

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 JUNE 2011**

**(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 June 2011 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 June 2011 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.

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
Partner

Istanbul, 5 August 2011

**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 JUNE 2011**

The Bank's Headquarter Address: Doğanbey Mahallesi Atatürk Bulvarı
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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 six months period ended on June 30, 2011 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 reviewed 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)

Hüseyin AYDIN
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
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**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 JUNE 2011**
(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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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2011**
(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	Chairman
Mehmet MUMCUOĞLU	Vice Chairman
Can Akın ÇAĞLAR (*)	General Manager and Board Member
Burhanettin AKTAŞ	Member
Halil ÇELİK	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 AKBAŞ	Commercial Banking
Alpaslan ÇAKAR	Consumer Banking
Celal REYHAN (**)	Fund Management
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
Numan BEK	External Relations and Associates
Seyfettin SAĞLAM	Human Resources
Dr. Soner CANKO (***)	Banking Operations
Group Heads	
Bülent YALIM	Internal Control
M. Ayhan ALTINTAŞ	Risk Management
Chairman of the Internal Audit	
Ali ARAS	Chairman of the Internal Audit

(*) Pursuant to the Decision No. 181 of the Board of Directors, dated 15 July 2011, Hüseyin AYDIN replaced Can Akın ÇAĞLAR as General Manager and member of Board of Directors.

(**) Pursuant to Decision No. 184 of the Board of Directors, dated 15 July 2011, Celal REYHAN was replaced by Bilgehan KURU as Assistant General Manager of Fund Management.

(***) Retired from duty on 1 July 2011.

(****) Pursuant to Decision No.185 of the Board of Directors, dated 26 July 2011, Mustafa ÇETİN was appointed to the opening position of Board of Directors Membership.

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

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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 JUNE 2011

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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.

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 30 June 2011, Bank carries its activities with a grand total of 1.428 branches; 1.406 domestic branches including 1.342 branches, 25 bureaus, 37 private operation centers, 2 mobile branches (31 December 2010: 1.379 domestic branches including 1.299 branches, 25 bureaus, 53 private operation centers, 2 mobile branches) and 22 branches abroad including 15 branches and 7 sub branches (New York branch in United States, London branch in England, Tbilisi branch in Georgia, Baghdad and Arbil branches in Iraq, Athens, Gümülçine and İskeçe branches in Greece, Sofia branch and Filibe/Plovdiv, Kardzhali and Varna sub branches in Bulgaria, Jeddah branch in Saudi Arabia, Lefkoşa, Girne, Güzelyurt, Gazimağusa and Gönnyeli branches with Paşaköy, Near East University, Karaoğlanoğlu and Çatalköy sub branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran. Besides, preparations for opening sub branches in Georgia (Batumi), in Turkish Republic of Northern Cyprus (İskele) and branches in Greece (Rodos), in Kosova (Priştine) with a sub branch in Prizren connected to this branch are still continuing.

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

Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Bank, 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 JUNE 2011 AND 31 DECEMBER 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))**

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period (30/06/2011)			Prior Period (31/12/2010)		
		TL	FC	Total	TL	FC	Total
		ASSETS					
I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	17.604.394	2.930.486	20.534.880	7.652.000	2.613.064	10.265.064
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	117.288	93.732	211.020	211.577	28.012	239.589
2.1 Financial Assets Held for Trading		117.288	93.732	211.020	211.577	28.012	239.589
2.1.1 Public Sector Debt Securities		88.680	92.372	181.052	183.889	26.229	210.118
2.1.2 Securities Representing a Share in Capital		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading		28.608	1.360	29.968	27.688	1.783	29.471
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Securities Representing a Share in Capital		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(3)	70.948	2.912.183	2.983.131	44.514	4.597.596	4.642.110
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables From Reverse Repurchase Agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	36.131.413	4.133.746	40.265.159	35.943.019	3.781.486	39.724.505
5.1 Securities Representing a Share in Capital		125.061	63.317	188.378	118.312	46.394	164.706
5.2 Public Sector Debt Securities		35.599.434	4.028.739	39.628.173	35.618.082	3.695.037	39.313.119
5.3 Other Marketable Securities		406.918	41.690	448.608	206.625	40.055	246.680
VI. LOANS AND RECEIVABLES	(5)	61.744.573	6.651.972	68.396.545	51.982.988	5.460.465	57.443.453
6.1 Loans and Receivables		61.468.750	6.651.924	68.120.674	51.700.885	5.460.465	57.161.350
6.1.1 Loans Granted to Risk Group of The Bank		21.242	259.540	280.782	-	206.449	206.449
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		61.447.508	6.392.384	67.839.892	51.700.885	5.254.016	56.954.901
6.2 Loans under Follow-up		856.454	11.043	867.497	844.746	10.324	855.070
6.3 Specific Provisions (-)		580.631	10.995	591.626	562.643	10.324	572.967
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	30.415.870	4.379.175	34.795.045	32.331.551	4.056.500	36.388.051
8.1 Public Sector Debt Securities		30.407.503	4.378.710	34.786.213	32.325.607	4.056.071	36.381.678
8.2 Other Marketable Securities		8.367	465	8.832	5.944	429	6.373
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	54.873	-	54.873	52.177	-	52.177
9.1 Accounted with Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		54.873	-	54.873	52.177	-	52.177
9.2.1 Financial Associates		49.711	-	49.711	47.123	-	47.123
9.2.2 Non-financial Associates		5.162	-	5.162	5.054	-	5.054
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	121.942	576.250	698.192	114.700	520.976	635.676
10.1 Unconsolidated Financial Subsidiaries		116.221	576.250	692.471	108.979	520.976	629.955
10.2 Unconsolidated Non-Financial Subsidiaries		5.721	-	5.721	5.721	-	5.721
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	50.359	50.359	-	43.231	43.231
11.1 Accounted with Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Entities Under Common Control		-	50.359	50.359	-	43.231	43.231
11.2.1 Financial Entities Under Common Control		-	50.359	50.359	-	43.231	43.231
11.2.2 Non Financial Entities Under Common Control		-	-	-	-	-	-
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)		852.411	7.717	860.128	821.178	4.864	826.042
XV. INTANGIBLE ASSETS (Net)		48.305	9.365	57.670	33.736	1.688	35.424
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		48.305	9.365	57.670	33.736	1.688	35.424
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-
XVII. TAX ASSET		310.621	-	310.621	316.340	-	316.340
17.1 Current Tax Asset		211	-	211	1.504	-	1.504
17.2 Deferred Tax Asset		310.410	-	310.410	314.836	-	314.836
XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	52.125	-	52.125	14.945	-	14.945
18.1 Held for Sale		52.125	-	52.125	14.945	-	14.945
18.2 Held from Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS		782.324	41.664	823.988	478.769	54.332	533.101
TOTAL ASSETS		148.307.087	21.786.649	170.093.736	129.997.494	21.162.214	151.159.708

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 JUNE 2011 AND 31 DECEMBER 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period (30/06/2011)			Prior Period (31/12/2010)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES AND EQUITY					
I. DEPOSITS	(1)	111.810.443	22.465.922	134.276.365	103.371.049	22.425.423	125.796.472
1.1 Deposits Held By the Risk Group of the Bank		1.550.796	143.709	1.694.505	1.395.435	131.613	1.527.048
1.2 Other		110.259.647	22.322.213	132.581.860	101.975.614	22.293.810	124.269.424
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	6.228	5.361	11.589	5.514	85	5.599
III. FUNDS BORROWED	(3)	75.641	189.185	264.826	28.679	70.084	98.763
IV. MONEY MARKET BALANCES		14.411.990	898.067	15.310.057	5.003.477	-	5.003.477
4.1 Interbank Money Market Borrowings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3 Funds Provided under Repurchase Agreements		14.411.990	898.067	15.310.057	5.003.477	-	5.003.477
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		3.561.910	-	3.561.910	3.525.458	-	3.525.458
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		3.561.910	-	3.561.910	3.525.458	-	3.525.458
VII. MISCELLANEOUS PAYABLES		810.466	160.749	971.215	574.576	139.130	713.706
VIII. OTHER LIABILITIES	(4)	918.816	315.780	1.234.596	626.643	297.670	924.313
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	-	-	-	1	1
10.1 Finance Lease Payables		-	-	-	-	1	1
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-	-	-	-
11.1 Fair Value Hedges		-	-	-	-	-	-
11.2 Cash Flow Hedges		-	-	-	-	-	-
11.3 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XII. PROVISIONS	(7)	1.489.562	5.737	1.495.299	1.223.040	4.990	1.228.030
12.1 General Provisions		766.311	117	766.428	254.814	31	254.845
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Employee Benefits Provisions		621.645	-	621.645	600.830	-	600.830
12.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5 Other Provisions		101.606	5.620	107.226	367.396	4.959	372.355
XIII. TAX LIABILITY	(8)	218.736	151	218.887	405.625	179	405.804
13.1 Current Tax Liability		218.736	151	218.887	405.625	179	405.804
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)	12.615.420	133.572	12.748.992	13.271.440	186.645	13.458.085
16.1 Paid-in Capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2 Capital Reserves		706.669	133.572	840.241	1.302.740	186.645	1.489.385
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		145.826	133.572	279.398	741.963	186.645	928.608
16.2.4 Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6 Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7 Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17.361	-	17.361	17.295	-	17.295
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other Capital Reserves		543.482	-	543.482	543.482	-	543.482
16.3 Profit Reserves		8.230.307	-	8.230.307	5.596.300	-	5.596.300
16.3.1 Legal Reserves		2.290.756	-	2.290.756	2.012.298	-	2.012.298
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		5.305.510	-	5.305.510	3.000.593	-	3.000.593
16.3.4 Other Profit Reserves		634.041	-	634.041	583.409	-	583.409
16.4 Profit or Loss		1.178.444	-	1.178.444	3.872.400	-	3.872.400
16.4.1 Prior Years Profit/Loss		159.798	-	159.798	159.798	-	159.798
16.4.2 Net Period Profit/Loss		1.018.646	-	1.018.646	3.712.602	-	3.712.602
TOTAL LIABILITIES AND EQUITY		145.919.212	24.174.524	170.093.736	128.035.501	23.124.207	151.159.708

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 JUNE 2011 AND 31 DECEMBER 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (30/06/2011)			Prior Period (31/12/2010)		
		TL	FC	Total	TL	FC	Total
		A	OFF-BALANCE SHEET COMMITMENTS (I-II-III)	33.065.796	16.941.958	50.007.754	21.918.514
I.	GUARANTEES AND WARRANTIES	3.436.927	5.849.027	9.285.954	2.600.853	4.921.101	7.521.954
1.1	Letters of Guarantee	3.434.927	4.533.254	7.968.181	2.598.621	3.898.990	6.497.611
1.1.1	Guarantees Subject to State Tender Law	322.946	4.290.055	4.613.001	306.182	3.675.222	3.981.404
1.1.2	Guarantees Given for Foreign Trade Operations	2.352.503	-	2.352.503	1.782.538	-	1.782.538
1.1.3	Other Letters of Guarantee	759.478	243.199	1.002.677	509.901	223.768	733.669
1.2	Bank Acceptances	2.000	93.417	95.417	2.000	37.164	39.164
1.2.1	Import Letter of Acceptance	-	5.047	5.047	-	8.721	8.721
1.2.2	Other Bank Acceptances	2.000	88.370	90.370	2.000	28.443	30.443
1.3	Letters of Credit	-	1.222.356	1.222.356	232	984.947	985.179
1.3.1	Documentary Letters of Credit	-	1.222.356	1.222.356	232	984.947	985.179
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	27.274.670	8.627.734	35.902.404	17.265.250	4.282.801	21.548.051
2.1	Irrevocable Commitments	7.272.399	855.952	8.128.351	5.684.559	491.315	6.175.874
2.1.1	Asset Purchase and Sale Commitments	284.054	429.451	713.505	93.489	167.788	261.277
2.1.2	Deposit Purchase and Sales Commitments	-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries	2.000	-	2.000	2.000	-	2.000
2.1.4	Loan Granting Commitments	19	-	19	-	-	-
2.1.5	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
2.1.7	Commitments for Cheques	2.491.527	-	2.491.527	2.303.845	-	2.303.845
2.1.8	Tax and Fund Liabilities from Export Commitments	-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits	3.575.361	-	3.575.361	2.673.734	-	2.673.734
2.1.10	Commitments for credit cards and banking services promotions	7.140	-	7.140	10.958	-	10.958
2.1.11	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	912.298	426.501	1.338.799	600.533	323.527	924.060
2.2	Revocable Commitments	20.002.271	7.771.782	27.774.053	11.580.691	3.791.486	15.372.177
2.2.1	Revocable Loan Granting Commitments	20.001.969	7.771.782	27.773.751	11.580.339	3.791.486	15.371.825
2.2.2	Other Revocable Commitments	302	-	302	352	-	352
III.	DERIVATIVE FINANCIAL INSTRUMENTS	2.354.199	2.465.197	4.819.396	2.052.411	2.148.669	4.201.080
3.1	Hedging Derivative Financial Instruments	-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge	-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge	-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge	-	-	-	-	-	-
3.2	Trading Transactions	2.354.199	2.465.197	4.819.396	2.052.411	2.148.669	4.201.080
3.2.1	Forward Foreign Currency Buy/Sell Transactions	6.388	8.644	15.032	9.352	10.353	19.705
3.2.1.1	Forward Foreign Currency Transactions-Buy	3.196	4.324	7.520	4.682	5.187	9.869
3.2.1.2	Forward Foreign Currency Transactions-Sell	3.192	4.320	7.512	4.670	5.166	9.836
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	2.347.811	2.456.553	4.804.364	2.043.059	2.138.316	4.181.375
3.2.2.1	Foreign Currency Swap-Buy	-	2.408.725	2.408.725	61.728	2.039.638	2.101.366
3.2.2.2	Foreign Currency Swap-Sell	2.347.811	47.828	2.395.639	1.981.331	98.678	2.080.009
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)	185.865.334	11.358.736	197.224.070	144.257.120	7.326.577	151.583.697
IV.	ITEMS HELD IN CUSTODY	18.310.456	774.860	19.085.316	12.077.658	645.771	12.723.429
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	3.314.893	586.210	3.901.103	2.917.066	515.859	3.432.925
4.3	Checks Received for Collection	1.029.207	14.654	1.043.861	867.258	15.434	882.692
4.4	Commercial Notes Received for Collection	2.501.253	103.781	2.605.034	2.161.082	75.767	2.236.849
4.5	Other Assets Received for Collection	8.542	-	8.542	8.442	-	8.442
4.6	Assets Received for Public Offering	11.249.542	90	11.249.632	5.920.736	305	5.921.041
4.7	Other Items Under Custody	205.370	70.125	275.495	201.422	38.406	239.828
4.8	Custodians	1.649	-	1.649	1.652	-	1.652
V.	PLEDGES RECEIVED	167.554.878	10.532.914	178.087.792	132.179.462	6.647.063	138.826.525
5.1	Marketable Securities	263.164	33.654	296.818	261.333	13.549	274.882
5.2	Guarantee Notes	20.425.170	3.707.068	24.132.238	15.576.321	2.641.709	18.218.030
5.3	Commodity	1.248.653	13.574	1.262.227	1.227.795	25.555	1.253.350
5.4	Warranty	-	-	-	-	-	-
5.5	Immovable	136.325.645	5.340.577	141.666.222	107.084.713	3.050.964	110.135.677
5.6	Other Pledged Items	9.287.037	1.431.660	10.718.697	8.024.091	909.357	8.933.448
5.7	Pledged Items-Depository	5.209	6.381	11.590	5.209	-	11.138
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	50.962	50.962	-	33.743	33.743
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		218.931.130	28.300.694	247.231.824	166.175.634	18.679.148	184.854.782

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 JUNE 2011 AND 2010**

(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 01/01-30/06/2011	Prior Period 01/01-30/06/2010
I. INTEREST INCOME	(1)	6.427.158	6.060.150
1.1 Interest Income from Loans		3.376.413	2.685.067
1.2 Interest Income From Reserve Deposits		759	527
1.3 Interest Income from Banks		20.603	108.339
1.4 Interest Income from Money Market Placements		34	1.326
1.5 Interest Income from Marketable Securities		3.022.539	3.258.952
1.5.1 Financial Assets Held for Trading		4.411	12.667
1.5.2 Financial Assets at Fair Value through Profit and Loss		-	-
1.5.3 Financial Assets Available-for-Sale		1.554.688	1.274.027
1.5.4 Investments Held-to-Maturity		1.463.440	1.972.258
1.6 Finance Lease Income		-	-
1.7 Other Interest Income		6.810	5.939
II. INTEREST EXPENSES	(2)	3.962.467	3.324.305
2.1 Interest Expense on Deposits		3.653.788	3.066.055
2.2 Interest on Borrowings		2.188	792
2.3 Interest on Money Market Borrowings		290.067	245.019
2.4 Interest on Marketable Securities Issued		-	-
2.5 Other Interest Expense		16.424	12.439
III. NET INTEREST INCOME/EXPENSES (I - II)		2.464.691	2.735.845
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		339.842	246.893
4.1 Fees and Commissions Received		406.091	291.140
4.1.1 Non-cash Loans		18.146	12.590
4.1.2 Other		387.945	278.550
4.2 Fees and Commissions Paid		66.249	44.247
4.2.1 Non-cash Loans		-	-
4.2.2 Other		66.249	44.247
V. DIVIDEND INCOME		31.143	29.521
VI. TRADING PROFIT/LOSS (Net)	(3)	(71.563)	23.321
6.1 Profit/Loss from Capital Market Operations		23.246	12.420
6.2 Profit/losses on Derivative Financial Transactions		142.953	(27.960)
6.3 Profit/Loss from Foreign Exchanges		(237.762)	38.861
VII. OTHER OPERATING INCOME	(5)	209.038	460.823
VIII. TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		2.973.151	3.496.403
IX. PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)	(6)	369.586	135.665
X. OTHER OPERATING EXPENSES(-)	(7)	1.268.954	1.062.559
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1.334.611	2.298.179
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)	(8)	1.334.611	2.298.179
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(9)	(315.965)	(387.459)
16.1 Current Tax Provision		(146.386)	(318.203)
16.2 Deferred Tax Provision		(169.579)	(69.256)
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)		1.018.646	1.910.720
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)	(10)	1.018.646	1.910.720
Earnings/Loss per Share		0,000407	0,000764

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

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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 APRIL TO 30 JUNE 2011 AND 2010**

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

III. INCOME STATEMENT				
INCOME AND EXPENSE ITEMS			Current Period 01/04-30/06/2011	Prior Period 01/04-30/06/2010
I.	INTEREST INCOME		3.363.177	3.023.762
1.1	Interest Income from Loans		1.780.603	1.361.357
1.2	Interest Income From Reserve Deposits		395	270
1.3	Interest Income from Banks		6.674	55.449
1.4	Interest Income from Money Market Placements		1	1.127
1.5	Interest Income from Marketable Securities		1.573.552	1.603.361
1.5.1	Financial Assets Held for Trading		2.233	1.964
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	-
1.5.3	Financial Assets Available-for-Sale		803.592	633.416
1.5.4	Investments Held-to-Maturity		767.727	967.981
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		1.952	2.198
II.	INTEREST EXPENSES		2.137.207	1.691.471
2.1	Interest Expense on Deposits		1.922.513	1.582.195
2.2	Interest on Borrowings		1.113	365
2.3	Interest on Money Market Borrowings		204.403	104.216
2.4	Interest on Marketable Securities Issued		-	-
2.5	Other Interest Expense		9.178	4.695
III.	NET INTEREST INCOME/EXPENSES (I - II)		1.225.970	1.332.291
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		173.731	122.285
4.1	Fees and Commissions Received		211.679	146.070
4.1.1	Non-cash Loans		9.714	7.072
4.1.2	Other		201.965	138.998
4.2	Fees and Commissions Paid		37.948	23.785
4.2.1	Non-cash Loans		-	-
4.2.2	Other		37.948	23.785
V.	DIVIDEND INCOME		1.845	4.614
VI.	TRADING PROFIT/LOSS (Net)		(47.708)	4.919
6.1	Profit/Loss from Capital Market Operations		9.305	8.740
6.2	Profit/losses on Derivative Financial Transactions		78.200	(41.098)
6.3	Profit/Loss from Foreign Exchanges		(135.213)	37.277
VII.	OTHER OPERATING INCOME		77.148	303.127
VIII.	TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		1.430.986	1.767.236
IX.	PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)		180.772	51.380
X.	OTHER OPERATING EXPENSES(-)		648.589	537.470
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		601.625	1.178.386
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)		601.625	1.178.386
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)		(156.482)	(180.255)
16.1	Current Tax Provision		(62.948)	(97.401)
16.2	Deferred Tax Provision		(93.534)	(82.854)
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)		445.143	998.131
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)		445.143	998.131
	Earnings/ Loss per Share (Thousands of TL)		0,00018	0,000399

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 JUNE 2011 AND 2010**

(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 (30/06/2011)	Prior Period (30/06/2010)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	395.086	550.569
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(4.544)	5.837
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	(14.483)	(94.418)
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	376.059	461.988
XI. CURRENT YEAR PROFIT/LOSS	(1.025.269)	(516.645)
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	(1.025.828)	(497.680)
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	559	(18.965)
XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)	(649.210)	(54.657)

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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 JUNE 2010**

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

V. CHANGES IN SHAREHOLDERS' EQUITY																	
30 June 2010	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity
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	-	-	-	-	-	-	-	-	-	-	(60.494)	-	-	-	-	(60.494)
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	-	(257)	-	-	-	-	-	52	-	-	5.837	-	-	-	-	5.632
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Net Profit or Losses	-	-	-	-	-	-	-	-	1.910.720	-	-	-	-	-	-	1.910.720
XVIII.	Profit Distribution	-	-	-	-	254.202	-	1.926.303	279.274	-	(3.510.954)	-	-	-	-	-	(1.051.175)
18.1	Dividend Distributed	-	-	-	-	-	-	-	-	-	(1.051.175)	-	-	-	-	-	(1.051.175)
18.2	Transfers to Legal Reserves	-	-	-	-	254.202	-	1.926.303	279.274	-	(2.459.779)	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance																
	(I+II+III+.....+XVI+XVII+XVIII)	2.500.000	543.226	-	-	2.012.298	-	3.000.593	583.460	1.910.720	159.799	435.950	-	17.295	-	-	11.163.341

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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 JUNE 2011**

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

V. CHANGES IN SHAREHOLDERS' EQUITY																		
30 June 2011		Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Canc. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity
I.	Prior Period End Balance		2.500.000	543.482	-	-	2.012.298	-	3.000.593	583.409	-	3.872.400	928.608	-	17.295	-	-	13.458.085
	Changes in the Period																	
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(644.666)	-	-	-	-	(644.666)
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)		-	-	-	-	-	-	-	-	-	-	-	-	66	-	-	66
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	(4.544)	-	-	-	-	(4.544)
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Net Profit or Losses		-	-	-	-	-	-	-	-	1.018.646	-	-	-	-	-	-	1.018.646
XVIII.	Profit Distribution		-	-	-	-	278.458	-	2.304.917	50.632	-	(3.712.602)	-	-	-	-	-	(1.078.595)
18.1	Dividend Distributed		-	-	-	-	-	-	-	-	-	(1.078.595)	-	-	-	-	-	(1.078.595)
18.2	Transfers to Legal Reserves		-	-	-	-	278.458	-	2.304.917	50.632	-	(2.634.007)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance (I+II+III+.....+XVI+XVII+XVIII)		2.500.000	543.482	-	-	2.290.756	-	5.305.510	634.041	1.018.646	159.798	279.398	-	17.361	-	-	12.748.992

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 JUNE 2011**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**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 STATEMENT OF CASH FLOWS AT 30 JUNE 2011 AND 2010**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five)	Current Period 01/01-30/06/2011	Prior Period 01/01-30/06/2010
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		1.610.395	2.444.598
1.1.1 Interest Received		7.072.473	6.375.803
1.1.2 Interest Paid		(3.852.054)	(3.267.340)
1.1.3 Dividend Received		31.143	29.498
1.1.4 Fees and Commissions Received		406.467	290.987
1.1.5 Other Income		313.220	655.756
1.1.6 Collections from Previously Written-off Loans and Other Receivables		374.543	331.556
1.1.7 Payments to Personnel and Service Suppliers		(1.150.812)	(863.064)
1.1.8 Taxes Paid		(429.936)	(627.038)
1.1.9 Other		(1.154.649)	(481.560)
1.2 Changes in Operating Assets and Liabilities		8.020.230	1.451.100
1.2.1 Net Decrease/(Increase) in Trading Securities		24.065	169.234
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net Decrease in Banks		(388.761)	(110.909)
1.2.4 Net (Increase) in Loans		(10.743.165)	(6.451.574)
1.2.5 Net (Increase) in Other Assets		(318.298)	(78.049)
1.2.6 Net Increase/(Decrease) in Bank Deposits		10.076.322	(1.347.673)
1.2.7 Net (Decrease)/Increase in Other Deposits		8.600.761	8.661.559
1.2.8 Net (Decrease)/Increase in Funds Borrowed		165.040	8.673
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net (Decrease)/Increase in Other Liabilities		604.266	599.839
I. Net Cash Provided from Banking Operations		9.630.625	3.895.698
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		(607.097)	(2.910.292)
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(72.151)	(19.258)
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3 Fixed Assets Purchases		(78.933)	(29.751)
2.4 Fixed Assets Sales		6.723	5.557
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(24.831.772)	(8.349.343)
2.6 Cash Obtained from Sale of financial Assets Available for Sale		22.597.941	3.934.628
2.7 Cash Paid for Purchase of Investment Securities		(4.263.455)	(1.968.562)
2.8 Cash Obtained from sale of Investment Securities		6.041.475	3.516.437
2.9 Other		(6.925)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(1.078.596)	(1.043.365)
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		(1.078.595)	(1.043.364)
3.5 Payments for Finance Leases		(1)	(1)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		275.620	(278.862)
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		8.220.552	(336.821)
VI. Cash and Cash Equivalents at the Beginning of the Period		12.301.841	12.816.573
VII. Cash and Cash Equivalents at the End of the Period		20.522.393	12.479.752

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

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2011**
(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 10 February 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 balances as of 31 December 2010 while, statements of income, cash flows and changes in shareholders’ equity are presented comparatively with balances as of 30 June 2010.

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

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

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.

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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 of banking services, such as; launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits in Turkish Lira and foreign currencies. The 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 Turkish Republic of Northern Cyprus branches of the Bank, assets, liabilities and income statement items of abroad branches are translated into Turkish Lira with the Bank’s prevailing counter currency buying rates at the balance sheet date.

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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)

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 off-balance sheet accounts from their contractual values.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on an accrual basis using the internal rate of return method in conformity with TAS 39 “Financial Instruments: Recognition and Measurement”. In accordance with the Communiqué on “Methods and Principles 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.

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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)

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.

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

Financial assets held for trading of the Bank 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.

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

b. Held-to-maturity financial assets:

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

b. Held-to-maturity financial assets: (Continued)

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

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

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

c. Loans and receivables:

Loans and receivables originated by the Bank 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.

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

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 taking into consideration the prudence principle. Allocated provisions are deducted from the income for the period. If the receivables for which provisions were set in the previous years are collected, provision for allowances are released and recognized as income under “Other Operating Income” account. Releases of current period provisions are made by the reversal of the amount from the “Provision for Impairment of Loans and Other Receivables” account.

d. Available-for-sale financial assets:

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

Loans and other receivables are classified 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.

In accordance with the provision of the related legislation, the Bank provides general loan loss provision for loans and other receivables in addition to specific provisions. As of 1 January 2011, the Bank terminated the practice of considering the provision rate as 0% for cash loans, except credit card receivables, granted before 6 March 2010 and started to make 1% provision for standard cash loans after this date parallel to the Note (a) of first paragraph of 7th article of Communiqué related to Provisions. Besides, based on the decision taken on Asset-Liability Committee (“ALCO”) Meeting dated 21 December 2010, the practice of making 3% general and free provision for total loans, except interest loans, is terminated as of 1 January 2011 and free provision held for this purpose has been transferred to general provision accounts. Moreover, the amendments made to the Regulation on the Amendment of the Regulation on the Procedures and Principles Determining the Characteristics of Loans and other Receivables by Banks and the Reserves that Set Aside for them on the dates of 28 May 2011 and 18 June 2011 were reflected by the Bank to the accounts in relation with the additional general provision amounts.

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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.

Applied depreciation rates are as follows;

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Financial Lease

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

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

Operational Lease

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment Termination and Vacation Benefits

Employee benefits liabilities are recognized in accordance with TAS 19 “Employee Benefits” and the 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).

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

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

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.

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 30 June 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

b. Pension Rights: (Continued)

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 per the resolution taken in the meeting held on 30 March 2011, the Constitutional Court reviewed the action for nullity on the merits and rejected the request for the annulment of the articles and suspension of execution.

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

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

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

The technical balance sheet report as of 31 December 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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current Tax (Continued)

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.

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON 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.

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 2010 was carried out on 1 March 2011. In accordance with the decision taken, of the profit for the year 2010 amounting to TL3.712.602, TL278.458 is transferred to legal reserves, TL111.776 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL818.205 is distributed to Undersecretariat of Treasury after deducting withholding tax of 15% (TL144.390) in cash on 30 March 2011. Besides, TL2.304.917 of the profit has been preserved and deferred tax income amounting to TL50.632 is not distributed. As of 30 June 2011, TL4.224 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 16,06% (31 December 2010: 19,20%).

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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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)	60.596.638	-	3.207.809	15.675.433	49.279.518	138.082	721.137
Cash	1.562.806	-	82	-	-	-	-
Matured Marketable Securities	79.086	-	-	-	-	-	-
Central Bank of the Republic of Turkey	16.292.596	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	2.722.963	-	257.679	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	2.678.649	-	-	-	-	-	-
Loans ⁽¹⁾	4.800.025	-	263.348	15.471.290	45.577.399	138.082	721.137
Loans Under Follow-up (Net)	-	-	-	-	101.574	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	34.193.333	-	-	-	8.700	-	-
Receivables from Forward Sale of Assets	-	-	-	-	4.009	-	-
Sundry Debtors	42.792	-	1.302	-	240.020	-	-
Interest and Income Accruals	608.076	-	13.708	204.143	1.077.868	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	803.424	-	-
Tangible Fixed Assets	-	-	-	-	912.013	-	-
Other Assets	339.275	-	206.406	-	296.832	-	-
Off-Balance Sheet Items	277.545	-	239.774	-	6.193.738	-	-
Non-cash Loans and Commitments	277.545	-	211.992	-	6.193.667	-	-
Derivative Financial Instruments	-	-	27.782	-	71	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	60.874.183	-	3.447.583	15.675.433	55.473.256	138.082	721.137

⁽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)

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)	51.566.459	-	4.906.371	13.127.561	41.412.283	55.855	-
Cash	1.291.045	-	129	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Central Bank of the Republic of Turkey	6.549.245	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	4.543.751	-	97.392	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	2.424.645	-	-	-	-	-	-
Loans ⁽¹⁾	4.547.023	-	184.218	13.056.906	38.545.233	55.855	-
Loans Under Follow-up (Net)	-	-	-	-	112.952	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	35.638.709	-	-	-	6.146	-	-
Receivables from Forward Sale of Assets	-	-	-	-	2.932	-	-
Sundry Debtors	19.775	-	120	-	123.971	-	-
Interest and Income Accruals	753.601	-	1.722	70.655	846.303	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	731.084	-	-
Tangible Fixed Assets	-	-	-	-	840.797	-	-
Other Assets	342.416	-	176.431	-	105.473	-	-
Off-Balance Sheet Items	248.224	-	167.813	-	4.924.591	-	-
Non-cash Loans and Commitments	248.224	-	128.169	-	4.924.497	-	-
Derivative Financial Instruments	-	-	39.644	-	94	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	51.814.683	-	5.074.184	13.127.561	46.336.874	55.855	-

⁽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.

Summary information about the capital adequacy standard ratio:

	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	65.649.886	53.999.274
Market Risk Base Amount (MRBA)	6.243.238	5.526.838
Operational Risk Base Amount (ORBA)	10.895.348	10.009.066
Shareholders' Equity	13.292.387	13.350.237
Shareholders' Equity/(CRBA+MRBA+ORBA) * 100	16,06	19,20

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Information related to components of shareholders’ equity:

	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	2.290.756	2.012.298
1st Degree Legal Reserves (TCC 466/1)	1.018.023	834.924
2nd Degree Legal Reserves (TCC 466/2)	1.272.733	1.177.374
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	5.939.551	3.584.002
Reserves Allocated per General Assembly Minutes	-	-
Retained Earnings	5.939.551	3.584.002
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	-	-
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	1.178.444	3.872.400
Net Profit of the Period	1.018.646	3.712.602
Retained Earnings	159.798	159.798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	8.662	275.125
Subsidiary and Associate Shares and Gains on Sale of Real Estate To Be Added To Capital ⁽¹⁾	-	-
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 (-) ⁽²⁾	27.649	16.666
Prepaid Expenses (-) ⁽³⁾	-	73.771
Intangible Assets (-)	30.021	18.758
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	12.403.225	12.678.112

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

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

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	766.428	254.845
45% of Movable Assets Revaluation Fund	-	-
45% of Immovables Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	17.361	17.295
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Marketable Securities Revaluation Fund	125.729	417.874
From Subsidiaries and Associates	36.763	36.763
From Financial Assets Available for Sale	88.966	381.111
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	909.518	690.014
TIER-III CAPITAL		-
CAPITAL	13.312.743	13.368.126
DEDUCTIONS FROM CAPITAL	20.356	17.889
Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or More of whose Capital is Owned by the Bank and which are Excluded from the Consolidation	-	-
Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose Capital is Owned by the Bank and that Exceeds 10% of the Total Core Capital and Supplementary Capital	-	-
Loans to banks, Financial Institutions (Domestic/Foreign), Holders of Qualified Shares in the form of Secondary Subordinated Loan and Loan Instruments Purchased from those Parties Qualified as Primary or Secondary Subordinated Loan	18.630	17.699
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	241	190
Other	1.485	-
TOTAL SHAREHOLDERS’ EQUITY	13.292.387	13.350.237

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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 1 November 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	403.677
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	18.324
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	75.893
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	1.565
(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)	499.459
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	6.243.238

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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, 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 (“USD”) and EUR, 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	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100JPY
23.06.2011	1,6243	2,2939	1,6982	0,30786	0,24910	1,9365	1,6543	0,29280	2,5939	0,41983	2,0120
24.06.2011	1,6263	2,3008	1,7094	0,30871	0,24977	1,9400	1,6505	0,29561	2,5973	0,42059	2,0178
27.06.2011	1,6308	2,3217	1,6991	0,31173	0,25279	1,9573	1,6493	0,29793	2,6055	0,42135	2,0108
28.06.2011	1,6313	2,3411	1,7139	0,31423	0,25352	1,9690	1,6568	0,30056	2,6127	0,42163	2,0154
29.06.2011	1,6214	2,3275	1,7216	0,31238	0,25369	1,9375	1,6688	0,29955	2,5989	0,41906	2,0009
30.06.2011	1,6200	2,3451	1,7280	0,31357	0,25557	1,9174	1,6730	0,30038	2,5906	0,41752	1,9950

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

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100JPY
1,5926	2,2874	1,6869	0,30694	0,25116	1,8955	1,6268	0,29222	2,5807	0,41184	1,9758

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III. EXPLANATIONS ON THE CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

	EUR	USD	JPY	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	2.804.450	86.911	351	38.774	2.930.486
Banks	966.669	1.455.488	39	489.987	2.912.183
Financial Assets at Fair Value Through Profit and Loss	9.273	83.099	-	-	92.372
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	2.664.252	1.469.494	-	-	4.133.746
Loans ⁽²⁾	3.013.424	3.618.425	-	23.048	6.654.897
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	382.227	206.913	-	37.469	626.609
Investments Held-to-Maturity	1.765.037	2.613.839	-	299	4.379.175
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Fixed Assets	3.615	1.862	-	2.240	7.717
Intangible Assets	836	3.491	-	5.038	9.365
Other Assets	10.629	13.854	132	14.844	39.459
Total Assets	11.620.412	9.553.376	522	611.699	21.786.009
Liabilities					
Interbank Deposits	64.528	529.006	-	6.950	600.484
Foreign Currency Deposits	12.254.657	9.091.526	266	518.989	21.865.438
Money Market Borrowings	-	898.067	-	-	898.067
Funds Provided from Other Financial Institutions	6.545	182.640	-	-	189.185
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	156.656	3.841	-	252	160.749
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	132.352	155.189	506	33.621	321.668
Total Liabilities	12.614.738	10.860.269	772	559.812	24.035.591
Net Balance Sheet Position	(994.326)	(1.306.893)	(250)	51.887	(2.249.582)
Net Off-Balance Sheet Position⁽³⁾	969.908	1.342.135	-	48.858	2.360.901
Assets on Derivative Instruments	994.909	1.369.282	-	48.858	2.413.049
Liabilities on Derivative Instruments	25.001	27.147	-	-	52.148
Non-cash Loans	1.791.271	3.936.805	3.149	117.802	5.849.027
Prior Period					
Total Assets	11.322.952	9.289.547	687	551.331	21.164.517
Total Liabilities	11.845.163	10.571.741	318	520.224	22.937.446
Net Balance Sheet Position	(522.211)	(1.282.194)	369	31.107	(1.772.929)
Net Off-Balance Sheet Position⁽³⁾	580.141	1.322.538	-	38.302	1.940.981
Financial Derivative Assets	609.850	1.396.673	-	38.302	2.044.825
Financial Derivative Liabilities	29.709	74.135	-	-	103.844
Non-cash Loans⁽⁴⁾	1.399.582	3.440.443	1.357	79.719	4.921.101

(1) Of the foreign currencies presented in the other FC column of assets 27,28% is CHF, 39,18% is GBP, 10,18% is DKK, and the remaining 23,36% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 32,96% is CHF, 47,35% is GBP, 10,93% is DKK and the remaining 8,76% is other foreign currencies.

(2) TL1.647 equivalent of thousand USD and TL1.278 equivalent of thousand EUR loans are originated as foreign currency indexed loans (31 December 2010: TL2.745 equivalent of thousand USD and TL2.376 equivalent of thousand EUR).

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

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

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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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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):

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	31.865	-	-	-	-	20.503.015	20.534.880
Banks	1.581.438	96.852	314.820	-	-	990.021	2.983.131
Financial Assets at Fair Value Through Profit and Loss	31.261	2.550	16.423	66.123	15.577	79.086	211.020
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	10.551.428	5.990.832	9.012.239	10.478.581	3.644.679	587.400	40.265.159
Loans Given	18.448.693	4.163.800	16.516.973	25.787.767	3.203.440	275.872	68.396.545
Investments Held-to-Maturity	7.723.634	17.213.958	3.956.063	2.891.612	3.009.778	-	34.795.045
Other Assets	-	-	-	-	-	2.907.956	2.907.956
Total Assets	38.368.319	27.467.992	29.816.518	39.224.083	9.873.474	25.343.350	170.093.736
Liabilities							
Interbank Deposits	2.016.184	162.550	-	-	-	63.523	2.242.257
Other Deposits	76.546.000	27.484.514	6.283.427	235.653	-	21.484.514	132.034.108
Money Market Borrowings	13.107.314	1.304.676	898.067	-	-	-	15.310.057
Sundry Creditors	-	-	-	-	-	971.215	971.215
Issued Marketable Securities	-	-	-	-	-	-	-
Funds provided from Other Financial Institutions	2.552	21.896	230.509	9.843	26	-	264.826
Other Liabilities	10.198	850	541	3.371.090	-	15.888.594	19.271.273
Total Liabilities	91.682.248	28.974.486	7.412.544	3.616.586	26	38.407.846	170.093.736
Balance Sheet Long Position	-	-	22.403.974	35.607.497	9.873.448	-	67.884.919
Balance Sheet Short Position	(53.313.929)	(1.506.494)	-	-	-	(13.064.496)	(67.884.919)
Off-Balance Sheet Long Position	15.198	-	-	-	-	-	15.198
Off-Balance Sheet Short Position	-	(1.686)	(418)	-	-	-	(2.104)
Total Position	(53.298.731)	(1.508.180)	22.403.556	35.607.497	9.873.448	(13.064.496)	13.094

- (1) Balances without fixed maturity are shown in the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL3.371.089 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1 - 5 Years” column. TL190.821 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:

	EUR	USD	JPY	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	5,00
Banks	1,90	1,22	-	-
Financial Assets at Fair Value Through Profit and Loss	3,26	5,57	-	7,94
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,65	6,16	-	7,94
Loans Given ⁽²⁾	4,45	3,71	-	14,31
Investments Held-to-Maturity	6,24	7,00	-	8,92
Liabilities				
Interbank Deposits ⁽³⁾	0,70	0,51	-	7,66
Other Deposits	1,81	2,82	-	7,17
Money Market Borrowings	-	1,02	-	6,93
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3,56	0,88	-	7,05

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

⁽²⁾ Does not include credit card loans.

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

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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	24.690	-	-	-	-	10.240.374	10.265.064
Banks	3.533.936	33.971	180.042	-	-	894.161	4.642.110
Financial Assets at Fair Value Through Profit and Loss	181.302	2.897	20.710	23.735	10.945	-	239.589
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	10.841.104	6.016.715	9.710.485	10.074.915	2.715.629	365.657	39.724.505
Loans Given	17.434.103	3.636.438	13.552.569	20.019.291	2.518.949	282.103	57.443.453
Investments Held-to-Maturity	12.572.545	16.380.174	2.334.664	2.048.890	3.051.778	-	36.388.051
Other assets	-	-	-	-	-	2.456.936	2.456.936
Total Assets	44.587.680	26.070.195	25.798.470	32.166.831	8.297.301	14.239.231	151.159.708
Liabilities							
Interbank Deposits	2.411.992	3.061	-	-	-	57.463	2.472.516
Other Deposits	82.014.044	16.206.916	6.023.946	147.097	-	18.931.953	123.323.956
Money Market Borrowings	5.003.477	-	-	-	-	-	5.003.477
Sundry Creditors	-	-	-	-	-	713.706	713.706
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2.027	10.268	80.421	5.942	105	-	98.763
Other Liabilities	5.441	140	18	3.180.350	-	16.361.341	19.547.290
Total Liabilities	89.436.981	16.220.385	6.104.385	3.333.389	105	36.064.463	151.159.708
Balance Sheet Long Position	-	9.849.810	19.694.085	28.833.442	8.297.196	-	66.674.533
Balance Sheet Short Position	(44.849.301)	-	-	-	-	(21.825.232)	(66.674.533)
Off Balance Sheet Long Position	20.606	227	558	-	-	-	21.391
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(44.828.695)	9.850.037	19.694.643	28.833.442	8.297.196	(21.825.232)	21.391

- (1) Balances without fixed maturity are shown under the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL3.180.350 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1 - 5 Years” column. TL345.108 of fund balance is not granted as loan and is shown 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 rate applied to the monetary financial instruments:

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

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

⁽²⁾ Does not include credit card loans.

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

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.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

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 that may affect the financial structure of the Bank.

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	20.534.880	-	-	-	-	-	-	20.534.880
Banks	990.021	1.581.438	96.852	314.820	-	-	-	2.983.131
Financial Assets at Fair Value Through Profit and Loss	79.086	31.170	1.726	17.022	66.365	15.651	-	211.020
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	571.822	1.392.322	2.207.690	22.099.879	13.805.069	188.377	40.265.159
Loans Given	-	1.976.029	4.538.178	26.515.956	31.789.677	3.300.833	275.872	68.396.545
Investments Held-to-Maturity	-	200.918	3.168.630	1.675.995	22.770.946	6.978.556	-	34.795.045
Other Assets	612.491	-	-	211	4.009	-	2.291.245	2.907.956
Total Assets	22.216.478	4.361.377	9.197.708	30.731.694	76.730.876	24.100.109	2.755.494	170.093.736
Liabilities								
Interbank Deposits	63.521	2.016.186	162.550	-	-	-	-	2.242.257
Other Deposits	21.484.514	76.546.000	27.484.514	6.283.427	235.653	-	-	132.034.108
Funds Provided from Other Financial Instruments	-	2.552	21.434	63.579	10.305	166.956	-	264.826
Money Market Borrowings	-	13.107.314	1.304.676	898.067	-	-	-	15.310.057
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	661.261	309.954	-	-	-	-	-	971.215
Other liabilities ⁽³⁾	1.241.039	357.078	63.678	541	3.371.089	621.645	13.616.203	19.271.273
Total liabilities	23.450.335	92.339.084	29.036.852	7.245.614	3.617.047	788.601	13.616.203	170.093.736
Liquidity Gap	(1.233.857)	(87.977.707)	(19.839.144)	23.486.080	73.113.829	23.311.508	(10.860.709)	-
Prior Period								
Total Assets	11.601.845	12.846.917	5.986.673	30.850.070	68.140.930	19.276.584	2.456.689	151.159.708
Total Liabilities	20.397.863	90.170.278	16.473.522	6.042.640	3.333.895	662.625	14.078.885	151.159.708
Liquidity Gap	(8.796.018)	(77.323.361)	(10.486.849)	24.807.430	64.807.035	18.613.959	(11.622.196)	-

(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) TL3.371.089 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 TL190.821 is not granted as loan and is included under "Up to 1 Month" column.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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 consumer banking, corporate and commercial banking, agricultural banking, investment banking and international banking areas.

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

Investment banking 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 June 2011 explanations on segment reporting as shown below are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

Table for Segment Reporting:

	Consumer Banking	Commercial and SME Banking⁽¹⁾	Specialized Banking⁽²⁾	Investment Banking	International Banking	Total Operations of the Bank
Current Period						
Total Operating Income/Expense ⁽³⁾	853.077	301.291	380.135	1.420.819	17.829	2.973.151
Net Operating Profit	374.000	132.090	166.656	622.905	7.817	1.303.468
Income from Subsidiaries ⁽⁴⁾	-	-	-	-	-	31.143
Income Before Taxes	-	-	-	-	-	1.334.611
Tax Provision	-	-	-	-	-	(315.965)
Net Profit for the Period	-	-	-	-	-	1.018.646
Segment Assets-net ⁽³⁾	30.919.610	16.066.363	20.853.160	96.321.430	3.025.217	167.185.780
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	803.424
Undistributed Assets ⁽⁵⁾	-	-	-	-	-	2.104.532
Total Assets	-	-	-	-	-	170.093.736
Segment Liabilities – net ⁽³⁾	25.050.406	13.016.624	20.456.695	91.627.005	3.009.191	153.159.921
Undistributed Liabilities ⁽⁵⁾	-	-	-	-	-	4.184.823
Shareholders' Equity	-	-	-	-	-	12.748.992
Total Liabilities	-	-	-	-	-	170.093.736
Other Segment Items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	28.184
Restructuring Costs	-	-	-	-	-	-

- (1) Commercial and SME Banking column shows the Bank's commercial and SME loans with interest and commission income related to these loans.
- (2) Specialized Banking column for current period shows agricultural loans with interest and commission income related to these loans.
- (3) For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.
- (4) “Dividend income”, a part of operating income of the 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 assets held for sale is shown in “Undistributed Assets” row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in “Undistributed Liabilities” row.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting: (Continued)

	Consumer Banking	Commercial and SME Banking⁽¹⁾	Specialized Banking⁽²⁾	Investment Banking	International Banking	Total Operations of the Bank
Prior Period⁽⁶⁾						
Total Operating Income/Expense ⁽³⁾	2.312.458	41.636	16.977	1.105.242	20.090	3.496.403
Net Operating Profit	1.154.034	32.718	11.610	1.063.907	6.389	2.268.658
Income from Subsidiaries ⁽⁴⁾	-	-	-	-	-	29.521
Income Before Taxes	-	-	-	-	-	2.298.179
Tax Provision	-	-	-	-	-	(387.459)
Net Profit for the Period	-	-	-	-	-	1.910.720
Segment Assets-net ⁽³⁾	24.929.058	15.306.196	16.685.924	89.147.122	2.634.472	148.702.772
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	731.084
Undistributed Assets ⁽⁵⁾	-	-	-	-	-	1.725.852
Total Assets	-	-	-	-	-	151.159.708
Segment Liabilities - net ⁽³⁾	21.283.066	13.067.593	17.770.987	79.567.149	2.642.211	134.331.006
Undistributed Liabilities ⁽⁵⁾	-	-	-	-	-	3.370.617
Shareholders' Equity	-	-	-	-	-	13.458.085
Total Liabilities	-	-	-	-	-	151.159.708
Other Segment Items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	53.559
Restructuring Costs	-	-	-	-	-	-

⁽¹⁾ Trade and corporate banking column includes results of operations and total assets and liabilities of 4 corporate and 7 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 7 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, 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 shows balances as of 30 June 2010.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1.279.192	274.920	1.078.065	206.992
Central Bank of the Republic of Turkey	16.325.202	2.646.790	6.573.935	2.399.955
Other	-	8.776	-	6.117
Total	17.604.394	2.930.486	7.652.000	2.613.064

1.a.1) Information on Required Reserves:

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

As of balance sheet date, according to CBRT’s “Required Reserves Announcement “ No 2005/1, required reserves ratios for commercial banks operating in Turkey, are as follows; for demand deposits, notice deposits and private current accounts it is 16%, for deposits/participation accounts up to 1-month maturity (including 1-month) 16%, for deposits/participation accounts up to 3-month maturity (including 3-month) 13%, for deposits/participation accounts up to 6-month maturity (including 6-month) 9%, for deposits/participation accounts up to 1-year maturity is 6%, for deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts 5%, and for liabilities other than deposits/participation funds it is 13%. For FX demand deposits, notice deposits and FX private current accounts, deposits/participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities it is 12%, for FX deposits/FX participation accounts with 1-year and longer maturity and cumulative FX deposits/FX participation accounts it is 11%, for other FX liabilities up to 1 year maturity (including 1-year) it is 12%, for other FX liabilities up to 3-year maturity (including 3-year) it is 11,5%, for other FX liabilities longer than 3-year maturity it is 11%.

No interest is charged by CBRT for Turkish Lira and foreign currency denominated reserve requirements.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	16.292.596	-	6.549.245	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves ⁽¹⁾	32.606	2.646.790	24.690	2.399.955
Total	16.325.202	2.646.790	6.573.935	2.399.955

⁽¹⁾ Required reserve of branches abroad amounting to TL40.763 is presented in this line (31 December 2010: TL30.582).

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

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, Treasury Bills and Similar Securities	-	-	1	-
Other	-	-	-	-
Total	-	-	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	80	24	253	21
Swap Transactions	28.528	1.336	27.435	1.762
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	28.608	1.360	27.688	1.783

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	-	199.843	-	1.520.551
Foreign Banks	70.948	2.712.340	44.514	3.077.045
Foreign Head Office and Branches	-	-	-	-
Total	70.948	2.912.183	44.514	4.597.596

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	2.536.265	-
Assets Blocked/Given as Collateral	609.690	280
Total	3.145.955	280

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	40.253.213	39.570.457
Quoted in Stock Exchange	39.845.282	39.569.453
Not Quoted in Stock Exchange	407.931	1.004
Share Certificates	189.091	165.345
Quoted in Stock Exchange	64.443	47.519
Not Quoted	124.648	117.826
Provision for Impairment (-)	177.145	11.297
Total	40.265.159	39.724.505

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans:

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	240.981	-	209.595	-
Total	240.981	-	209.595	-

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 ⁽¹⁾	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-Specialized Loans	44.148.844	173.624	3.118.870	111.051
Discount Notes	1.323	-	-	-
Export Loans	1.516.470	-	3.614	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	807.168	-	23	-
International Loans	744.867	104	29	-
Consumer Loans	25.240.238	1.179	2.521.148	22.433
Credit Cards	1.393.598	709	75.729	-
Precious Metals Loans	-	-	-	-
Other	14.445.180	171.632	518.327	88.618
Specialized Lending	18.407.530	15.416	749.378	92.385
Other Receivables	-	-	-	-
Interest Income Accruals ⁽²⁾	1.303.576	-	-	-
Total	63.859.950	189.040	3.868.248	203.436

⁽¹⁾ Since restructured loans under standard loans and other receivables amounting to TL83.431 cannot be decomposed by types they are shown in other under Restructured or Rescheduled column.

⁽²⁾ 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 RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	438.080	27.087.237	27.525.317
Real Estate Loans	3.620	7.797.089	7.800.709
Vehicle Loans	3.300	324.441	327.741
Consumer Loans	428.439	18.798.004	19.226.443
Abroad ⁽²⁾	2.721	167.703	170.424
Other	-	-	-
Consumer Loans- Indexed to FC	-	21	21
Real Estate Loans	-	21	21
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- FC	13	370	383
Real Estate Loans	-	55	55
Vehicle Loans	-	-	-
Consumer Loans	13	315	328
Other	-	-	-
Individual Credit Cards-TL	1.351.221	685	1.351.906
With Installment	375.914	678	376.592
Without Installment	975.307	7	975.314
Individual Credit Cards-FC	2.319	-	2.319
With Installment	-	-	-
Without Installment	2.319	-	2.319
Personnel Loans-TL	15.331	162.401	177.732
Real Estate Loans	-	1.081	1.081
Vehicle Loans	-	-	-
Consumer Loans	5.367	160.469	165.836
Abroad ⁽²⁾	33	851	884
Other	9.931	-	9.931
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	60.649	28	60.677
With Installment	21.803	28	21.831
Without Installment	38.846	-	38.846
Personnel Credit Cards-FC	154	-	154
With Installment	-	-	-
Without Installment	154	-	154
Overdraft Accounts-TL (Real Person)	252.853	-	252.853
Overdraft Accounts-FC (Real Person)	-	-	-
Total	2.120.620	27.250.742	29.371.362

⁽¹⁾ As TL213.292 of interest income accrual could not be decomposed by type and are not included in the table above.

⁽²⁾ TL884 Thousand of consumer loans used by the personnel abroad and TL170.424 Thousand of consumer loans have been shown under “International Loans” of 5-b Table.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	292.585	4.459.223	4.751.808
Business Loans	246	144.947	145.193
Vehicle Loans	4.181	366.694	370.875
Consumer Loans	270.788	3.562.488	3.833.276
Other	17.370	385.094	402.464
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	-	1.626	1.626
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	1.626	1.626
Other	-	-	-
Corporate Credit Cards-TL	54.817	-	54.817
With Installment	279	-	279
Without Installment	54.538	-	54.538
Corporate Credit Cards-FC	163	-	163
With Installment	-	-	-
Without Installment	163	-	163
Overdraft Account-TL (Legal Entity)	10.098	-	10.098
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	357.663	4.460.849	4.818.512

⁽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	66.072.098	55.656.522
Foreign Loans	745.000	581.262
Interest Income Accruals of Loans	1.303.576	923.566
Total	68.120.674	57.161.350

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

f) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	280.782	206.449
Indirect loans granted to subsidiaries and investments	-	-
Total ⁽¹⁾	280.782	206.449

⁽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	12.888	14.730
Loans and other receivables with doubtful collectability	103.993	101.888
Uncollectible loans and other receivables	474.745	456.349
Total	591.626	572.967

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

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

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current period	3.415	20.224	32.326
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	3.415	20.224	32.326
Rescheduled loans and other receivables	-	-	-
Prior period	1.581	10.616	36.394
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	1.581	10.616	36.394
Rescheduled loans and other receivables	-	-	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

h) 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	76.792	166.397	611.881
Additions (+)	262.886	46.614	77.470
Transfers from other Categories of Loans under Follow-Up (+)	-	193.680	180.491
Transfers to other categories of Loans under Follow-Up (-)	193.680	180.491	-
Collections (-) ⁽¹⁾	84.638	56.242	233.663
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	61.360	169.958	636.179
Specific Provision (-)	12.888	103.993	474.745
Net Balance on Balance Sheet ⁽²⁾	48.472	65.965	161.434

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

(2) Includes the loans originated from funds amounting to TL174.075 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	-	5.335	5.708
Specific Provision (-)	-	5.287	5.708
Net Balance on Balance Sheet	-	48	-
Prior Period:			
Period Ending Balance	-	4.838	5.486
Specific Provision (-)	-	4.838	5.486
Net Balance on Balance Sheet	-	-	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

h) 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)	48.472	65.965	161.434
Loans to Real Persons and Legal Entities (Gross)	61.360	121.378	636.179
Specific Provisions (-)	12.888	55.413	474.745
Loans to Real Persons and Legal Entities (Net)	48.472	65.965	161.434
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	48.580	-
Specific Provisions (-)	-	48.580	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	62.062	64.509	155.532
Loans to Real Persons and Legal Entities (Gross)	76.792	118.843	611.881
Specific Provisions (-)	14.730	54.334	456.349
Loans to Real Persons and Legal Entities (Net)	62.062	64.509	155.532
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	47.554	-
Specific Provisions (-)	-	47.554	-
Other Loans and Receivables (Net)	-	-	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information on held-to-maturity investments:

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	12.223.751	853.147	4.960.309	-
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	12.223.751	853.147	4.960.309	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	6.704.290	-	5.301.398	-
Other	-	-	-	-
Total	6.704.290	-	5.301.398	-

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

	Current Period	Prior Period
Government Bonds	34.786.213	36.381.678
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	34.786.213	36.381.678

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	34.795.045	36.388.051
Quoted in a Stock Exchange	32.468.236	34.064.577
Not Quoted in a Stock Exchange	2.326.809	2.323.474
Provision for Impairment (-)	-	-
Total	34.795.045	36.388.051

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	36.388.051	44.843.796
Foreign Currency Differences on Monetary Assets	335.201	(17.236)
Purchases During the Year	4.113.268	1.447.839
Disposals through Sales and Redemptions	(6.041.475)	(9.886.348)
Provision for Impairment (-)	-	-
Period End Balance	34.795.045	36.388.051

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, EUR(23.067) thousand and USD(15.207) thousand respectively and are recorded under shareholders’ equity. These balances will be amortized until the redemption date of related securities using straight-line method and recorded as interest income or expense. As of balance sheet date, positive revaluation difference, which is accounted under shareholders’ equity, is TL(4.753), negative revaluation differences which are accounted under shareholders’ equity are USD(14.199) thousand and EUR(13.276) thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR39.651 thousand and USD72.162 thousand respectively.

If reclassified held for trading securities had not been reclassified, income accrual equal to TL24.991 would have been recorded. As of 30 June 2011, the reclassification from held for trading securities to held-to-maturity investments has an income impact equal to TL(20.164).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information about associates (net):

a) Information about unconsolidated associates:

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

	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	20.567	17.454	6.312	185	-	1.589	1.905	-
2	28.935	24.419	2.824	1.301	-	8.719	5.914	-

- (1) Since shares of associates are not traded in the stock market, fair values cannot be identified.
(2) Current period financial statement information of Kredi Kayıt Bürosu A.Ş. has been provided from reviewed financial statements as of 30 June 2011 and prior period profit/loss balances of it has been provided from reviewed financial statements as of 30 June 2010.
(3) Total non-current assets include long term loans other than fixed assets.

b) Information about consolidated associates:

	Description	Address (City/Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%) ⁽³⁾	The Bank’s Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul/Turkey	20,00	15,43

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	2.256.476	322.171	23.660	15.217	11.032	16.289	10.954	-

- (1) Since shares of ArapTürk Bankası A.Ş. are not traded in the stock market, fair values cannot be identified.
(2) Current period information of ArapTürk Bankası A.Ş. have been provided from unaudited financial statements as of 31 May 2011 and prior period profit/loss balances of ArapTürk Bankası A.Ş. has been provided from unaudited financial statements as of 31 May 2010.
(3) The shareholding right of the Arap Türkiye Bankası A.Ş. which is 62.37%, excluding dividend rights, was transferred to the Savings Deposit Insurance Fund with Council of Ministers Decree No. 2011/2001 and was promulgated in Official Gazette dated 2 July 2011 No. 27982. Hikmet Aydın Simit and Oğuz Kayhan, who were members of the Executive Board of the Bank, have been appointed as the executive board members of Arap Türk Bankası A.Ş. by the Saving Deposit Insurance Fund.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

2) Explanation regarding consolidated associates:

	Current Period	Prior Period
Beginning Balance	47.123	74.147
Movement During the Period	2.588	(27.024)
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Transfer to Available for Sale Fin. Assets	-	47.123
Sales	-	(74.147)
Revaluation	2.588	-
Impairment Provision	-	-
Ending Balance	49.711	47.123
Capital Commitments	-	-
Period Ending Share of Capital Participation	15,43	15,43

⁽¹⁾ Axa Sigorta A.Ş. is classified under “Associates” account in prior period while it is classified under “Available for Sale Securities” in current period. In addition, Arap Türk Bankası A.Ş. is added to the consolidation scope.

3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	49.711	47.123
Insurance Companies	-	-
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 2010: None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Information on subsidiaries (net):

a) 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	Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	Istanbul/Turkey	62,50	52,50
2	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/Turkey	62,50	64,60

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/ Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	21.715	12.237	2.732	413	-	2.052	944	-
2	12.030	4.443	86	76	33	217	162	-

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

⁽²⁾ Current period information of subsidiaries has been provided from unaudited financial statements as of 30 June 2011 and prior period profit/loss balances has been provided from audited financial statements as of 30 June 2010.

b) 1) Explanation regarding consolidated subsidiaries:

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

	Description	Address (City/Country)	The Bank’s Share Percentage-if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	Istanbul/Turkey	100,00	99,98
2	Ziraat Sigorta A.Ş.	Istanbul/Turkey	100,00	99,98
3	Ziraat Finansal Kiralama A.Ş.	Istanbul/Turkey	100,00	50,01
4	Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100,00	62,00
5	Ziraat Portföy Yönetimi A.Ş.	Istanbul/Turkey	60,00	65,44
6	Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
7	Turkish Ziraat Bank Bosnia dd	Sarajevo/Bosnia Herzegovina	100,00	100,00
8	Ziraat Bank (Moscow) CJSC	Moscow/Russia	100,00	99,91
9	Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	100,00	98,81
10	Ziraat Banka Ad Skopje	Skopje/Macedonia	100,00	100,00

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

	Total Assets ⁽³⁾	Shareholders' Equity ⁽³⁾	Total Non-Current Assets ⁽³⁾	Interest Income ⁽³⁾	Income from Marketable Securities Portfolio ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽³⁾	Fair Value ⁽¹⁾
1	808.074	92.628	801	-	27.028	24.201	16.577	-
2	187.107	48.610	712	-	4.654	15.576	3.552	-
3	527.704	118.909	754	186	-	9.211	5.057	-
4	566.952	69.947	732	14.509	889.639	9.462	7.090	-
5	9.408	8.986	5	391	1.717	870	880	-
6	1.768.815	362.114	2.301	18.861	2.642	3.578	1.694	323.328
7	200.478	82.457	8.902	4.499	231	716	499	48.632
8	86.827	50.803	4.038	2.645	55	1.069	685	43.477
9	163.661	121.481	7.903	2.436	220	298	(1.488)	123.344
10	118.355	42.884	3.356	1.542	934	310	872	37.469

- (1) Except the subsidiaries presented in fair value, since they are not traded in stock exchange, fair value cannot be determined and they are carried at cost less impairment if any. For the subsidiaries which has fair value, fair value shows the portion belonging to the Ziraat Bank.
- (2) The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. represents net sales.
- (3) Information on subsidiaries shown in the above table has been provided from the unaudited financial statements as of 30 June 2011, the prior period profit/loss balances has been provided from unaudited financial statements as of 30 June 2010.

b) 2) Information about consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	629.955	-
Movements During the Period	62.516	629.955
Additions to Scope of Consolidation ⁽¹⁾	-	629.955
Purchases	55.274	-
Bonus Shares Obtained	7.343	-
Dividends from current year income	-	-
Transfers to available for sale assets	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	(101)	-
Balance at the End of the Period	692.471	629.955
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

- (1) According to Communiqué related to making amendments to communiqué about Publicly Announced Financial Statements of Banks and Related Disclosures was issued in Official Gazette no: 27824 dated 23 January 2011 the Bank consolidates all of its financial subsidiaries as of 31 December 2010.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

	Current Period	Prior Period
Banks	576.251	520.975
Insurance Companies	39.984	39.984
Factoring Companies	-	-
Leasing Companies	57.100	49.860
Financing Companies	-	-
Other Financial Subsidiaries	19.136	19.136

c) Subsidiaries which are quoted on a stock exchange:

None.

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

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share ⁽²⁾	Group's Share	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	5.167	5.167	77.776	9.523	40.065	3.575	2.244
Uzbekistan- Turkish Bank	18.234	18.242	159.766	3.342	1.916	3.371	2.106
Azer Türk Bank ASC	11.366	12.354	57.483	60.435	935	12.739	11.968
Total	34.767	35.763	295.025	73.300	42.916	19.685	16.318

⁽¹⁾ Information on entities under common control is provided from the unaudited financial statements as of 30 June 2011.

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

Entities under common control domiciled and operating abroad 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 2010: 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 that are acquired, amount to TL52.334 consisting of TL51.168 from its commercial loans and TL1.166 from its agricultural loans. Total depreciation expense is TL209 for these held for sale assets.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

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

1) For deposit banks:

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	6.457.517	-	4.955.013	43.486.421	6.164.414	671.652	811.497	-	62.546.514
Foreign Currency Deposits	3.374.207	-	4.385.221	6.891.837	2.146.900	574.611	4.492.662	-	21.865.438
Residents in Turkey	3.109.981	-	4.221.990	6.336.405	1.812.769	427.406	4.119.693	-	20.028.244
Residents Abroad	264.226	-	163.231	555.432	334.131	147.205	372.969	-	1.837.194
Public Sector Deposits	8.594.281	-	1.945.879	4.825.026	576.123	26.409	14.249	-	15.981.967
Commercial Inst. Deposits	2.005.059	-	3.355.538	9.992.704	2.964.065	829.183	50.826	-	19.197.375
Other Inst. Deposits	1.053.450	-	583.155	5.821.918	4.830.412	134.941	18.938	-	12.442.814
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	63.523	-	2.016.185	162.549	-	-	-	-	2.242.257
CBRT	1.850	-	324	-	-	-	-	-	2.174
Domestic Banks	19.531	-	1.927.264	-	-	-	-	-	1.946.795
Foreign Banks	36.469	-	88.597	162.549	-	-	-	-	287.615
Participation Banks	5.673	-	-	-	-	-	-	-	5.673
Other	-	-	-	-	-	-	-	-	-
Total	21.548.037	-	17.240.991	71.180.455	16.681.914	2.236.796	5.388.171	-	134.276.365

Prior Period	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	6.140.203	-	10.634.241	38.091.351	2.802.331	396.027	550.097	-	58.614.250
Foreign Currency Deposits	3.333.545	-	5.090.126	7.183.678	1.970.116	524.026	3.971.421	-	22.072.912
Residents in Turkey	3.211.711	-	4.921.626	6.709.267	1.663.946	463.559	3.647.069	-	20.617.178
Residents Abroad	121.834	-	168.500	474.411	306.170	60.467	324.352	-	1.455.734
Public Sector Deposits	5.873.459	-	1.631.287	4.803.742	678.124	2.410	13.871	-	13.002.893
Commercial Inst. Deposits	2.506.389	-	4.418.724	11.000.102	882.668	241.408	37.748	-	19.087.039
Other Inst. Deposits	1.078.357	-	1.178.823	7.111.987	1.119.916	50.230	6.201	-	10.545.514
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	57.463	-	2.388.340	26.000	2.061	-	-	-	2.473.864
CBRT	1.496	-	1.539	-	-	-	-	-	3.035
Domestic Banks	13.515	-	2.293.971	26.000	-	-	-	-	2.333.486
Foreign Banks	33.020	-	92.830	-	2.061	-	-	-	127.911
Participation Banks	9.432	-	-	-	-	-	-	-	9.432
Other	-	-	-	-	-	-	-	-	-
Total	18.989.416	-	25.341.541	68.216.860	7.455.216	1.214.101	4.579.338	-	125.796.472

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

b) Information on saving deposits:

1) Amounts exceeding the deposit insurance limit:

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

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	31.205.547	30.298.251	31.091.120	28.090.165
Foreign Currency Saving Deposits	7.024.423	6.883.869	8.128.179	7.051.300
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	398.028	287.445	34.437	22.157
Deposits at Off-Shore Banking Regions’ and under Foreign Authorities’ Insurance	-	-	-	-

⁽¹⁾ In Bulgaria and Greece, since both real person and legal entity’s saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, TL14.058 and TL11.787 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2010: Bulgaria and Greece, respectively TL6.730, TL4.802).

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL3.406 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, TL418.445 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 7 November 2006 and numbered 26339

1) Information on saving deposits/real persons’ private current and accession accounts not related to commercial transactions in a Turkish branch of the 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 RELATED TO LIABILITIES (Continued)

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

b) Information on saving deposits: (Continued)

3) Amounts which are not covered by deposit insurance:

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

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	3.383	33.935
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors and Their Close Families	2.667	2.038
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Information on derivative financial liabilities held for trading:

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

Financial Liabilities Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	76	19	241	-
Swap Transactions	6.152	5.342	5.273	85
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	6.228	5.361	5.514	85

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	75.641	21.793	28.679	8.073
Foreign Banks, Institutions and Funds	-	167.392	-	62.011
Total	75.641	189.185	28.679	70.084

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	73.969	20.447	27.090	7.397
Medium and Long-Term	1.672	168.738	1.589	62.687
Total	75.641	189.185	28.679	70.084

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

78,94% of the Bank’s liabilities consist of deposits. Deposits are having a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk.

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

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

5. Information on finance lease payables (net):

In financial leases, rental installments are determined by the cost of the leasehold good, interest rate for commercial loans and maturity of the agreement. Installment amounts stated in agreements are equally distributed. The 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	1
Between 1-4 Years	-	-	-	-
More than 4 Years	-	-	-	-
Total	-	-	1	1

6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes.

7. Explanations on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions	766.428	254.845
Allocated for Group-I Loans and Receivables	612.712	114.210
Allocated for Group-II Loans and Receivables	81.738	74.552
Allocated for Non-cash Loans	31.840	24.858
Other	40.138	41.225

Information required regarding the number of changes and extended terms in the original payment schedule of loans in accordance with the amendment made in “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Provided” on 28 May 2011:

i) Rescheduled Standard Loans and Other Receivables:

30 June 2011	Up-to-1-month	1-3 months	3-12 months	1-5 years	5 years and above	Total
Number of rescheduled loan agreement	60	50	768	3	-	881
Risk amount	3.738	5.837	40.635	193	-	50.403

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

a) Information on general provisions: (Continued)

ii) Rescheduled Loans and Other Receivables Under Close Monitoring:

30 June 2011	Up-to-1- month	1-3 months	3-12 months	1-5 years	5 years and above	Total
Number of rescheduled loan agreements	68	9	110	7	-	194
Risk amount	3.726	337	3.147	180	-	7.390

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 TL3.698.

d) Information on other provisions:

1) Information on general provisions for possible risks:

In accordance with the provision of the legislation, the Bank provides general loan loss provision for loans and other receivables in addition to specific provisions. As of 1 January 2011, the Bank terminated the practice of considering the provision rate as 0% for cash loans, except credit card receivables, granted before 6 March 2010 and started to make 1% provision for standard cash loans after this date parallel to the Note (a) of first paragraph of 7th article of Communiqué related to Provisions. Besides, based on the decision taken on Asset-Liability Committee (“ALCO”) Meeting dated 21 December 2010, the practice of making 3% general and free provision for total loans, except interest loans, is terminated as of 1 January 2011 and free provision amounting to TL266.330 held for this purpose has been transferred to general provision accounts.

	Current Period	Prior Period
General provisions for possible risks	8.662	275.125

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 TL62.806. 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, general provision amounting to TL62.932 has been provided.

TL107.226 of other provision amount consists of TL3.699 for unindemnified non-cash loans, TL8.500 for cash transfers made by clerks, TL15.231 for previously unconfirmed current account recordings and TL7.805 for other provisions.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

e) 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	489.700	429.000
Payments in the period	(23.056)	(18.328)
Charge for the period ⁽²⁾	35.571	43.528
Total	502.215	454.200

⁽¹⁾ Represents the movement for the period ended on 30 June 2010.

⁽²⁾ Charge for the prior period shows net balance of employment termination benefits provision expense equal to TL46.271 (30 June 2010: TL46.028) and reversals equal to TL10.700 (30 June 2010: TL2.500).

As of 30 June 2011 unpaid vacation liability amounted to TL119.430 (31 December 2010: TL111.130) 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 June 2011, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL61.878 (31 December 2010: TL252.667).

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	61.878	252.667
Taxation on Income From Securities	98.641	90.373
Property Tax	893	747
Banking Insurance Transactions Tax (BITT)	28.617	30.390
Foreign Exchange Transactions Tax	9	4
Value Added Tax Payable	700	1.141
Other	27.149	29.582
Total	217.887	404.904

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on tax liability: (Continued)

a) Information on current tax liability: (Continued)

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	17	17
Social Security Premiums - Employer	26	26
Bank Social Aid Pension Fund Premium - Employee	116	110
Bank Social Aid Pension Fund Premium - Employer	202	192
Pension Fund Membership Fees and Provisions - Employee	7	6
Pension Fund Membership Fees and Provisions - Employer	16	16
Unemployment Insurance - Employee	201	164
Unemployment Insurance - Employer	403	357
Other	12	12
Total	1.000	900

b) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TL10.182 (31 December 2010: TL14.919). However, this amount is netted off against the deferred tax asset and subsequently TL310.410 (31 December 2010: TL314.836) 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 RELATED TO LIABILITIES (Continued)

9. Information on shareholders’ equity: (Continued)

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

There is no increase from capital reserves.

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

The Bank has no capital commitments.

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

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

g) Information on preferred shares:

The Bank has no preferred shares.

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under common control	-	81.694	-	81.694
Revaluation Difference	-	81.694	-	81.694
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	145.826	51.878	741.963	104.951
Revaluation Difference	177.199	51.878	938.119	104.951
Deferred Tax Effect	(31.373)	-	(196.156)	-
Foreign Exchange Difference	-	-	-	-
Total	145.826	133.572	741.963	186.645

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	2.491.527	2.303.845
Asset Purchase Commitments	713.505	261.277
Commitments for Credit Card Expenditure Limits	3.575.361	2.673.734
Loan Granting Commitments	19	-
Other Irrevocable Commitments	1.338.799	924.060
Subsidiaries and Associates Capital Contribution Commitments	2.000	2.000
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	7.140	10.958
Total	8.128.351	6.175.874

b) 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	7.968.181	6.497.611
Bank Acceptances	95.417	39.164
Letter of Credits	1.222.356	985.179
Total	9.285.954	7.521.954

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

	Current Period	Prior Period
Letter of Temporary Guarantees	242.281	199.701
Letter of Certain Guarantees	4.359.978	3.384.045
Letters of Advance Guarantees	2.363.240	2.180.191
Letters of Guarantees given to Customs Offices	144.224	113.707
Other Letters of Guarantees	858.458	619.967
Total	7.968.181	6.497.611

c) 1) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	837.061	593.228
With Original Maturity of One Year or Less	51.614	38.589
With Original Maturity of More than One Year	785.447	554.639
Other Non-Cash Loans	8.448.893	6.928.726
Total	9.285.954	7.521.954

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IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	3.260.158	116.255	2.633.836	51.231
Short Term Loans	864.829	26.337	820.452	17.863
Medium and Long Term Loans	2.343.595	89.916	1.755.411	33.368
Interest on Non-Performing Loans	51.734	2	57.973	-
Premiums from Resource Utilization Support Fund	-	-	-	-

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

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	8.604	-	100.843	-
Domestic Banks	36	603	28	281
Foreign Banks	960	10.400	314	6.873
Head Office and Branches	-	-	-	-
Total	9.600	11.003	101.185	7.154

c) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	4.097	992

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	1.807	381	710	82
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	1.795	187	708	79
Foreign Banks	12	194	2	3
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	1.807	381	710	82

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

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IV. EXPLANATIONS AND NOTES RELATED 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	47.568	3.266

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

	Current Period	Prior Period
Profit	1.490.814	730.962
Profit from the Capital Market Transactions	24.626	12.493
Profit on Derivative Financial Instruments	674.411	210.228
Foreign Exchange Gains	791.777	508.241
Loss (-)	1.562.377	707.641
Loss from the Capital Market Transactions	1.380	73
Loss on Derivative Financial Instruments	531.458	238.188
Foreign Exchange Loss	1.029.539	469.380

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

	Current Period	Prior Period ⁽¹⁾
Effect of the change in exchange rates on profit/loss	108.088	(27.960)
Effect of the change in interest rates on profit/loss	34.865	-
Total	142.953	(27.960)

⁽¹⁾ The Bank values its derivative financial transactions according to discounted values as of 30 June 2010. Therefore, as of 30 June 2010 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(140.320).

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

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	113.790	134.218
Group III Loans and Receivables	12.957	46.790
Group IV Loans and Receivables	47.034	77.060
Group V Loans and Receivables	53.799	10.368
General Provision Expenses ⁽²⁾	253.463	426
Provision Expenses for the Possible Losses ⁽²⁾	35	-
Marketable Securities Impairment Expense	1.160	208
Financial Assets at Fair Value through Profit and Loss	-	1
Financial Assets Available for Sale	1.160	207
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	1.006	478
Associates	904	-
Subsidiaries	102	478
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	-
Other	132	335
Total	369.586	135.665

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL95.131 are presented in other operating income (30 June 2010: TL166.109).

⁽²⁾ The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL8.210 are presented in other operating income (30 June 2010: TL212.062).

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses ⁽¹⁾	673.457	576.077
Reserve for Employee Termination Benefits ⁽¹⁾	46.271	46.032
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	23.376	23.085
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	4.806	1.230
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	2	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	281.877	198.323
Operational Leasing Expenses	34.521	21.977
Maintenance Expenses	16.247	28.178
Advertisement Expenses	14.828	6.930
Other Expenses	216.281	141.238
Loss on Sales of Assets	97	118
Other ⁽²⁾	239.068	217.694
Total	1.268.954	1.062.559

⁽¹⁾ TL23.056 of retirement and termination benefit payments which have been recorded under the personnel expenses by the Bank in the prior period is presented under the reserve for employee termination benefits row (30 June 2010: TL18.328).

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- ⁽²⁾ TL86.163 of the relevant balance is Savings Deposit Insurance Fund expense accrual (30 June 2010: TL62.804), TL96.633 is taxes, fees and tolls expenses (30 June 2010: TL79.834).

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

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

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

	Current Period	Prior Period
Net Interest Income	2.464.691	2.735.845
Net Fees and Commissions Income	339.842	246.893
Dividend Income	31.143	29.521
Trading Income/Expense (Net)	(71.563)	23.321
Other Operating Income	209.038	460.823
Provision for Loan or Other Receivables Losses (-)	369.586	135.665
Other Operating Expenses (-)	1.268.954	1.062.559
Income(Loss) From Continuing Operations	1.334.611	2.298.179

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

As of 30 June 2011, the Bank’s income tax provision amounting to TL(315.965) (30 June 2010: TL(387.459)) consists of TL(146.386) (30 June 2010: TL(318.203)) of current tax charge and TL(169.579) (30 June 2010: TL69.256) of deferred tax income.

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

The Bank’s net operating income after tax amounts to TL1.018.646 (2010: TL1.910.720).

11. Information on net profit/loss:

a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the 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 June 2010: None).

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

As of 30 June 2011, the Bank’s other fee and commission income amounting to TL387.945 (30 June 2010: TL278.550) consists of TL85.485 (30 June 2010: TL67.812) of credit card fees and commission income, TL107.093 (30 June 2010: TL52.957) of insurance commission and the remaining TL195.367 (30 June 2010: TL157.781) of money order, account management fee and other commission income.

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V. EXPLANATIONS AND NOTES RELATED 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	1.239.818	351.271	-	-	-	-
Closing Balance	1.583.660	464.121	-	-	-	-
Interest and Commissions Income	4.097	-	-	-	-	-

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

(2) Placements to foreign banks in the risk group amounting to TL499.454 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	811.676	305.249	-	-	-	-
Closing Balance	1.239.818	351.271	-	-	-	-
Interest and Commissions Income	992	-	-	-	-	-

(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 TL302.285 are included in the cash loans.

(4) Interest and commissions income balance is the balance as of 30 June 2010.

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	1.527.048	100.952	-	-	-	-
Closing Balance	1.694.505	1.527.048	-	-	-	-
Interest expense on deposits	47.568	3.266	-	-	-	-

(1) The prior period balance of the accrued interest expense of the deposit is the balance as of 30 June 2010.

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V. EXPLANATIONS AND NOTES RELATED 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	-	-			-	-
Total Profit/Loss	(83)	(57)			-	-
Risk Protection Oriented Processes	-	-			-	-
Opening Balance	-	-			-	-
Closing Balance	-	-			-	-
Total Profit/Loss	-	-			-	-

⁽¹⁾ The prior period loss balance is the balance as of 30 June 2010.

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

Fees paid to the Bank’s key management amount to TL6.098 (30 June 2010: TL4.997).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Changes in the Reserve Requirements Ratios

1. Published in the Official Gazette No. 28006 dated 26 July 2011 and No. 2011/7 on the Amendment of the Communiqué on the Required Provisions Scale obligation dated 22 July 2011, to be effective with the foreign currency liabilities required reserve ratio for deposits/participation were differentiated in terms of the maturity structure of funds. These ratios are presented below:

- a) For Foreign Currency Liabilities;

FC Liabilities	Required Reserve Ratio (%)
FC demand deposit, Notice deposits, FC private current accounts, Deposits/participation accounts up to 1-month, 3-months, 6-months and up to 1-year maturities	12
FC deposits / FC participation accounts with 1-year or longer maturity, Cumulative FC deposits / FC participation accounts	10
Special Fund Pools	10
FC other liabilities up to 1-year maturity (including 1 year)	Ratios correspond to maturities 12
FC other liabilities up to 3-years maturity (including 3 years)	10
FC other liabilities with maturity longer than 3 years	9

**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 JUNE 2011**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDITORS’ LIMITED REVIEW REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS’ LIMITED REVIEW REPORT

As of 30 June 2011 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 5 August 2011 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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