IX. Changes Resulted from Disposal of Assets																	
X. Changes Resulted from Reclassification of Assets																	
XI. Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity																	
XII. Increase in Capital																	
12.1 Cash																	
12.2 From Internal Resources																	
XIII. Issuance of Share Certificates																	
XIV. Share Cancellation Profits																	
XV. Adjustment to Paid-in Capital																	
XVI. Other			(1)														(1)
XVII. Net Profit or Losses										2.733.177							2.733.177
XVIII. Profit Distribution						254.202		1.926.303	279.275		(3.510.954)						(1.051.174)
18.1 Dividend Distributed											(1.051.174)						(1.051.174)
18.2 Transfers to Legal Reserves						254.202		1.926.303	279.275		(2.459.780)						
18.3 Other																	
Closing Balance (I+II+III+.....+XVI+XVII+XVIII)		2.500.000	543.482			2.012.298		3.000.593	583.409	2.733.177	159.799	722.478		17.293			12.272.531

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

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS AT 30 SEPTEMBER 2010 AND 2009
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five)	Current Period ^(*) (30/09/2010)	Prior Period (30/09/2009)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		3.356.767	3.245.616
1.1.1 Interest Received		9.241.334	11.154.350
1.1.2 Interest Paid		(5.150.004)	(6.511.075)
1.1.3 Dividend Received		20.248	22.385
1.1.4 Fees and Commissions Received		441.318	402.431
1.1.5 Other Income		535.843	93.190
1.1.6 Collections from Previously Written-off Loans and Other Receivables		435.092	323.132
1.1.7 Payments to Personnel and Service Suppliers		(1.423.759)	(801.444)
1.1.8 Taxes Paid		(697.176)	(940.390)
1.1.9 Other		(46.129)	(496.963)
1.2 Changes in Operating Assets and Liabilities		802.931	10.931.826
1.2.1 Net Decrease/(Increase) in Trading Securities		199.845	(9.464)
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net Decrease in Banks		(306.760)	61.866
1.2.4 Net (Increase) in Loans		(10.379.289)	(3.067.934)
1.2.5 Net (Increase) in Other Assets		(78.083)	(83.179)
1.2.6 Net Increase/(Decrease) in Bank Deposits		(3.589.995)	(1.023.610)
1.2.7 Net (Decrease)/Increase in Other Deposits		14.517.865	11.662.607
1.2.8 Net (Decrease)/Increase in Funds Borrowed		11.417	2.395
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net (Decrease)/Increase in Other Liabilities		427.931	3.389.145
I. Net Cash Provided from Banking Operations		4.159.698	14.177.442
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		(1.782.399)	(11.899.922)
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(19.236)	(46.401)
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3 Fixed Assets Purchases		(37.122)	(24.461)
2.4 Fixed Assets Sales		5.086	-
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(11.741.371)	(10.192.357)
2.6 Cash Obtained from Sale of financial Assets Available for Sale		3.086.682	-
2.7 Cash Paid for Purchase of Investment Securities		(2.331.737)	(7.977.911)
2.8 Cash Obtained from sale of Investment Securities		9.255.299	6.341.208
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(1.043.364)	(930.764)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Marketable Securities Issued		-	-
3.4 Dividends Paid		(1.043.364)	(928.929)
3.5 Payments for Finance Leases		-	(1.835)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(113.223)	(226.601)
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		1.220.712	1.120.155
VI. Cash and Cash Equivalents at the Beginning of the Period		12.816.573	12.888.801
VII. Cash and Cash Equivalents at the End of the Period		14.037.285	14.008.956

(*) Although the reserve requirements held in restricted accounts of The Central Bank of the Republic of Turkey and foreign central banks were included as cash and cash equivalents at the beginning and at the end of previous periods, they are not included as cash and cash equivalents in the statement of cash flow between 1 January - 30 September 2010.

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

Balance sheet and statement of off-balance sheet accounts are presented comparatively with audited balances as of December 31, 2009 while, statements of income, cash flows and changes in shareholders’ equity are presented comparatively with balances as of September 30, 2009 that are reviewed.

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

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

Additional paragraph for convenience translation into English:

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Except the Cyprus branches, assets and liabilities of the abroad branches of the Bank are translated into Turkish Lira with the Bank’s prevailing counter currency buying rates at the balance sheet date while, profit and loss are translated based on the average rates. Differences resulting from translation are followed under equity as “Other capital reserves”.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Commission income from banking, agency, intermediary services and commission income from individual loans which are not attributable to interest rates applied is recognized as income on the date they are collected. Whereas, commission income from trade and agricultural cash loans and from individual loans in which the commission is in the form of interest, (depending on the amount of commission that the interest rate is changed) in accordance with the matching principle, are recognized on an accrual basis by using internal rate of return method and transferred to the income statement. The other fees and commission expenses are recorded as expense on the date they are paid.

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

Financial assets held for trading are securities that are either acquired for generating a profit from short-term fluctuations in price or dealer’s margin, or independent from acquisition reason, are securities included in a portfolio for short-term profit making purposes.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in ISE are carried at weighted average exchange prices of ISE as of the balance sheet date and those securities that are not traded in ISE are carried at prices of the Central Bank of the Republic of Turkey. Eurobonds are carried at prices in the over the counter markets.

The difference between the cost and fair value of held for trading securities is accounted under “Other Interest and Income Accrual” or “Impairment Loss for Marketable Securities” account. Interest received from financial assets held for trading is reflected as interest income. 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.

Financial assets available for sale include all securities other than loans and receivables, and those held to maturity and held for trading.

Investments held-to-maturity and financial assets available for sale are initially carried at cost. The cost is recognized as fair value.

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

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

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

Financial assets available for sale are carried with their fair values in the financial statements.

The difference between fair value and cost is recorded as provision for impairment loss or interest income accrual. Moreover, values amortized with internal rate of return and costs are also compared and the difference is recognized as an interest income or expense for impairment losses. Fair values and amortized costs of those securities are subject to comparison and the difference is presented under shareholders’ equity as “Marketable Securities Revaluation Differences”.

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

The Bank sets specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 26333 and dated 1 November 2006 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. However, the Bank does not limit the provision amount with the minimum rates defined in related regulation and allocates 100% specific provision for such loans without considering the guarantees. 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.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

If financial assets available for sale are subject to permanent impairment, the amount is charged to “Value Loss Expenses for Securities” account in accordance with the related Turkish Accounting Standard.

If investment, subsidiaries, joint ventures and investments held to maturity financial assets are subject to permanent impairment, the amount is debited to “Value Loss Expense for Investments, Subsidiaries, Held to Maturity” account.

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 in accordance with the Communiqué on “Methods and Principles on Determining the Nature of Loans, Other Receivables, and Allocation of Provisions” published in the Official Gazette numbered 26333 and dated 1 November 2006. However, the Bank does not limit the provision amount with the minimum rates defined in related regulation and allocates 100% specific provision, without considering the guarantees, for such loans and they are recognized in the statement of income.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

In accordance with the provisions of the legislation mentioned in the previous page, the Bank provides general loan loss provisions for loans and its receivables in addition to specific provisions. Based on the decision of Bank’s Asset and Liability Management (“ALM”), total loans excluding loans originated from funds whose risk is not bore by the Bank and loans granted to institutions which are exempt from provisions according to Banking Law, general provision ratio is set as 3%. Additional provision provided upon this decision is presented under other provisions within the balance sheet. Based on the decision of Bank’s ALM, the Bank has cancelled general loan loss provisions for cash loans except credit cards lending from 6 March 2010 and provisions for possible risk based on ALM decision in accordance with the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” published in the Official Gazette No. 27513 dated 6 March 2010.

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

Funds given against securities purchased under agreements (“Reverse Repo”) to resell are accounted under “receivables from reverse repurchase agreements” on the balance sheet and interest income accrual is calculated using internal rate of return method. As of 30 September 2010 the Bank has no reverse repo transactions (31 December 2009: None).

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

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

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

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

The Bank has no discontinued operations.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

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

Estimated depreciation rates of tangible fixed assets are as follows;

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON TANGIBLE FIXED ASSETS (Continued)

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Financial Lease

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

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

Operational Lease

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES (Continued)

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.

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment Termination and Vacation Benefits

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

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

As the data on the unused vacation time could not be obtained from the application system and the legislation requires 10 days of paid leave to be used at minimum, the assumption that 12 days of paid vacation is used on average, unused vacation liability is calculated by deducting 12 days of paid vacation from the total earned vacation time.

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

b. Pension Rights

Some of the Bank’s personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund which was established by 20th provisional article of Social Security Law Act numbered 506.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

It has been applied to the Constitutional Court at 19 June 2008 for cancellation of some articles of the new law about transfer of pension funds to Social Security Agency and requested them to be ineffective. As of the date of the publication of the financial statements, there is no decision of the Constitutional Court announced regarding the court case of abrogation.

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9.80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

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

The technical balance sheet report as of 30 June 2010 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION

a. Current Tax

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

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

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

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

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

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

b. Deferred tax

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

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

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

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

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

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

XVIII. EXPLANATIONS ON BORROWINGS

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXII. CASH AND CASH EQUIVALENTS

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

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

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

XXIV. EXPLANATIONS ON OTHER MATTERS

The General Assembly for year 2009 was carried out on 24 May 2010. In accordance with the decision taken, of the profit for the year 2009 amounting to TL 3.510.955, TL 161.584 is transferred to legal reserves, TL 102.718 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL 800.000 is distributed to Undersecretariat of Treasury after deducting withholding tax of 15% (TL 141.176) in cash on 26 May 2010. In addition to TL 1.926.303 of the profit for the year 2009, deferred tax income amounting to TL 279.274 is not distributed. As of report date, TL 7.282 of dividend has remained undistributed to be paid to employees.

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SECTION FOUR

EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO

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

The Bank’s unconsolidated capital adequacy ratio calculated in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” is 20,50% (31 December 2009: 23,22%).

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

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

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

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Information related to capital adequacy ratio:

Current Period	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Credit Risk Base Amount							
Balance Sheet Items (Net)	51.548.091	-	6.437.570	10.549.497	32.721.044	46.649	1
Cash	849.142	-	50	-	-	-	-
Matured Marketable Securities	5.888	-	-	-	-	-	-
Central Bank of the Republic of Turkey	5.159.386	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	6.281.588	-	67.327	-	-
Interbank Money Market Placements	700.000	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	1.000.000	-	-	-	-	-	-
Required Reserve Deposits	2.015.737	-	-	-	-	-	-
Loans ⁽¹⁾	4.567.343	-	55.622	10.482.537	30.770.007	46.649	1
Loans Under Follow-up (Net) ⁽¹⁾	-	-	-	-	-	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	36.338.795	-	-	-	6.123	-	-
Receivables from Forward Sale of Assets	-	-	-	-	2.717	-	-
Sundry Debtors	38.754	-	127	-	137.792	-	-
Interest and Income Accruals	542.896	-	1.279	66.960	801.326	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	10.441	-	-
Tangible Fixed Assets	-	-	-	-	831.506	-	-
Other Assets	330.150	-	98.904	-	93.805	-	-
Off-Balance Sheet Items	184.996	-	125.146	-	4.238.608	-	-
Non-cash Loans and Commitments	184.996	-	124.081	-	4.238.353	-	-
Derivative Financial Instruments	-	-	1.065	-	255	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	51.733.087	-	6.562.716	10.549.497	36.959.652	46.649	1

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

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

Information related to capital adequacy ratio: (Continued)

Prior Period	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Credit Risk Base Amount							
Balance Sheet Items (Net)	58.990.997	-	5.524.908	8.217.995	24.971.867	20.088	20
Cash	1.034.022	-	46	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Central Bank of the Republic of Turkey	6.432.428	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	5.378.475	-	50.795	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	1.655.613	-	-	-	-	-	-
Loans	4.568.960	-	18.368	8.155.538	23.198.572	20.088	20
Loans Under Follow-up (Net) ⁽¹⁾	-	-	-	-	-	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	43.502.228	-	-	-	4.749	-	-
Receivables from Forward Sale of Assets	-	-	-	-	1.888	-	-
Sundry Debtors	16.014	-	1.654	-	87.966	-	-
Interest and Income Accruals	1.407.645	-	776	62.457	684.011	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	83.078	-	-
Tangible Fixed Assets	-	-	-	-	824.101	-	-
Other Assets	374.087	-	125.589	-	36.707	-	-
Off-Balance Sheet Items	172.428	-	105.439	-	3.849.239	-	-
Non-cash Loans and Commitments	172.428	-	105.439	-	3.847.891	-	-
Derivative Financial Instruments	-	-	-	-	1.348	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	59.163.425	-	5.630.347	8.217.995	28.821.106	20.088	20

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Summary information about the capital adequacy standard ratio:

	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	43.616.919	34.086.345
Market Risk Base Amount (MRBA)	3.940.063	2.331.700
Operational Risk Base Amount (ORBA)	10.009.066	8.659.562
Shareholders' Equity	11.802.522	10.466.127
Shareholders' Equity/(CRBA+MRBA+ORBA) * 100	20,50	23,22

Information related to components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2.500.000	2.500.000
Nominal Capital	2.500.000	2.500.000
Capital Commitments (-)	-	-
Inflation Adjustment for Paid-in Capital	543.482	543.482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	2.012.298	1.758.096
1st Degree Legal Reserves (TCC 466/1)	834.924	673.340
2nd Degree Legal Reserves (TCC 466/2)	1.177.374	1.084.756
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	3.584.002	1.378.424
Reserves Allocated per General Assembly Minutes	-	-
Retained Earnings	3.584.002	1.378.424
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	-	-
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	2.892.976	3.670.753
Net Profit of the Period	2.733.177	3.510.955
Retained Earnings	159.799	159.798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	363.120	611.962
Subsidiary and Associate Shares and Gains on Sale of Real Estate To Be Added To Capital	-	-
Primary Subordinated Loans (up to 15% of the Core Capital)	-	-
Loss(-) Portion of Losses that Cannot be Covered by Reserves	-	-
Net Loss of the Period	-	-
Accumulated Loss	-	-
Leasehold Improvements (-)	-	-
Prepaid Expenses (-)	68.105	6.502
Intangible Assets (-)	19.139	17.638
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in 3 rd Clause 56 th Article of the Banking Act (-)	-	-
Total Core Capital	11.808.634	10.438.577

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

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

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	323.747	428.469
45% of Movable Assets Revaluation Fund	-	-
45% of Immovables Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	17.295	12.764
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Marketable Securities Revaluation Fund	325.115	220.773
From Subsidiaries and Associates	8.784	8.785
From Financial Assets Available for Sale	316.331	211.988
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	666.157	662.006
TIER-III CAPITAL		-
CAPITAL	12.474.791	11.100.583
DEDUCTIONS FROM CAPITAL	672.269	634.456
Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or More of whose Capital is Owned by the Bank and which are Excluded from the Consolidation	655.507	632.076
Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose Capital is Owned by the Bank and that Exceeds 10% of the Total Core Capital and Supplementary Capital	-	-
Loans to banks, Financial Institutions (Domestic/Foreign), Holders of Qualified Shares in the form of Secondary Subordinated Loan and Loan Instruments Purchased from those Parties Qualified as Primary or Secondary Subordinated Loan	16.589	2.243
Loans Granted not in Compliance with the Provisions Stated in Articles 50 and 51 of the Act	-	-
Total Net Book Value of the Bank’s Real Estates in excess of 50% of the Equity and in accordance with Article 57 of the Act, Net Book Value of Real Estates and Commodities Acquired in Exchange of Loans and Receivables that should be Disposed of however; have not been Disposed for the Last 5 Years Since the Beginning of the Acquisition Date	173	137
Other	-	-
TOTAL SHAREHOLDERS’ EQUITY	11.802.522	10.466.127

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON THE MARKET RISK

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

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

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

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

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

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

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

Information Related to Market Risk:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	272.665
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	15.643
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	25.973
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	924
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	315.205
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	3.940.063

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. EXPLANATIONS ON THE CURRENCY RISK

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

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

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

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

None.

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

“Liquidity Gap Analysis”, “Repricing Gap Analysis” and “Structural Liquidity Gap Analysis” which takes into account historical repricing rates of foreign currency accounts, are prepared periodically in order to define liquidity and interest rate risks at US Dollar and Euro, which are mainly used by the 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 Bank for the last 5 business days prior to the financial statement date:**

	USD	EURO	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100JPY
23.09.2010	1,4796	1,9683	1,4065	0,26468	0,21454	1,5032	1,4296	0,24920	2,3265	0,38228	1,7497
24.09.2010	1,4704	1,9752	1,4098	0,26546	0,21524	1,4985	1,4340	0,24960	2,3245	0,38630	1,7399
27.09.2010	1,4664	1,9724	1,4079	0,26502	0,21437	1,4922	1,4270	0,24849	2,3223	0,37895	1,7372
28.09.2010	1,4617	1,9750	1,4075	0,26540	0,21496	1,4991	1,4144	0,24834	2,3093	0,37765	1,7386
29.09.2010	1,4482	1,9642	1,4002	0,26386	0,21469	1,4835	1,4030	0,24696	2,2856	0,37432	1,7253
30.09.2010	1,4425	1,9682	1,3947	0,26332	0,21421	1,4744	1,4019	0,24559	2,2680	0,37202	1,7212

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

USD	EURO	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100JPY
1,4852	1,9368	1,3900	0,26056	0,21016	1,4864	1,4342	0,24504	2,3156	0,38556	1,7575

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III EXPLANATIONS ON THE CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

	EURO	USD	Yen	Other FC ⁽¹⁾	Total
Current Period					
Assets					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	2.078.941	54.936	696	30.628	2.165.201
Banks	3.161.337	2.765.563	2.951	403.450	6.333.301
Financial Assets at Fair Value Through Profit and Loss	20.625	6.961	-	-	27.586
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	3.045.516	1.283.035	-	-	4.328.551
Loans ⁽²⁾	1.020.676	2.455.283	-	10.468	3.486.427
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁵⁾	342.439	125.588	-	32.356	500.383
Investments Held-to-Maturity	1.477.454	2.311.054	-	262	3.788.770
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Fixed Assets	2.782	1.125	-	728	4.635
Intangible Assets	703	1.077	-	191	1.971
Other Assets	7.279	13.258	-	11.421	31.958
Total Assets	11.157.752	9.017.880	3.647	489.504	20.668.783
Liabilities					
Interbank Deposits	47.761	410.151	10	12.578	470.500
Foreign Currency Deposits	10.811.352	8.729.930	4.088	425.382	19.970.752
Money Market Borrowings	-	-	-	-	-
Funds Provided from Other Financial Institutions	1.627	5.899	-	-	7.526
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	133.324	2.771	-	198	136.293
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	154.369	201.775	31	25.090	381.265
Total Liabilities	11.148.433	9.350.526	4.129	463.248	20.966.336
Net Balance Sheet Position	9.319	(332.646)	(482)	26.256	(297.553)
Net Off-Balance Sheet Position⁽³⁾	(16.641)	268.225	-	30.708	282.292
Assets on Derivative Instruments	1.181	292.874	-	30.708	324.763
Liabilities on Derivative Instruments	17.822	24.649	-	-	42.471
Non-cash Loans⁽⁴⁾	1.223.519	2.824.716	5.263	64.506	4.118.004
Prior Period					
Total Assets	11.151.762	7.732.475	2.059	455.663	19.341.959
Total Liabilities	11.179.848	7.764.558	1.428	440.875	19.386.709
Net Balance Sheet Position	(28.086)	(32.083)	631	14.788	(44.750)
Net Off-Balance Sheet Position⁽³⁾	(19.421)	(25.361)	-	45.279	497
Financial Derivative Assets	857	27.797	-	56.598	85.252
Financial Derivative Liabilities	20.278	53.158	-	11.319	84.755
Non-cash Loans⁽⁴⁾	809.696	2.792.022	11.125	37.838	3.650.681

- (1) Of the foreign currencies presented in the other FC column of assets 22,97% is CHF, 44,97% is GBP, 11,96% is DKK, and the remaining 20,09% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 28,63% is CHF, 49,64% is GBP, 12,66% is DKK and the remaining 9,08% is other foreign currencies.
- (2) TL1.579 equivalent of thousand USD and TL2.685 equivalent of thousand EURO loans are originated as foreign currency indexed loans (31 December 2009: TL5.208 equivalent of thousand USD and TL3.022 equivalent of thousand EURO).
- (3) Indicates the net balance of receivables and payables on derivative financial instruments.
- (4) Since provision has been provided for non-cash loans amounted to TL374, related balance is not included in the table above (31 December 2009: TL417).
- (5) The foreign currency capital investments to Subsidiaries, Associates and Entities Under Common Control are evaluated with historical rates on the date of the fair value determination and capital investments made in the subsequent periods are evaluated with the rates on the date of the capital investment and followed with their domestic currency equivalents. No exchange rate difference arises from such investments.

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IV. EXPLANATIONS ON THE INTEREST RATE RISK

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

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

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

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

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

To eliminate the negative effects of interest rate fluctuations in the market on the balance sheet of the Bank, Assets-Liabilities Committee follows interest margin and monitors its effects on profitability on a consistent basis. The committee makes interest rate arrangements especially for sources and defines the limits for the maximum interest rates considering the interest rate risk.

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

In the current period, the Bank is not exposed to any significant interest rate risk that requires structural changes in its positions or takes necessary measures.

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IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	7.232.576					849.191	8.081.767
Banks	3.901.770	74.939	20.360			2.353.750	6.350.819
Financial Assets at Fair Value Through Profit and Loss	763	31.445	150.839	51.925	9.094	5.888	249.954
Money Market Placements	1.700.316						1.700.316
Financial Assets Available-for-Sale	10.652.765	6.059.650	9.900.964	6.214.394	1.982.586	358.888	35.169.247
Loans Given	14.603.606	3.333.377	9.092.253	17.221.127	2.360.826	197.455	46.808.644
Investments Held-to-Maturity	8.846.814	13.929.716	9.166.854	2.003.486	2.876.558	-	36.823.428
Other Assets						2.291.510	2.291.510
Total Assets	46.938.610	23.429.127	28.331.270	25.490.932	7.229.064	6.056.682	137.475.685
Liabilities							
Interbank Deposits	928.936	1.181	1.968			41.583	973.668
Other Deposits	73.921.437	16.864.025	5.437.982	110.815		16.132.648	112.466.907
Money Market Borrowings	3.365.634	1.811.134					5.176.768
Sundry Creditors						621.458	621.458
Issued Marketable Securities							-
Funds provided from Other Financial Institutions	8.837	11.443	12.244	55	30	-	32.609
Other Liabilities	6.930	136	161	3.073.836	0	15.123.212	18.204.275
Total Liabilities	78.231.774	18.687.919	5.452.355	3.184.706	30	31.918.901	137.475.685
Balance Sheet Long Position	-	4.741.208	22.878.915	22.306.226	7.229.034	-	57.155.383
Balance Sheet Short Position	(31.293.164)	-	-	-	-	(25.862.219)	(57.155.383)
Off-Balance Sheet Long Position	-	1.184	718				1.902
Off-Balance Sheet Short Position	(6.696)						(6.696)
Total Position	(31.299.860)	4.742.392	22.879.633	22.306.226	7.229.034	(25.862.219)	(4.794)

- (1) Balances without fixed maturity are shown in the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL3.073.835 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1 - 5 Years” column. TL319.906 of fund balance is not granted as loan and is shown under the “Non-Interest Bearing” column.
- (3) Deferred tax asset is shown under the non-interest bearing column.
- (4) Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in other assets.
- (5) Total shareholders’ equity is shown under the non-interest bearing column.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments:

	EURO	USD	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey				5,00
Banks	0,63	0,45		6,00
Financial Assets at Fair Value Through Profit and Loss	3,53	6,11		9,30
Money Market Placements	-	-		6,74
Financial Assets Available-for-Sale	3,98	5,80		8,79
Loans Given ⁽¹⁾	3,67	3,92		15,32
Investments Held-to-Maturity	6,23	7,00		9,08
Liabilities				
Interbank Deposits ⁽²⁾	0,54	0,21		7,20
Other Deposits	1,76	2,17		7,26
Money Market Borrowings	-	-		7,45
Sundry Creditors	-	-		-
Issued Marketable Securities	-	-		-
Funds Provided from Other Financial Institutions	3,20	3,02		7,11

⁽¹⁾ Does not include credit card loans.

⁽²⁾ Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	8.140.194					1.034.068	9.174.262
Banks	5.369.519	1.757	58.333				5.429.609
Financial Assets at Fair Value Through Profit and Loss	247.603	65.795	141.012	37.497	1.293	1.044	494.244
Money Market Placements							
Financial Assets Available-for-Sale	6.935.603	6.049.733	7.373.963	4.428.971	802.363	59.188	25.649.821
Loans Given	11.428.281	1.841.569	3.239.205	16.708.164	3.335.273		36.552.492
Investments Held-to-Maturity	13.568.925	22.815.595	2.979.284	2.148.407	3.331.585		44.843.796
Other assets						2.384.308	2.384.308
Total assets	45.690.125	30.774.449	13.791.797	23.323.039	7.470.514	3.478.608	124.528.532
Liabilities							
Interbank Deposits	591.442	4.920					596.362
Other Deposits	65.293.176	12.146.384	5.094.630	44.723		15.354.196	97.933.105
Money Market Borrowings	9.144.070						9.144.070
Sundry Creditors						527.625	527.625
Issued Marketable Securities							
Funds Provided from Other Financial Institutions	7.759	6.585	6.177	61	31		21.163
Other Liabilities				2.972.958		13.333.249	16.306.207
Total Liabilities	75.036.441	12.157.889	5.100.807	3.018.294	31	29.215.070	124.528.532
Balance Sheet Long Position		18.616.566	8.690.990	20.304.745	7.470.483		55.082.778
Balance Sheet Short Position	(29.346.316)					(25.736.462)	(55.082.778)
Off Balance Sheet Long Position							
Off Balance Sheet Short Position							
Total Position	(29.346.316)	18.616.566	8.690.990	20.304.745	7.470.483	(25.736.462)	

- (1) Balances without fixed maturity are shown under the “Up to 1 Month” column.
- (2) TL2.972.958 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1 - 5 Years” column. TL272.433 of fund balance is not granted as loan and is shown under the “Up to 1 Month” 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.
- (6) Long and short positions are not shown under the off balance sheet.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Average interest rate applied to the monetary financial instruments:

Prior Period	EURO	USD	Yen	TL
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	5,20
Banks	0,26	1,11	-	6,25
Financial Assets at Fair Value Through Profit and Loss	3,36	5,51	-	12,63
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,05	5,80	-	9,75
Loans Given ⁽¹⁾	4,09	4,25	-	16,45
Investments Held-to-Maturity	5,90	7,00	-	9,96
Liabilities				
Interbank Deposits ⁽²⁾	0,16	0,21	-	-
Other Deposits	1,86	1,83	-	8,74
Money Market Borrowings	-	-	-	7,23
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3,75	4,05	-	9,64

(1) Does not include credit card loans.

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

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V. EXPLANATIONS ON THE LIQUIDITY RISK

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

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

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

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

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

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

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

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

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

Presentation of liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (1) (2)	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	8.081.767	-	-	-	-	-	-	8.081.767
Banks	2.353.750	3.901.770	74.939	20.360	-	-	-	6.350.819
Financial Assets at Fair Value Through Profit and Loss	5.888	699	31.446	150.321	52.444	9.156	-	249.954
Money Market Placements	-	1.700.316	-	-	-	-	-	1.700.316
Financial Assets Available-for-Sale	-	1.705.868	2.648.553	4.601.594	17.745.709	8.308.833	158.690	35.169.247
Loans Given	-	2.076.287	4.153.943	19.084.707	18.918.202	2.378.050	197.455	46.808.644
Investments Held-to-Maturity	-	1.107.812	88.033	8.764.978	21.922.843	4.939.762	-	36.823.428
Other Assets	391.660	-	-	711	2.717	-	1.896.422	2.291.510
Total Assets	10.833.065	10.492.752	6.996.914	32.622.671	58.641.915	15.635.801	2.252.567	137.475.685
Liabilities								
Interbank Deposits	41.583	928.936	1.181	1.968	-	-	-	973.668
Other Deposits	16.132.648	73.921.437	16.864.025	5.437.982	110.815	-	-	112.466.907
Funds Provided from Other Financial Instruments	-	8.837	11.443	11.813	486	30	-	32.609
Money Market Borrowings	-	3.365.635	1.811.133	-	-	-	-	5.176.768
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	389.268	232.190	-	-	-	-	-	621.458
Other liabilities ⁽³⁾	805.318	456.882	241.748	161	3.073.836	576.750	13.049.580	18.204.275
Total Liabilities	17.368.817	78.913.917	18.929.530	5.451.924	3.185.137	576.780	13.049.580	137.475.685
Liquidity Gap	(6.535.752)	(68.421.165)	(11.932.616)	27.170.747	55.456.778	15.059.021	(10.797.013)	-
Prior Period								
Total Assets	11.118.549	8.152.629	6.530.295	28.320.369	59.576.377	8.723.930	2.106.383	124.528.532
Total Liabilities	16.544.721	75.416.309	12.157.943	5.333.606	3.018.294	31	12.057.628	124.528.532
Liquidity Gap	(5.426.172)	(67.263.680)	(5.627.648)	22.986.763	56.558.083	8.723.899	(9.951.245)	-

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

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

(3) TL3.073.835 of the funds balance, whose risk is not bore by the Bank, is included in other liabilities and shown under the "1-5 year" column, fund balance amounted to TL319.906 is not granted as loan and is included under "Up to One Month" column.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI EXPLANATIONS ON OPERATING SEGMENTS

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

The Bank has operations in retail banking, corporate and commercial banking, agricultural banking, treasury transactions and international banking areas.

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

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

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI EXPLANATIONS ON OPERATING SEGMENTS (Continued)

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

As of 30 September 2010 explanations on segment reporting as shown below are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

Table for Segment Reporting:

	Retail Banking	Trade and Corporate Banking ⁽¹⁾	Specialized Banking ⁽²⁾	Treasury	International Banking	Total Operations of the Bank
Current Period						
Total Operating Income/Expense ⁽³⁾	3.470.765	76.620	28.101	1.464.780	32.823	5.073.089
Net Operating Profit	1.773.690	62.273	15.981	1.403.458	9.048	3.264.450
Income from Subsidiaries ⁽⁴⁾						29.749
Income Before Taxes						3.294.199
Tax Provision						(561.022)
Net Profit for the Period						2.733.177
Segment Assets-net ⁽³⁾	39.376.763	5.058.593	871.308	86.664.142	3.688.815	135.659.621
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)						665.947
Undistributed Assets ⁽⁵⁾						1.150.117
Total Assets						137.475.685
Segment Liabilities – net ⁽³⁾	97.748.112	16.453.624	392.122	5.196.535	3.682.353	123.472.746
Undistributed Liabilities ⁽⁵⁾						1.730.408
Shareholders’ Equity						12.272.531
Total Liabilities						137.475.685
Other Segment Items						
Capital Investment						-
Depreciation						36.639
Restructuring Costs						-

- (1) Trade and corporate banking column includes results of operations and total assets and liabilities of 4 corporate and 9 trade branches of the Bank. Since any trading and corporate banking operations in other branches could not be distributed; they are not included in this column.
- (2) Real estate loans transferred from Emlak Bank and agricultural loans, liabilities regarding these loans and operating income related with them are included in “Specialized Banking” column. Besides, the current period amounts in specialized banking column include the results and the assets and liabilities of the Bank’s 8 agricultural branches opened in current period (Income from specialized banking operations are presented at “Specialized Banking” column and since the Bank’s deposit interest expense from related operations cannot be decomposed; these amounts are presented in operating profit row within “Retail Banking” column).
- (3) For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debt-or-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.
- (4) “Dividend income”, a part of operating income of the Bank, is included in the “Income from Subsidiaries” row since it could not be decomposed between segments.
- (5) The total of tangible and intangible assets, tax asset and tangible fixed assets held for sale is shown in “Undistributed Assets” row, whereas the total of provisions and tax liability is shown in “Undistributed Liabilities” row.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting: (Continued)

	Retail Banking	Trade and Corporate Banking ⁽¹⁾	Specialized Banking ⁽²⁾	Treasury	International Banking	Total Operations of the Bank
Prior Period ⁽⁶⁾						
Total Operating Income/Expense ⁽³⁾	1.968.661	345.544	1.053.862	1.787.603	33.469	5.189.139
Net Operating Profit	314.472	244.907	1.053.862	1.719.620	11.676	3.344.537
Income from Subsidiaries ⁽⁴⁾						25.872
Income Before Taxes						3.344.537
Tax Provision						(674.671)
Net Profit for the Period						2.669.866
Segment Assets-net ⁽³⁾	18.442.392	6.576.354	10.791.604	84.002.161	2.811.792	122.624.303
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)						715.152
Undistributed Assets ⁽⁵⁾						1.189.077
Total Assets						124.528.532
Segment Liabilities – net ⁽³⁾	72.202.307	24.267.847	3.245.391	9.588.491	2.778.583	112.082.619
Undistributed Liabilities ⁽⁵⁾						2.091.786
Shareholders’ Equity						10.354.127
Total Liabilities						124.528.532
Other Segment Items						
Capital Investment						
Depreciation						30.331
Restructuring Costs						

- (1) Trade and corporate banking column includes results of operations and total assets and liabilities of 4 corporate and 28 trade branches of the Bank. Since any trading and corporate banking operations in other branches could not be distributed; they are not included in this column.
- (2) Real estate loans transferred from Emlak Bank and agricultural loans, liabilities regarding these loans and operating income related with them are included in “Specialized Banking” column. Besides, income from specialized banking operations are presented at “Specialized Banking” column and since the Bank’s deposit interest expense from related operations cannot be decomposed; these amounts are presented in operating profit row within “Retail Banking” column.
- (3) For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.
- (4) “Dividend income”, a part of operating income of the Bank, is included in the “Income from Subsidiaries” row since it could not be decomposed between segments.
- (5) The total of tangible and intangible assets, tax asset and tangible fixed assets held for sale is shown in “Undistributed Assets” row, whereas the total of provisions and tax liability is shown in “Undistributed Liabilities” row.
- (6) Income statement balance is the balance as of 30 September 2009.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I EXPLANATIONS AND NOTES TO ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	674.673	169.315	864.420	165.324
Central Bank of the Republic of Turkey	5.241.890	1.990.687	6.503.974	1.636.220
Other	3	5.199	-	4.324
Total	5.916.566	2.165.201	7.368.394	1.805.868

1.a.1) Information on Required Reserves:

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

The required reserve ratios are 5% for TL liabilities and 10% for foreign currency liabilities. The Central Bank of the Republic of Turkey accrues interest for required reserves at the end of March, June, September and December. The required reserve interest rate as of 30 September 2010 is 5% for TL. No interest rate has been applied for USD and EURO required reserves since 12 December 2008.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	5.216.019		6.484.581	
Unrestricted Time Deposit				
Restricted Time Deposit				
Required Reserves ⁽¹⁾	25.87	1.990.687	19.393	1.636.220
Total	5.241.890	1.990.687	6.503.974	1.636.220

⁽¹⁾ Required reserve of branches abroad amounting to TL29.943 is presented in this line (31 December 2009: TL23.553).

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

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

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I EXPLANATIONS AND NOTES TO ASSETS (Continued)

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, Treasury Bills and Similar Securities	1	-	1	-
Other	-	-	-	-
Total	1	-	1	-

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

Derivative Financial Assets Held-for-Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	782	23	133	10
Swap Transactions	-	1.927	-	902
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	782	1.950	133	912

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks		401.780		1.621
Foreign Banks	17.518	5.931.521	6.695	5.421.293
Foreign Head Office and Branches				
Total	17.518	6.333.301	6.695	5.422.914

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	1.097.070	1.510.535
Total	1.097.070	1.510.535

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	35.011.759	25.625.885
Quoted in Stock Exchange	35.011.759	25.302.138
Not Quoted in Stock Exchange	-	323.747
Share Certificates	159.242	24.647
Quoted in Stock Exchange	44.557	-
Not Quoted	114.685	24.647
Provision for Impairment (-)	1.754	711
Total	35.169.247	25.649.821

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	214.442	-	173.736	-
Total	214.442	-	173.736	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-Specialized Loans	33.183.565	23.404	2.373.327	160.504
Discount Notes	404	-	-	-
Export Loans	1.421.511	-	5.122	26
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.065.715	-	30	-
International Loans	302.267	-	-	-
Consumer Loans	18.225.306	1.632	1.943.165	37.278
Credit Cards	1.131.710	1.702	-	-
Precious Metals Loans	-	-	-	-
Other	11.036.652	20.070	425.010	123.200
Specialized Lending	8.864.816	29.307	598.817	507.553
Other Receivables	-	-	-	-
Interest Income Accruals ⁽¹⁾	869.895	-	-	-
Total	42.918.276	52.711	2.972.144	668.057

(1) Interest income accruals of restructured standard loans and other receivables and those under close monitoring cannot be decomposed from the existing data processing system.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I EXPLANATIONS AND NOTES TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	567.624	19.432.427	20.000.051
Real Estate Loans	2.251	6.367.423	6.369.674
Vehicle Loans	2.566	193.108	195.674
Consumer Loans	559.325	12.749.694	13.309.019
Abroad ⁽²⁾	3.482	122.202	125.684
Other	-	-	-
Consumer Loans- Indexed to FC	-	31	31
Real Estate Loans	-	31	31
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- FC	16	288	304
Real Estate Loans	-	48	48
Vehicle Loans	-	-	-
Consumer Loans	16	240	256
Other	-	-	-
Individual Credit Cards-TL	1.062.392	1	1.062.393
With Installment	245.078	-	245.078
Without Installment	817.314	1	817.315
Individual Credit Cards-FC	1.680	-	1.680
With Installment	-	-	-
Without Installment	1.680	-	1.680
Personnel Loans-TL	14.560	147.011	161.571
Real Estate Loans	-	821	821
Vehicle Loans	-	-	-
Consumer Loans	4.963	145.453	150.416
Abroad ⁽²⁾	26	737	763
Other	9.571	-	9.571
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	8	8
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	8	8
Other	-	-	-
Personnel Credit Cards-TL	50.472	-	50.472
With Installment	17.081	-	17.081
Without Installment	33.391	-	33.391
Personnel Credit Cards-FC	91	-	91
With Installment	-	-	-
Without Installment	91	-	91
Overdraft Accounts–TL (Real Person)	171.863	-	171.863
Overdraft Accounts–FC (Real Person)	-	-	-
Total	1.868.698	19.579.766	21.448.464

⁽¹⁾ TL186.690 of interest income accrual could not be decomposed therefore accruals are not included in the table above.

⁽²⁾ TL763 of consumer loans used by the personnel abroad and TL125.684 of consumer loans have been shown under “International Loans” of 5-b Table.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	91.534	2.366.078	2.457.612
Business Loans	347	118.480	118.827
Vehicle Loans	3.688	116.748	120.436
Consumer Loans	76.204	1.915.991	1.992.195
Other	11.295	214.859	226.154
Commercial Installment Loans- Indexed to FC			
Business Loans			
Vehicle Loans			
Consumer Loans			
Other			
Commercial Installment Loans – FC			
Business Loans			
Vehicle Loans			
Consumer Loans			
Other			
Corporate Credit Cards-TL	18.738		18.738
With Installment	45		45
Without Installment	18.693		18.693
Corporate Credit Cards-FC	38		38
With Installment			
Without Installment	38		38
Overdraft Account-TL (Legal Entity)	8.154		8.154
Overdraft Account-FC (Legal Entity)			
Total	118.464	2.366.078	2.484.542

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

e) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	45.439.026	35.545.352
Foreign Loans	302.267	246.361
Interest Income Accruals of Loans	869.895	760.779
Total	46.611.188	36.552.492

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

5. Information related to loans: (Continued)

f) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	146.993	35.001
Indirect loans granted to subsidiaries and investments		
Total	146.993	35.001

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

g) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	57.569	79.800
Loans and other receivables with doubtful collectability	155.827	208.221
Uncollectible loans and other receivables	455.937	394.813
Total	669.333	682.834

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

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

	Group III:	Group IV:	Group V:
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period	2.475	10.759	38.050
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	2.475	10.759	38.050
Rescheduled loans and other receivables		-	-
Prior period	4.973	24.124	46.116
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	4.973	24.124	46.116
Rescheduled loans and other receivables		-	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I EXPLANATIONS AND NOTES TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

	Group III:	Group IV:	Group V:
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period Ending Balance	82.742	235.689	536.478
Additions (+)	289.116	62.269	95.586
Transfers from other Categories of Loans under Follow-Up (+)	-	183.488	204.378
Transfers to other categories of Loans under Follow-Up (-)	183.488	204.378	-
Collections (-) ⁽¹⁾	126.429	109.896	198.766
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	61.941	167.172	637.676
Specific Provision (-)	57.569	155.827	455.937
Net Balance on Balance Sheet⁽²⁾	4.372	11.345	181.739

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

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

3) Information on foreign currency non-performing loans:

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	201	4.600	5.078
Specific Provision (-)	201	4.600	5.078
Net Balance on Balance Sheet	-	-	-
Prior Period:			
Period Ending Balance	220	4.261	5.113
Specific Provision (-)	220	4.261	5.113
Net Balance on Balance Sheet	-	-	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	4.372	11.345	181.739
Loans to Real Persons and Legal Entities (Gross)	61.941	120.435	637.676
Specific Provisions (-)	57.569	109.090	455.937
Loans to Real Persons and Legal Entities (Net)	4.372	11.345	181.739
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	46.737	-
Specific Provisions (-)	-	46.737	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	2.942	27.468	141.665
Loans to Real Persons and Legal Entities (Gross)	82.742	190.877	536.478
Specific Provisions (-)	79.800	163.409	394.813
Loans to Real Persons and Legal Entities (Net)	2.942	27.468	141.665
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	44.812	-
Specific Provisions (-)	-	44.812	-
Other Loans and Receivables (Net)	-	-	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

6. Information on held-to-maturity investments:

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	5.095.268		8.972.397	
Treasury Bills				
Other Public Sector Debt Securities				
Bank Bonds and Bank Guaranteed Bonds				
Asset Backed Securities				
Other				
Total	5.095.268		8.972.397	

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	4.616.438		4.980.076	655.865
Other				
Total	4.616.438		4.980.076	655.865

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds		36.817.068		44.838.854
Treasury Bills				
Other Public Sector Debt Securities				
Total		36.817.068		44.838.854

c) Information on held-to-maturity investments:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities		36.824.487		44.843.796
Quoted in a Stock Exchange		33.591.900		38.954.254
Not Quoted in a Stock Exchange		3.232.587		5.889.542
Provision for Impairment (-)		1.059		
Total		36.823.428		44.843.796

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I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

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

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	44.843.796	48.787.200
Foreign Currency Differences on Monetary Assets	(237.438)	(64.785)
Purchases During the Year	1.473.428	8.799.714
Disposals through Sales and Redemptions	(9.255.299)	(12.678.333)
Provision for Impairment (-)	1.059	
Period End Balance	36.823.428	44.843.796

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

Revaluation differences of reclassified available for sale securities before deferred tax are TL68.984, EURO(23.067) thousand and USD(15.207) thousand respectively and are recorded under shareholders' equity. These balances will be amortized until the redemption date of related securities using straight-line method and recorded as interest income or expense. As of balance sheet date, positive revaluation difference, which is accounted under shareholders' equity, is TL257, negative revaluation differences which are accounted under shareholders' equity are USD14.469 thousand and EUR15.894 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR42.009 thousand and USD74.046 thousand respectively.

If reclassified held for trading securities had not been reclassified, income accrual equal to TL27.790 would have been recorded. As of 30 September 2010, the reclassification from held for trading securities to held-to-maturity investments has an income impact equal to TL(24.384).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

7. Information about associates (net):

- a) The information about the unconsolidated associates in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks and the related Turkish Accounting Standards, if any, and the reasons for not consolidating:

The Bank does not consolidate its associates excluding Axa Sigorta A.Ş., in accordance with the following provision of the paragraph 5 “Requirement for Preparing Consolidated Financial Statements” of Article 5 of the Communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette numbered 26340 on November 8, 2006: “If total assets of an associate, subsidiary or entity under common control qualified as financial institution is less than 1% of the Parent Bank’s total assets and if total of assets of associates, subsidiaries or entities under common control qualified as financial institution is less than 5% of the Parent Bank’s total assets, those entities may be excluded from consolidation considering the materiality principle”.

1) Information about unconsolidated associates:

	Description	Address (City/ Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul/TURKEY	20,00	15,43
2	Bankalararası Kart Merkezi A.Ş.	Istanbul/TURKEY	12,50	17,98
3	Kredi Kayıt Bürosu A.Ş.	Istanbul/TURKEY	11,11	9,09
4	Gelişen Bilgi Teknolojileri A.Ş.	Istanbul/TURKEY	20,00	5,05

	Total Assets	Shareholders’ Equity	Total Non- Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	1.001.829	300.771	23.330	18.784	16.744	18.558	19.057	-
2	18.840	15.414	6.099	428	-	1.014	363	-
3	36.506	33.125	2.138	1.820	-	9.899	6.640	-
4	590	430	-	480	-	355	587	-

- (1) Since shares of associates are not traded in the stock market, fair values cannot be identified.
- (2) Except Bankalararası Kart Merkezi A.Ş. current period information of associates has been provided from unaudited financial statements as of 30 September 2010. Prior period information of other associates has been provided from unaudited financial statements as of 30 September 2009. For Bankalararası Kart Merkezi A.Ş. current period information has been provided from unaudited financial statements as of 30 June 2010 and prior period information has been provided from unaudited financial statements as of 30 June 2009.
- (3) Total non-current assets include long term loans beside fix assets.
- (4) Business name of Gelişen İşletme Piyasaları A.Ş. has been changed as Gelişen Bilgi Teknolojileri A.Ş. by changing main contract with given decision in General Assembly in 5 April 2010.

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I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

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

b) 1) Explanation regarding consolidated associates:

The Bank classified Axa Sigorta A.Ş., consolidated in previous periods, to Available for Sale Financial Assets and expelled from consolidation scope since the Bank lost its significant effect in management.

2) Information about consolidated associates:

	Current Period	Prior Period
Beginning Balance	74.147	74.147
Movement During the Period	(74.147)	
Additions		
Bonus Share Certificates		
Shares of Current Year Profits		
Transfer to Available for Sale Fin. Assets	(74.147)	
Sales		
Revaluation		
Impairment Provision		
Ending Balance		74.147
Capital Commitments		
Period Ending Share of Capital Participation		12,50

3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	74.147
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

4) Consolidated associates quoted to a stock exchange:

There is no consolidated associate quoted to a stock exchange (31 December 2009: None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

8. Information on subsidiaries (net):

- a) The information about the unconsolidated subsidiaries in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks and the related Turkish Accounting Standards, if any, and the reasons for not consolidating:

The Bank does not consolidate its subsidiaries in accordance with the following provision of the paragraph 5 “Requirement for Preparing Consolidated Financial Statements” of Article 5 of the Communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette numbered 26340 on November 8, 2006: “If total assets of an associate, subsidiary or entity under common control qualified as financial institution is less than 1% of the Parent Bank’s total assets and if total of assets of associates, subsidiaries or entities under common control qualified as financial institution is less than 5% of the Parent Bank’s total assets, those entities may be excluded from consolidation considering the materiality principle”.

1) Information about unconsolidated subsidiaries:

	Description	Address (City/ Country)	The Bank’s Share Percentage-if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş. ⁽¹⁾	İstanbul / TÜRKİYE	100,00	99,98
2	Ziraat Sigorta A.Ş. ⁽¹⁾	İstanbul / TÜRKİYE	100,00	99,98
3	Ziraat Finansal Kiralama A.Ş.	İstanbul / TÜRKİYE	100,00	50,01
4	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / TÜRKİYE	100,00	62,00
5	Ziraat Portföy Yönetimi A.Ş.	İstanbul / TÜRKİYE	60,00	65,44
6	Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	İstanbul / TÜRKİYE	75,00	52,50
7	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara / TÜRKİYE	62,50	64,60
8	Ziraat Bank International A.G.	Frankfurt / ALMANYA	100,00	100,00
9	Turkish Ziraat Bank Bosnia dd	Saraybosna / BOSNA HERSEK	100,00	100,00
10	Ziraat Bank (Moscow) CJSC	Moskova / RUSYA	100,00	99,91
11	Kazakhstan Ziraat Int. Bank	Alma - Atı / KAZAKİSTAN	100,00	97,33
12	Ziraat Banka Ad Skopje	Usküp / MAKEDONYA	100,00	100,00

⁽¹⁾ The establishment phase of Ziraat Hayat Emeklilik A.Ş. and Ziraat Sigorta A.Ş. whose establishment processes started based on the decision of Board of Directors and whose articles of association was published at the Trade Registry Gazette dated May 15, 2009, has been completed. The capitals of the entities are TL20.000 and all the capitals have been paid. Both of the entities have started their operational activities as of January 2010.

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I EXPLANATIONS AND NOTES TO ASSETS (Continued)

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

a) 1) Information about unconsolidated subsidiaries: (Continued)

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	366.744	50.627	466	-	15.219	30.721	-	-
2	88.591	26.224	668	-	2.798	6.928	-	-
3	345.536	106.140	288	1.156	-	9.979	12.528	-
4	79.618	60.651	840	4.039	1.321.815	8.895	10.786	-
5	8.410	7.816	13	509	2.653	1.365	1.345	-
6	17.843	9.676	2.549	125	-	4.063	3.236	-
7	12.230	4.168	115	158	36	287	293	-
8	1.017.171	299.674	1.916	19.154	3.848	2.575	2.591	298.834
9	170.641	68.809	7.853	7.005	564	594	1.361	44.460
10	66.788	40.562	3.316	2.895	78	1.144	1.128	45.113
11	115.340	57.561	6.930	3.778	516	(658)	1.638	53.111
12	83.593	35.561	2.816	2.341	1.125	1.227	1.483	32.357

- (1) For the subsidiaries, other than those presented by their fair values, since these subsidiaries are not traded in the stock market fair values cannot be determined.
- (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 have been provided from the unaudited financial statements as of 30 September 2010, the prior period profit/loss balances have been provided from unaudited financial statements as of 30 September 2009.

Subsidiaries domiciled and operating abroad are followed by their fair values. For these subsidiaries, fair value is determined by independent valuation firm's report and revaluation differences are recognized in subsidiaries and in "Marketable Securities Value Increase Fund" under shareholder's equity.

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I. EXPLANATIONS AND NOTES TO ASSETS (Continued)

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

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share ⁽²⁾	Group's Share	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	4.352	4.352	58.989	4.075	3.989	4.084	3.066
Uzbekistan- Turkish Bank	8.357	8.357	94.127	3.278	1.215	4.252	2.952
Azer Türk Bank ASC	9.938	10.802	51.081	45.142	331	12.541	10.688
Total	22.647	23.511	204.197	52.495	5.535	20.877	16.706

(1) Information on entities under joint control is provided from the unaudited financial statements as of 30 September 2010.

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

b) Information on the reasons why unconsolidated entities under common control is not subject to consolidation and method of accounting of entity under common control in the Bank's unconsolidated financial statements:

The Bank does not consolidate its entities under common control in accordance with the following provision of the paragraph 5 “Requirement for Preparing Consolidated Financial Statements” of Article 5 of the Communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette numbered 26340 on November 8, 2006: “If total assets of an associate, subsidiary or an entity under common control qualified as financial institution is less than 1% of the Parent Bank's total assets and if total of assets of associates, subsidiaries or an entities under common control qualified as financial institution is less than 5% of the Parent Bank's total assets, those entities may be excluded from consolidation under the consideration of the materiality principle”.

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

10. Information on finance lease receivables (net):

None.

11. Information on derivative financial assets for hedging purposes:

None.

12. Information on investment property:

None (31 December 2009: None).

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

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

The Bank's immovables acquired amount to TL13.545 consisting of TL12.423 on its commercial loans and TL1.122 on its agricultural loans. Total depreciation expense is TL127 for these held for sale assets.

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II. EXPLANATIONS AND NOTES TO LIABILITIES

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

1) For deposit banks:

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
	Saving Deposits	5.056.534	-	10.301.678	36.674.973	2.167.258	318.343	475.259	-
Foreign Currency Deposits	2.966.879	-	5.422.182	6.165.590	1.669.738	457.735	3.290.100	-	19.972.224
Residents in Turkey	2.855.719	-	5.210.029	5.697.951	1.524.918	415.658	2.979.811	-	18.684.086
Residents Abroad	111.160	-	212.153	467.639	144.820	42.077	310.289	-	1.288.138
Public Sector Deposits	5.463.193	-	2.024.671	4.304.027	299.190	2.964	11.371	-	12.105.416
Commercial Inst. Deposits	1.639.955	-	4.891.655	7.990.048	504.949	237.004	13.311	-	15.276.922
Other Inst. Deposits	1.006.087	-	933.718	6.889.404	1.275.445	7.405	6.241	-	10.118.300
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	41.491	-	929.028	1.181	1.968	-	-	-	973.668
CBRT	874	-	1.587	-	-	-	-	-	2.461
Domestic Banks	14.810	-	897.229	-	-	-	-	-	912.039
Foreign Banks	22.459	-	30.212	1.181	1.968	-	-	-	55.820
Participation Banks	3.348	-	-	-	-	-	-	-	3.348
Other	-	-	-	-	-	-	-	-	-
Total	16.174.139	-	24.502.932	62.025.223	5.918.548	1.023.451	3.796.282	-	113.440.575

Prior Period	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
	Saving Deposits	4.212.153	-	9.336.800	34.035.101	1.837.397	323.397	435.010	-
Foreign Currency Deposits	2.952.445	-	4.720.555	5.751.125	1.221.403	233.488	3.536.112	-	18.415.128
Residents in Turkey	2.872.011	-	4.544.395	5.394.360	1.032.605	179.131	3.220.678	-	17.243.180
Residents Abroad	80.434	-	176.160	356.765	188.798	54.357	315.434	-	1.171.948
Public Sector Deposits	5.647.835	-	1.064.436	4.083.692	188.930	928	3.374	-	10.989.195
Commercial Inst. Deposits	1.786.631	-	2.432.373	5.374.605	291.099	304.426	189.188	-	10.378.322
Other Inst. Deposits	755.132	-	1.125.729	5.065.187	955.041	58.893	10.620	-	7.970.602
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	48.284	-	546.791	1.287	-	-	-	-	596.362
CBRT	1.489	-	1.047	-	-	-	-	-	2.536
Domestic Banks	13.894	-	540.824	-	-	-	-	-	554.718
Foreign Banks	32.901	-	4.920	1.287	-	-	-	-	39.108
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	15.402.480	-	19.226.684	54.310.997	4.493.870	921.132	4.174.304	-	98.529.467

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

b) Information on saving deposits:

1) Amounts exceeding the deposit insurance limit:

a) Saving deposits under the guarantee of deposit insurance and exceeding the deposit insurance limit:

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	28.911.778	27.565.729	25.866.331	22.427.342
Foreign Currency Saving Deposits	6.804.968	6.778.514	6.746.006	6.622.555
Other Deposits in the form of Saving Deposits			-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	41.991	245.795	26.023	26.484
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance			-	-

(1) In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and balances in insurance limit are calculated by the system, TL7.276, TL1.226, and TL4.993 of legal entity's deposits of Sofia, Athens and Komotini respectively, cannot be decomposed therefore included in the table above (31 December 2009: Sofia; Athens and Komotini respectively TL6.739, TL771 and TL4.954).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL3.611 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 TL50 attributable to a real person is covered by the insurance, TL333.679 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 7 November 2006 and numbered 26339.

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

The Bank's head office is located in Turkey.

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

1. 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:

	Current Period		Prior Period	
Deposits and other Accounts in Branches Abroad		2.937		4.392
Deposits of Ultimate Shareholders and Their Close Families		-		-
Deposits of Chairman and Members of the Board of Directors and Their Close Families		2.069		1.484
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004		-		-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities		-		-

2. Information on derivative financial liabilities held for trading:

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

Financial Liabilities Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	764	-	108	-
Swap Transactions	4.750	1.715	-	178
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	5.514	1.715	108	178

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	25.083	7.095	15.316	5.283
Foreign Banks, Institutions and Funds	-	431	-	564
Total	25.083	7.526	15.316	5.847

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	25.048	6.462	15.285	5.237
Medium and Long-Term	35	1.064	31	610
Total	25.083	7.526	15.316	5.847

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

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

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

5. Information on finance lease payables (net):

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

Information on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1	-	-	-
Between 1-4 Years	-	-	-	1
More than 4 Years	-	-	-	-
Total	1	-	2	1

6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes.

7. Explanations on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions	323.747	428.469
Allocated for Group-I Loans and Receivables	159.548	288.459
Allocated for Group-II Loans and Receivables	72.804	56.909
Allocated for Non-cash Loans	21.940	20.800
Other	69.455	62.301

Since loans extended in the related period are closed, the Bank has given up the application of temporary 1st clause of Regulation for Provisions related with general provisions and started to calculate general provision for all loans and receivables balance except for transactions that are not subject to loan restrictions according to the Banking Law using the current rates.

Moreover in accordance with temporary 4th clause of Regulation for Provisions, the Bank has cancelled general loan loss provisions for cash loans except credit cards lending from 6 March 2010 with the effective date of regulation.

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

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

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

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL2.774.

ç) Information on other provisions:

1) Information on generic provisions for possible risks:

As a result of a change in the application of general provisions, in addition to 1% and 2% provision set for standard loans and loans under close-monitoring respectively; total of 3% provision is continued to be set together with the generic provisions based on the decision of the Bank's Assets and Liabilities Committee.

	Current Period	Prior Period
Generic provisions for possible risks ⁽¹⁾	363.120	611.962

⁽¹⁾ Based on the decision of the Bank's Assets and Liabilities Committee, TL355.499 (31 December 2009: TL604.309) of generic provision is allocated for possible risks as general loan loss provision at a rate of %3, except for the fund sourced loans and loans granted to institutions which are exempt from provisions according to Banking Law. Moreover, the Bank has cancelled provisions for possible risk from cash loans except credit cards lending from 6 March 2010 in parallel with application in general loan loss provision.

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

Since the Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, based on the information provided by the legal department, lawsuits against the Bank over TL100 amounts to TL60.040. Full provision has been provided in the accompanying financial statements for law suits ended against the Bank but not finalized yet, amounting to TL9.059. In addition to these, for the interest expenses calculated for the lawsuits against the Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, generic provision equal to TL62.933 has been provided. The provision made in previous periods for Umumi Hayata Müessir Afetlere Yardım Fonu has been cancelled

TL458.255 of other provision amount consists of TL2.774 for unindemnified non-cash loans, TL7.600 for cash transfers made by the clerks, TL355.499 for the decision made by the Assets and Liabilities Committee, TL14.588 for priorly unconfirmed current account recordings and TL5.803 for other provisions.

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

d) Vacation and employment termination benefits obligations:

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

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period ⁽¹⁾
As of 1 January	429.000	407.100
Payments in the period	(28.720)	(23.062)
Charge for the period ⁽²⁾	45.720	30.362
Total	446.000	414.400

⁽¹⁾ Represents the movement for the period ended on 30 September 2009.

⁽²⁾ Charge for the period shows net balance of employment termination benefits provision expense equal to TL45.720 (30 September 2009: TL33.462) and reversals equal to TL2.500 (30 September 2009: TL3.100).

As of 30 September 2010 unpaid vacation liability amounted to TL130.750 (31 December 2009: TL113.600) 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 2010, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL240.840 (31 December 2009: TL230.992).

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	240.840	230.992
Taxation on Income From Securities	84.558	95.406
Property Tax	602	495
Banking Insurance Transactions Tax (BITT)	25.683	26.624
Foreign Exchange Transactions Tax	2	3
Value Added Tax Payable	554	1.021
Other	18.505	33.067
Total	370.744	387.608

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

8. Information on tax liability: (Continued)

a) Information on current tax liability: (Continued)

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums – Employee	17	16
Social Security Premiums – Employer	26	23
Bank Social Aid Pension Fund Premium – Employee	103	68
Bank Social Aid Pension Fund Premium – Employer	180	122
Pension Fund Membership Fees and Provisions – Employee	6	5
Pension Fund Membership Fees and Provisions – Employer	13	8
Unemployment Insurance – Employee	186	142
Unemployment Insurance – Employer	373	282
Other	8	11
Total	912	677

b) Information on deferred tax liabilities, if any:

The Bank’s deferred tax liability amounts to TL21.722 (31 December 2009: TL7.055). However, this amount is netted off against the deferred tax asset and subsequently TL298.587 (31 December 2009: TL344.819) of net deferred tax asset is presented in the financial statements.

9. Information on shareholders’ equity:

a) Presentation on paid-in capital:

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

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

The Bank does not have a registered capital system.

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

There is no share capital increase and increased capital shares.

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

9. Information on shareholders’ equity: (Continued)

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

There is no increase from capital reserves.

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

The Bank has no capital commitments.

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

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

f) Information on preferred shares:

The Bank has no preferred shares.

g) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under common control		19.521		19.521
Revaluation Difference		19.521		19.521
Foreign Exchange Difference				
From Available for Sale Marketable Securities	548.820	154.137	462.925	8.161
Revaluation Difference	708.466	154.137	577.650	8.161
Deferred Tax Effect	(159.646)		(114.725)	
Foreign Exchange Difference	-			
Total	548.820	173.658	462.925	27.682

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	2.332.834	2.371.778
Asset Purchase Commitments	550.052	390.634
Commitments for Credit Card Expenditure Limits	2.479.013	1.929.243
Loan Granting Commitments	2	256.804
Other Irrevocable Commitments	753.172	284.846
Subsidiaries and Associates Capital Contribution Commitments	2.000	3.638
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	6.042	1.861
Total	6.123.115	5.238.804

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

Bank has no loss 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	5.449.375	4.809.499
Bank Acceptances	40.156	33.753
Letter of Credits	680.715	670.165
Total	6.170.246	5.513.417

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

	Current Period	Prior Period
Letter of Temporary Guarantees	141.621	84.804
Letter of Certain Guarantees	2.938.517	2.375.668
Letters of Advance Guarantees	1.652.836	1.588.973
Letters of Guarantees given to Customs Offices	113.005	113.807
Other Letters of Guarantees	603.396	646.247
Total	5.449.375	4.809.499

c) 1) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	578.242	621.622
With Original Maturity of One Year or Less	29.166	47.888
With Original Maturity of More than One Year	549.076	573.734
Other Non-Cash Loans	5.592.004	4.891.795
Total	6.170.246	5.513.417

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES TO THE INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	4.074.069	81.412	4.173.787	45.520
Short Term Loans	1.275.888	27.117	1.630.102	39.508
Medium and Long Term Loans	2.717.912	54.295	2.470.417	6.012
Interest on Non-Performing Loans	80.269	-	73.268	-
Premiums from Resource Utilization Support Fund	-	-	-	-

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

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	157.476	-	243.659	-
Domestic Banks	28	383	562	47
Foreign Banks	534	11.749	504	15.599
Head Office and Branches	-	-	-	-
Total	158.038	12.132	244.725	15.646

c) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	2.198	1.352

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	1.139	111	1.857	324
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	1.133	105	1.857	310
Foreign Banks	6	6	-	14
Head Office and Branches	-	-	-	-
Other Institutions	-	-	1	-
Total	1.139	111	1.858	324

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

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

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	11.142	1.417

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

	Current Period	Prior Period
Profit	888.578	255.463
Profit from the Capital Market Transactions	15.562	14.489
Profit on Derivative Financial Instruments	236.469	4.763
Foreign Exchange Gains	636.547	236.211
Loss (-)	847.857	204.705
Loss from the Capital Market Transactions	10	-
Loss on Derivative Financial Instruments	301.561	4.314
Foreign Exchange Loss	546.286	200.391

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

	Current Period	Prior Period ⁽¹⁾
Effect of the change in exchange rates on profit/loss	(129.536)	449
Effect of the change in interest rates on profit/loss	64.444	-
Total	65.092	449

⁽¹⁾ The Bank values its derivative financial transactions according to discounted values as of 30 September 2009. Therefore, as of September 30, 2009 profit / loss resulting from derivative financial operations are shown in effect of the change in exchange rates on profit/loss.

5. Information on other operating income:

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

There are no significant matters covering the recent developments which have significant effect on the Bank's income. Main component of the Bank's other operating income consists of reversals from prior period provisions amounting to TL(607.571).

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

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	194.925	287.175
Group III Loans and Receivables	52.867	79.149
Group IV Loans and Receivables	104.693	173.821
Group V Loans and Receivables	37.365	34.205
General Provision Expenses ⁽²⁾	886	89.812
Provision Expenses for the Possible Losses ⁽²⁾	-	50.851
Marketable Securities Impairment Expense	1.864	1.288
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	1.864	1.288
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	1.059	2.611
Associates	-	2.293
Subsidiaries	-	318
Entities under Common Control	-	-
Investment Securities Held to Maturity	1.059	-
Other ⁽³⁾	931	52.371
Total	199.665	484.108

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL209.643 are presented in other operating income. (30 September 2009: TL50.925).

⁽²⁾ The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL354.400 are presented in other operating income. (30 September 2009: TL128.092).

⁽³⁾ TL14.813 of prior period balance is the generic provision expense set for the prior periods' current account deficits of the branches, TL37.300 is the generic provision expense set for the remuneration liabilities subject to law suit.

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses ⁽¹⁾	864.168	772.808
Reserve for Employee Termination Benefits ⁽¹⁾	48.224	33.462
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	1.407
Depreciation Expenses of Tangible Fixed Assets	34.656	29.881
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	1.983	450
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	313.617	245.815
Operational Leasing Expenses	35.032	25.053
Maintenance Expenses	41.513	30.090
Advertisement Expenses	14.955	12.871
Other Expenses	222.117	177.801
Loss on Sales of Assets	226	523
Other ⁽²⁾	316.351	276.148
Total	1.579.225	1.360.494

⁽¹⁾ TL28.411 of retirement and termination benefit payments which have been recorded under the personnel expenses by the Bank in the current period is presented under the reserve for employee termination benefits row (30 September 2009: TL23.062).

⁽²⁾ TL95.006 of the relevant balance is Savings Deposit Insurance Fund expense accrual (30 September 2009: TL131.140), TL121.657 is taxes, fees and tolls expenses (30 September 2009: TL82.698).

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

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

As of 30 September 2010, the Bank's income tax provision amounting to TL(561.022) (30 September 2009: TL(674.671)) consists of TL(558.890) (30 September 2009: TL(953.451)) of current tax charge and TL(2.132) (30 September 2009: TL(278.780)) of deferred tax income.

9. Information on net profit/loss:

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

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

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

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (30 September 2009: None).

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

As of 30 September 2010, the Bank's other fee and commission income amounting to TL421.655 (30 September 2009: TL386.958) consists of TL105.706 (30 September 2009: TL97.284) of credit card fees and commission income, TL80.363 (30 September 2009: TL59.808) of insurance commission and the remaining TL235.586 (30 September 2009: TL229.866) of money order, account management fee and other commission income.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

a) Current Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	811.676	305.249	-	-	-	-
Closing Balance	906.282	277.386	-	-	-	-
Interest and Commissions Income	2.198	-	-	-	-	-

- (1) Accrual amount for period-end cash loans are not included in the table since it could not be decomposed from the existing data processing system.
(2) The cash loans balance includes the investments to associates, subsidiaries and entities under common control.
(3) Placements to foreign banks in the risk group amounting to TL93.342 are included in the cash loans.

b) Prior Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	793.049	293.439	-	-	-	-
Closing Balance	811.676	305.249	-	-	-	-
Interest and Commissions Income	1.352	-	-	-	-	-

- (1) Accrual amount for period-end cash loans are not included in the table since it could not be decomposed from the existing data processing system.
(2) The cash loans balance includes the investments to associates, subsidiaries and entities under common control.
(3) Placements to foreign banks in the risk group amounting to TL61.523 are included in the cash loans.
(4) Interest and commissions income balance is the balance as of 30 September 2009.

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	100.952	103.835	-	-	-	-
Closing Balance	749.355	100.952	-	-	-	-
Interest expense on deposits	11.142	1.417	-	-	-	-

- (1) Accruals are not included in the table above since they could not be decomposed.
(2) The prior period balance of the accrued interest expense of the deposit is the balance as of 30 September 2009.

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

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss						
Opening Balance	12.768	-	-	-	-	-
Closing Balance	-	12.768	-	-	-	-
Total Profit/Loss	-	(21)	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

⁽¹⁾ The prior period loss balance is the balance as of 30 September 2009.

3) Information about fees paid to the Bank’s top executives:

Fees paid to the Bank’s key management amount to TL7.527 (30 September 2009: TL6.415).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Based on the “Communiqué on Change in Communiqué Regarding the Reserve Requirements” published in the Official Gazette numbered 27708 dated 27 September 2010, reserve requirement ratio are changed as 5,5% for TL liabilities and 11% for FX liabilities. Interest payment for TL reserve requirements has been ended. Changes will be effective after the date 1 October 2010.

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDITORS’ LIMITED REVIEW REPORT

I EXPLANATIONS ON THE INDEPENDENT AUDITORS’ LIMITED REVIEW REPORT

As of 30.09.2010 unconsolidated financial statements and footnotes of the Bank disclosed herein were reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditors’ Limited Review Report dated 9 November 2010 is presented preceding the financial statements.

II EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.