

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

**PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT  
AT 30 JUNE 2012**

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



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

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

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") at 30 June 2012 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.

As mentioned in Section II. Note 7.d1 of Explanations and Notes to the Unconsolidated Financial Statements; as of the balance sheet date, the accompanying financial statements include a general reserve amounting to TL540.000 thousand (TL410.000 thousand of this reserve amount was charged to the income statement as an expense in the current period), provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions.

Based on our review except for the effect of the matter on the financial statements described in the paragraph above, nothing has come to our attention that causes us to believe that the accompanying 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 2012 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

Haluk Yalçın, SMMM  
Partner

Istanbul, 1 August 2012

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S 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 2012**

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

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

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

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

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Muharrem KARSLI  
Chairman of the Board of  
Directors

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Hüseyin AYDIN  
Member of the Board of Directors,  
General Manager

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

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Oğuz KAYHAN  
Member of the Board of Directors,  
Member of the Audit Committee

---

Osman ARSLAN  
Assistant General Manager  
Responsible for Financial Reporting

---

Mustafa KÜRTÜL  
General Accounting  
and Reporting Unit Manager

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 43 05

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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 2012**

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

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**SECTION ONE**

**GENERAL INFORMATION ABOUT THE BANK**

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

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

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

The sole shareholder of the Bank is the Treasury.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2012**

(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**

<b>Name</b>	<b>Title</b>
<b>Members of the Board of Directors</b>	
Muharrem KARSLI	Chairman
Hüseyin AYDIN	General Manager and Member
Yusuf DAĞCAN	Vice Chairman and Member
Erdal ERDEM	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mustafa ÇETİN	Member
Oğuz KAYHAN	Member
Salim ALKAN	Member
<b>Members of the Audit Committee</b>	
Feyzi ÇUTUR	Member
Oğuz KAYHAN	Member
<b>Assistant General Managers</b>	
Ali TOKER	Human Resources
Alpaslan ÇAKAR	Operational Transactions
Bilgehan KURU	Treasury Management
Cem İNAL	Consumer Banking
Mehmet Cengiz GÖĞEBAKAN	Credit Policies
Musa ARDA	Credit Allocation and Management
Numan BEK*	International Banking
Osman ARSLAN	Financial Management
Ömer Muzaffer BAKTIR	Marketing
<b>Group Head</b>	
Bülent YALIM	Internal Control and Risk Management
<b>Chairman of the Internal Audit</b>	
Ali ARAS	Chairman of the Internal Audit

(\*) Resigned from job by the date 18 July 2012.

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

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

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

The sole shareholder of the Bank is the Treasury.

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UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2012**

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

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

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

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

As of 30 June 2012, Bank carries its activities with a grand total of 1.506 branches; 1.482 domestic branches including 5 corporate branches, 27 commercial branches, 70 enterprising branches, 1.318 branches, 29 bureaus, 31 private operation centers, 2 mobile branches (31 December 2011: 1.434 domestic branches including 1.373 branches, 27 bureaus, 32 private operation centers, 2 mobile branches) and 24 branches abroad including 16 branches and 8 sub branches (New York branch in United States, London branch in England, Tbilisi branch in Georgia, Baghdad and Arbil branches in Iraq, Athens, Gümülcine, İskeçe and Rhodos branches in Greece, Sofia branch and Filibe/Plovdiv, Kardzhali and Varna sub branches in Bulgaria, Jeddah branch in Saudi Arabia, Lefkoşa, Girne, Güzelyurt, Gazimağusa and Gönyeli branches with Akdoğan, Near East University, Karaoğlanoğlu, Çatalköy and İskele sub branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran.

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

Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Bank, 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 2012 AND 31 DECEMBER 2011  
(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)	ASSETS	Note (Section Five I)	Current Period (30/06/2012)			Prior Period (31/12/2011)		
			TL	FC	Total	TL	FC	Total
			<b>I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY</b>	(1)	4.025.537	8.813.401	12.838.938	6.318.336
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>	(2)	51.860	67.798	119.658	92.992	40.604	133.596	
2.1 Financial Assets Held for Trading		51.860	67.798	119.658	92.992	40.604	133.596	
2.1.1 Public Sector Debt Securities		38.151	13.020	51.171	42.289	14.139	56.428	
2.1.2 Securities Representing a Share in Capital		-	-	-	-	-	-	
2.1.3 Derivative Financial Assets Held for Trading		13.709	54.778	68.487	50.703	26.465	77.168	
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		-	-	-	-	-	-	
<b>III. BANKS</b>	(3)	15.530	1.248.796	1.264.326	61.040	1.259.419	1.320.459	
<b>IV. MONEY MARKET PLACEMENTS</b>		-	-	-	-	-	-	
4.1 Interbank Money Market Placements		-	-	-	-	-	-	
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-	
4.3 Receivables From Reverse Repurchase Agreements		-	-	-	-	-	-	
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	32.472.333	3.976.792	36.449.125	33.842.067	4.285.716	38.127.783	
5.1 Securities Representing a Share in Capital		131.746	103.149	234.895	123.809	93.586	217.395	
5.2 Public Sector Debt Securities		32.340.587	3.719.156	36.059.743	33.718.258	4.020.659	37.738.917	
5.3 Other Marketable Securities		-	154.487	154.487	-	171.471	171.471	
<b>VI. LOANS AND RECEIVABLES</b>	(5)	62.581.690	6.924.281	69.505.971	64.330.044	7.099.931	71.429.975	
6.1 Loans and Receivables		62.337.190	6.923.971	69.261.161	64.073.451	7.099.809	71.173.260	
6.1.1 Loans Granted to Risk Group of The Bank		9.671	189.298	198.969	14.193	264.996	279.189	
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-	
6.1.3 Other		62.327.519	6.734.673	69.062.192	64.059.258	6.834.813	70.894.071	
6.2 Loans under Follow-up		1.004.144	12.835	1.016.979	850.293	12.748	863.041	
6.3 Specific Provisions (-)		759.644	12.525	772.169	593.700	12.626	606.326	
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-	
<b>VIII. INVESTMENTS HELD TO MATURITY (Net)</b>	(6)	26.068.771	4.617.945	30.686.716	27.600.761	4.903.436	32.504.197	
8.1 Public Sector Debt Securities		26.059.695	4.617.443	30.677.138	27.592.135	4.902.915	32.495.050	
8.2 Other Marketable Securities		9.076	502	9.578	8.626	521	9.147	
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	65.452	-	65.452	59.806	-	59.806	
9.1 Accounted with Equity Method		-	-	-	-	-	-	
9.2 Unconsolidated Associates		65.452	-	65.452	59.806	-	59.806	
9.2.1 Financial Associates		59.386	-	59.386	53.781	-	53.781	
9.2.2 Non-financial Associates		6.066	-	6.066	6.025	-	6.025	
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	123.000	539.480	662.480	123.000	576.949	699.949	
10.1 Unconsolidated Financial Subsidiaries		117.279	539.480	656.759	117.279	576.949	694.228	
10.2 Unconsolidated Non-Financial Subsidiaries		5.721	-	5.721	5.721	-	5.721	
<b>XI. ENTITIES UNDER COMMON CONTROL (Net)</b>	(9)	-	50.359	50.359	-	50.359	50.359	
11.1 Accounted with Equity Method		-	-	-	-	-	-	
11.2 Unconsolidated Entities Under Common Control		-	50.359	50.359	-	50.359	50.359	
11.2.1 Financial Entities Under Common Control		-	50.359	50.359	-	50.359	50.359	
11.2.2 Non Financial Entities Under Common Control		-	-	-	-	-	-	
<b>XII. RECEIVABLE FROM LEASING TRANSACTIONS</b>	(10)	-	-	-	-	-	-	
12.1 Finance Lease Receivables		-	-	-	-	-	-	
12.2 Operating Lease Receivables		-	-	-	-	-	-	
12.3 Other		-	-	-	-	-	-	
12.4 Unearned Income (-)		-	-	-	-	-	-	
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(11)	-	-	-	-	-	-	
13.1 Fair Value Hedges		-	-	-	-	-	-	
13.2 Cash Flow Hedges		-	-	-	-	-	-	
13.3 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-	
<b>XIV. TANGIBLE ASSETS (Net)</b>		928.137	8.365	936.502	921.322	9.176	930.498	
<b>XV. INTANGIBLE ASSETS (Net)</b>		54.458	8.335	62.793	52.614	11.363	63.977	
15.1 Goodwill		-	-	-	-	-	-	
15.2 Other		54.458	8.335	62.793	52.614	11.363	63.977	
<b>XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)</b>	(12)	-	-	-	-	-	-	
<b>XVII. TAX ASSET</b>		215.861	-	215.861	281.913	-	281.913	
17.1 Current Tax Asset		229	-	229	211	-	211	
17.2 Deferred Tax Asset		215.632	-	215.632	281.702	-	281.702	
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)</b>	(13)	58.344	37.469	95.813	51.882	-	51.882	
18.1 Held for Sale		58.344	37.469	95.813	51.882	-	51.882	
18.2 Held from Discontinued Operations		-	-	-	-	-	-	
<b>XIX. OTHER ASSETS</b>		729.666	53.901	783.567	703.217	51.157	754.374	
<b>TOTAL ASSETS</b>		127.390.639	26.346.922	153.737.561	134.438.994	26.242.148	160.681.142	

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 2012 AND 31 DECEMBER 2011  
(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 (30/06/2012)			Prior Period (31/12/2011)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES AND EQUITY					
<b>I. DEPOSITS</b>	(1)	<b>83.273.964</b>	<b>23.318.371</b>	<b>106.592.335</b>	<b>89.189.709</b>	<b>23.876.973</b>	<b>113.066.682</b>
1.1 Deposits Held By the Risk Group of the Bank		856.947	58.317	915.264	1.066.830	108.861	1.175.691
1.2 Other		82.417.017	23.260.054	105.677.071	88.122.879	23.768.112	111.890.991
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	<b>44.104</b>	<b>3.241</b>	<b>47.345</b>	<b>29.853</b>	<b>9.968</b>	<b>39.821</b>
<b>III. FUNDS BORROWED</b>	(3)	<b>630.696</b>	<b>1.246.298</b>	<b>1.876.994</b>	<b>65.526</b>	<b>487.956</b>	<b>553.482</b>
<b>IV. MONEY MARKET BALANCES</b>		<b>15.146.929</b>	<b>3.820.207</b>	<b>18.967.136</b>	<b>23.319.266</b>	<b>2.468.904</b>	<b>25.788.170</b>
4.1 Interbank Money Market Borrowings		-	251.692	251.692	-	871.449	871.449
4.2 Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3 Funds Provided under Repurchase Agreements		15.146.929	3.568.515	18.715.444	23.319.266	1.597.455	24.916.721
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		<b>1.949.659</b>	-	<b>1.949.659</b>	-	-	-
5.1 Bills		1.757.002	-	1.757.002	-	-	-
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		192.657	-	192.657	-	-	-
<b>VI. FUNDS</b>		<b>4.065.462</b>	-	<b>4.065.462</b>	<b>3.871.136</b>	-	<b>3.871.136</b>
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		4.065.462	-	4.065.462	3.871.136	-	3.871.136
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>719.599</b>	<b>219.754</b>	<b>939.353</b>	<b>688.700</b>	<b>199.156</b>	<b>887.856</b>
<b>VIII. OTHER LIABILITIES</b>	(4)	<b>1.289.445</b>	<b>305.045</b>	<b>1.594.490</b>	<b>794.385</b>	<b>340.473</b>	<b>1.134.858</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. PAYABLES FROM LEASING TRANSACTIONS (Net)</b>	(5)	-	-	-	-	-	-
10.1 Finance Lease Payables		-	-	-	-	-	-
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING</b>	(6)	-	-	-	-	-	-
11.1 Fair Value Hedges		-	-	-	-	-	-
11.2 Cash Flow Hedges		-	-	-	-	-	-
11.3 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(7)	<b>2.512.289</b>	<b>5.476</b>	<b>2.517.765</b>	<b>1.886.463</b>	<b>5.973</b>	<b>1.892.436</b>
12.1 General Provisions		1.078.326	594	1.078.920	977.551	139	977.690
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Employee Benefits Provisions		690.300	-	690.300	656.600	-	656.600
12.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5 Other Provisions		743.663	4.882	748.545	252.312	5.834	258.146
<b>XIII. TAX LIABILITY</b>	(8)	<b>398.984</b>	<b>263</b>	<b>399.247</b>	<b>269.111</b>	<b>337</b>	<b>269.448</b>
13.1 Current Tax Liability		398.984	263	399.247	269.111	337	269.448
13.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
14.1 Held for Sale		-	-	-	-	-	-
14.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>	(9)	<b>14.486.069</b>	<b>301.706</b>	<b>14.787.775</b>	<b>13.140.811</b>	<b>36.442</b>	<b>13.177.253</b>
16.1 Paid-in Capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2 Capital Reserves		475.401	301.706	777.107	150.032	36.442	186.474
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(85.450)	297.489	212.039	(410.811)	36.442	(374.369)
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		17.369	-	17.369	17.361	-	17.361
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Value Increase on Assets Held for Sale		-	4.217	4.217	-	-	-
16.2.10 Other Capital Reserves		543.482	-	543.482	543.482	-	543.482
16.3 Profit Reserves		10.078.981	-	10.078.981	8.230.307	-	8.230.307
16.3.1 Legal Reserves		2.408.490	-	2.408.490	2.290.756	-	2.290.756
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		7.036.450	-	7.036.450	5.305.510	-	5.305.510
16.3.4 Other Profit Reserves		634.041	-	634.041	634.041	-	634.041
16.4 Profit or Loss		1.431.687	-	1.431.687	2.260.472	-	2.260.472
16.4.1 Prior Years Profit/Loss		159.798	-	159.798	159.798	-	159.798
16.4.2 Net Period Profit/Loss		1.271.889	-	1.271.889	2.100.674	-	2.100.674
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>124.517.200</b>	<b>29.220.361</b>	<b>153.737.561</b>	<b>133.254.960</b>	<b>27.426.182</b>	<b>160.681.142</b>

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 2012 AND 31 DECEMBER 2011  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))**

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (30/06/2012)			Prior Period (31/12/2011)		
		TL	FC	Total	TL	FC	Total
		<b>A</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I-II-III)</b>	<b>37.760.604</b>	<b>28.358.998</b>	<b>66.119.602</b>	<b>36.255.578</b>
<b>I</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>4.418.709</b>	<b>8.483.285</b>	<b>12.901.994</b>	<b>4.046.543</b>	<b>7.932.118</b>	<b>11.978.661</b>
1.1	Letters of Guarantee	4.414.250	6.110.798	10.525.048	4.044.509	5.922.741	9.967.250
1.1.1	Guarantees Subject to State Tender Law	337.664	5.668.001	6.005.665	392.196	5.600.700	5.992.896
1.1.2	Guarantees Given for Foreign Trade Operations	3.220.297	-	3.220.297	2.959.563	-	2.959.563
1.1.3	Other Letters of Guarantee	856.289	442.797	1.299.086	692.750	322.041	1.014.791
1.2	Bank Acceptances	4.395	686.169	686.564	2.000	371.588	373.588
1.2.1	Import Letter of Acceptance	4.395	589.267	593.662	-	6.354	6.354
1.2.2	Other Bank Acceptances	-	92.902	92.902	2.000	365.234	367.234
1.3	Letters of Credit	64	1.690.318	1.690.382	34	1.637.789	1.637.823
1.3.1	Documentary Letters of Credit	64	1.672.340	1.672.404	34	1.637.789	1.637.823
1.3.2	Other Letters of Credit	-	17.978	17.978	-	-	-
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	-	-	-	-	-	-
<b>II</b>	<b>COMMITMENTS</b>	<b>29.889.584</b>	<b>12.168.413</b>	<b>42.057.997</b>	<b>30.945.781</b>	<b>8.304.720</b>	<b>39.250.501</b>
2.1	Irrevocable Commitments	8.876.071	1.308.086	10.184.157	7.755.616	974.747	8.730.363
2.1.1	Asset Purchase and Sale Commitments	837.074	926.770	1.763.844	268.644	367.070	635.714
2.1.2	Deposit Purchase and Sales Commitments	-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries	1.000	-	1.000	1.000	-	1.000
2.1.4	Loan Granting Commitments	26	-	26	143	-	143
2.1.5	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
2.1.7	Commitments for Cheques	2.581.994	-	2.581.994	2.461.000	-	2.461.000
2.1.8	Tax and Fund Liabilities from Export Commitments	-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits	3.903.183	-	3.903.183	3.822.106	-	3.822.106
2.1.10	Commitments for credit cards and banking services promotions	9.580	-	9.580	8.131	-	8.131
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	1.543.214	381.316	1.924.530	1.194.592	607.677	1.802.269
2.2	Revocable Commitments	21.013.513	10.860.327	31.873.840	23.190.165	7.329.973	30.520.138
2.2.1	Revocable Loan Granting Commitments	21.013.211	10.860.327	31.873.538	23.189.863	7.329.973	30.519.836
2.2.2	Other Revocable Commitments	302	-	302	302	-	302
<b>III</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>3.452.311</b>	<b>7.707.300</b>	<b>11.159.611</b>	<b>1.263.254</b>	<b>4.947.002</b>	<b>6.210.256</b>
3.1	Hedging Derivative Financial Instruments	-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge	-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge	-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge	-	-	-	-	-	-
3.2	Trading Transactions	3.452.311	7.707.300	11.159.611	1.263.254	4.947.002	6.210.256
3.2.1	Forward Foreign Currency Buy/Sell Transactions	25.085	56.252	81.337	133.195	134.512	267.707
3.2.1.1	Forward Foreign Currency Transactions-Buy	12.545	28.136	40.681	66.617	67.248	133.865
3.2.1.2	Forward Foreign Currency Transactions-Sell	12.540	28.116	40.656	66.578	67.264	133.842
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	3.427.226	7.651.048	11.078.274	1.130.059	4.812.490	5.942.549
3.2.2.1	Foreign Currency Swap-Buy	-	5.546.966	5.546.966	-	2.977.218	2.977.218
3.2.2.2	Foreign Currency Swap-Sell	3.427.226	2.104.082	5.531.308	1.130.059	1.835.272	2.965.331
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>B</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>	<b>205.483.174</b>	<b>11.178.176</b>	<b>216.661.350</b>	<b>212.862.987</b>	<b>14.045.181</b>	<b>226.908.168</b>
<b>IV</b>	<b>ITEMS HELD IN CUSTODY</b>	<b>23.881.209</b>	<b>2.154.029</b>	<b>26.035.238</b>	<b>21.201.775</b>	<b>1.362.383</b>	<b>22.564.158</b>
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	5.071.104	1.303.241	6.374.345	3.561.620	1.133.079	4.694.699
4.3	Checks Received for Collection	609.017	14.286	623.303	977.787	14.781	992.568
4.4	Commercial Notes Received for Collection	2.624.173	131.799	2.755.972	2.770.680	143.105	2.913.785
4.5	Other Assets Received for Collection	8.953	-	8.953	-	8.893	8.893
4.6	Assets Received for Public Offering	15.352.822	87	15.352.909	13.672.892	93	13.672.985
4.7	Other Items Under Custody	213.491	704.616	918.107	208.254	71.325	279.579
4.8	Custodians	1.649	-	1.649	1.649	-	1.649
<b>V</b>	<b>PLEDGES RECEIVED</b>	<b>181.590.762</b>	<b>8.602.170</b>	<b>190.192.932</b>	<b>191.661.212</b>	<b>12.598.473</b>	<b>204.259.685</b>
5.1	Marketable Securities	512.476	20.745	533.221	264.618	38.111	302.729
5.2	Guarantee Notes	7.636.166	318.799	7.954.965	24.543.558	4.242.379	28.785.937
5.3	Commodity	1.249.257	13.161	1.262.418	1.249.461	14.118	1.263.579
5.4	Warranty	-	-	-	-	-	-
5.5	Immovable	160.433.810	6.694.783	167.128.593	154.386.204	6.685.510	161.071.714
5.6	Other Pledged Items	11.753.844	1.547.863	13.301.707	11.212.162	1.611.171	12.823.333
5.7	Pledged Items-Depository	5.209	6.819	12.028	5.209	7.184	12.393
<b>VI</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>	<b>11.203</b>	<b>421.977</b>	<b>433.180</b>	<b>-</b>	<b>84.325</b>	<b>84.325</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>243.243.778</b>	<b>39.537.174</b>	<b>282.780.952</b>	<b>249.118.565</b>	<b>35.229.021</b>	<b>284.347.586</b>

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

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2012 AND 2011  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))**

<b>III. INCOME STATEMENT</b>						
<b>INCOME AND EXPENSE ITEMS</b>		<b>Note (Section Five IV)</b>	<b>Current Period 1/1-30/06/2012</b>	<b>Prior Period 1/1-30/06/2011</b>	<b>Current Period 1/4-30/06/2012</b>	<b>Prior Period 1/4-30/06/2011</b>
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>7.588.509</b>	<b>6.427.158</b>	<b>3.838.521</b>	<b>3.363.177</b>
1.1	Interest Income from Loans		4.296.045	3.376.413	2.208.952	1.780.603
1.2	Interest Income From Reserve Deposits		891	759	404	395
1.3	Interest Income from Banks		11.901	20.603	5.948	6.674
1.4	Interest Income from Money Market Placements		3	34	1	1
1.5	Interest Income from Marketable Securities		3.272.696	3.022.539	1.621.314	1.573.552
1.5.1	Financial Assets Held for Trading		1.830	4.411	756	2.233
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	-	-	-
1.5.3	Financial Assets Available-for-Sale		1.664.791	1.554.688	828.060	803.592
1.5.4	Investments Held-to-Maturity		1.606.075	1.463.440	792.498	767.727
1.6	Finance Lease Income		-	-	-	-
1.7	Other Interest Income		6.973	6.810	1.902	1.952
<b>II.</b>	<b>INTEREST EXPENSES</b>	<b>(2)</b>	<b>4.371.466</b>	<b>3.962.467</b>	<b>2.132.284</b>	<b>2.137.207</b>
2.1	Interest Expense on Deposits		3.281.342	3.653.788	1.634.105	1.922.513
2.2	Interest on Borrowings		28.107	2.188	16.999	1.113
2.3	Interest on Money Market Borrowings		1.004.272	290.067	440.031	204.403
2.4	Interest on Marketable Securities Issued		49.752	-	39.024	-
2.5	Other Interest Expense		7.993	16.424	2.125	9.178
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSES (I - II)</b>		<b>3.217.043</b>	<b>2.464.691</b>	<b>1.706.237</b>	<b>1.225.970</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>374.586</b>	<b>339.842</b>	<b>200.426</b>	<b>173.731</b>
4.1	Fees and Commissions Received		470.075	406.091	245.115	211.679
4.1.1	Non-cash Loans		30.526	18.146	14.557	9.714
4.1.2	Other		439.549	387.945	230.558	201.965
4.2	Fees and Commissions Paid		95.489	66.249	44.689	37.948
4.2.1	Non-cash Loans		12	-	5	-
4.2.2	Other		95.477	66.249	44.684	37.948
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>88.332</b>	<b>31.143</b>	<b>88.290</b>	<b>1.845</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	<b>(3)</b>	<b>(4.710)</b>	<b>(71.563)</b>	<b>(19.345)</b>	<b>(47.708)</b>
6.1	Profit/Loss from Capital Market Operations		29.438	23.246	13.427	9.305
6.2	Profit/losses on Derivative Financial Transactions	<b>(4)</b>	(84.403)	142.953	(12.085)	78.200
6.3	Profit/Loss from Foreign Exchanges		50.255	(237.762)	(20.687)	(135.213)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>250.182</b>	<b>209.038</b>	<b>134.875</b>	<b>77.148</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)</b>		<b>3.925.433</b>	<b>2.973.151</b>	<b>2.110.483</b>	<b>1.430.986</b>
<b>IX.</b>	<b>PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)</b>	<b>(6)</b>	<b>855.384</b>	<b>369.586</b>	<b>598.661</b>	<b>180.772</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES(-)</b>	<b>(7)</b>	<b>1.374.193</b>	<b>1.268.954</b>	<b>683.758</b>	<b>648.589</b>
<b>XI.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>1.695.856</b>	<b>1.334.611</b>	<b>828.064</b>	<b>601.625</b>
<b>XII.</b>	<b>GAINS RECORDED AFTER MERGER</b>		-	-	-	-
<b>XIII.</b>	<b>PROFIT/LOSS ON EQUITY METHOD</b>		-	-	-	-
<b>XIV.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV.</b>	<b>INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	<b>(8)</b>	<b>1.695.856</b>	<b>1.334.611</b>	<b>828.064</b>	<b>601.625</b>
<b>XVI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>(9)</b>	<b>(423.967)</b>	<b>(315.965)</b>	<b>(214.279)</b>	<b>(156.482)</b>
16.1	Current Tax Provision		(496.008)	(146.386)	(212.606)	(62.948)
16.2	Deferred Tax Provision		72.041	(169.579)	(1.673)	(93.534)
<b>XVII.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>	<b>(10)</b>	<b>1.271.889</b>	<b>1.018.646</b>	<b>613.785</b>	<b>445.143</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
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		-	-	-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
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		-	-	-	-
<b>XX.</b>	<b>PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-	-	-
<b>XXI.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
21.1	Current tax provision		-	-	-	-
21.2	Deferred tax provision		-	-	-	-
<b>XXII.</b>	<b>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-	-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSSES (XVII+XXII)</b>	<b>(11)</b>	<b>1.271.889</b>	<b>1.018.646</b>	<b>613.785</b>	<b>445.143</b>
	Earnings/Loss per Share (TL)		0,509	0,407	0,246	0,178

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

**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 2012 AND 2011**

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

<b>IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>		
<b>PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>	<b>Current Period (30/06/2012)</b>	<b>Prior Period (30/06/2011)</b>
<b>I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>1.380.210</b>	<b>395.086</b>
<b>II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	<b>(4.975)</b>	<b>(4.544)</b>
<b>V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)</b>	-	-
<b>VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	-	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS</b>	-	-
<b>VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS</b>	-	-
<b>IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES</b>	<b>(138.111)</b>	<b>(14.483)</b>
<b>X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>1.237.124</b>	<b>376.059</b>
<b>XI. CURRENT YEAR PROFIT/LOSS</b>	<b>(646.499)</b>	<b>(1.025.269)</b>
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	(653.658)	(1.025.828)
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	7.159	559
<b>XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)</b>	<b>590.625</b>	<b>(649.210)</b>

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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").)

V. CHANGES IN SHAREHOLDERS' EQUITY																		
30 June 2011		Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancel 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 2012**

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

V. CHANGES IN SHAREHOLDERS' EQUITY																		
30 June 2012		Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancel 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
<b>I.</b>	<b>Prior Period End Balance</b>		2.500.000	543.482	-	-	2.290.756	-	5.305.510	634.041	-	2.260.472	(374.369)	-	17.361	-	-	13.177.253
	Changes in the Period																	
<b>II.</b>	<b>Increase/Decrease Related to Merger</b>																	
<b>III.</b>	<b>Marketable Securities Valuation Differences</b>																	
<b>IV.</b>	<b>Hedging Funds (Active Part)</b>												591.383					591.383
4.1	Cash-Flow Hedge																	
4.2	Hedges for Investments Made in Foreign Countries																	
<b>V.</b>	<b>Revaluation Differences of Tangible Assets</b>																	
<b>VI.</b>	<b>Revaluation Differences of Intangible Assets</b>																	
<b>VII.</b>	<b>Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)</b>																	
<b>VIII.</b>	<b>Foreign Exchange Differences</b>														8			8
<b>IX.</b>	<b>Changes Resulted from Disposal of Assets</b>												(4.975)					(4.975)
<b>X.</b>	<b>Changes Resulted from Reclassification of Assets</b>																	
<b>XI.</b>	<b>Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity</b>																4.217	4.217
<b>XII.</b>	<b>Increase in Capital</b>																	
12.1	Cash																	
12.2	From Internal Resources																	
<b>XIII.</b>	<b>Issuance of Share Certificates</b>																	
<b>XIV.</b>	<b>Share Cancellation Profits</b>																	
<b>XV.</b>	<b>Adjustment to Paid-in Capital</b>																	
<b>XVI.</b>	<b>Other</b>																	
<b>XVII.</b>	<b>Net Profit or Losses</b>										1.271.889							
<b>XVIII.</b>	<b>Profit Distribution</b>																	1.271.889
18.1	Dividend Distributed						117.734		1.730.940			(2.100.674)						(252.000)
18.2	Transfers to Legal Reserves											(252.000)						(252.000)
18.3	Other						117.734		1.730.940			(1.848.674)						
	<b>Closing Balance</b>		2.500.000	543.482	-	-	2.408.490	-	7.036.450	634.041	1.271.889	159.798	212.039	-	17.369	-	4.217	14.787.775
	<b>(I+II+III+.....+XVI+XVII+XVIII)</b>		2.500.000	543.482	-	-	2.408.490	-	7.036.450	634.041	1.271.889	159.798	212.039	-	17.369	-	4.217	14.787.775

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF CASH FLOWS AT 30 JUNE 2012 AND 2011**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five)	Current Period 1/1 - 30/06/2012	Prior Period 1/1 - 30/06/2011
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		2.042.978	1.610.395
1.1.1 Interest Received		7.095.211	7.072.473
1.1.2 Interest Paid		(4.344.045)	(3.852.054)
1.1.3 Dividend Received		88.332	31.143
1.1.4 Fees and Commissions Received		469.525	406.467
1.1.5 Other Income		289.461	313.220
1.1.6 Collections from Previously Written-off Loans and Other Receivables		313.733	374.543
1.1.7 Payments to Personnel and Service Suppliers		(687.509)	(1.150.812)
1.1.8 Taxes Paid		(475.470)	(429.936)
1.1.9 Other		(706.260)	(1.154.649)
1.2 Changes in Operating Assets and Liabilities		(9.982.702)	8.020.230
1.2.1 Net Decrease/(Increase) in Trading Securities		6.759	24.065
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net Decrease in Banks		(1.004.710)	(388.761)
1.2.4 Net (Increase) in Loans		1.952.068	(10.743.165)
1.2.5 Net (Increase) in Other Assets		97.017	(318.298)
1.2.6 Net Increase/(Decrease) in Bank Deposits		(4.570.634)	10.076.322
1.2.7 Net (Decrease)/Increase in Other Deposits		(8.742.468)	8.600.761
1.2.8 Net (Decrease)/Increase in Funds Borrowed		1.313.811	165.040
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net (Decrease)/Increase in Other Liabilities		965.455	604.266
<b>I. Net Cash Provided from Banking Operations</b>		<b>(7.939.724)</b>	<b>9.630.625</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>3.958.665</b>	<b>(607.097)</b>
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(5.646)	(72.151)
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3 Fixed Assets Purchases		(31.943)	(78.933)
2.4 Fixed Assets Sales		14.814	6.723
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(4.828.414)	(24.831.772)
2.6 Cash Obtained from Sale of financial Assets Available for Sale		6.585.391	22.597.941
2.7 Cash Paid for Purchase of Investment Securities		(223.373)	(4.263.455)
2.8 Cash Obtained from sale of Investment Securities		1.787.832	6.041.475
2.9 Other		660.004	(6.925)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>1.667.365</b>	<b>(1.078.596)</b>
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		1.919.365	-
3.4 Dividends Paid		(252.000)	(1.078.595)
3.5 Payments for Finance Leases		-	(1)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>(183.319)</b>	<b>275.620</b>
<b>V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>(2.497.013)</b>	<b>8.220.552</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>		<b>7.687.992</b>	<b>12.301.841</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>		<b>5.190.979</b>	<b>20.522.393</b>

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 2012**

(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 as of 30 June 2012 are presented comparatively with balances as of 31 December 2011 while, statements of income, cash flows and changes in shareholders’ equity are presented comparatively with balances as of 30 June 2011.

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

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

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

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

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, 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.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2012**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Main activity of the 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 repricing 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.

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

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2012**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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 for Determining the Nature of Loans and Other Receivables and Allocation of Provisions” came into force after being published in the Official Gazette numbered 26333 dated 1 November 2006, no interest accrual is calculated for non-performing loans. Realized interest accruals calculated for non-performing loans and recognized as income although not collected are reversed and interest income related to these loans is recognized as interest income only when they are collected.

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

Commission income from banking, agency, intermediary services is recognized as income on the date they are collected. Whereas, commission income from trade and agricultural cash loans and from individual loans in which the commission is in the form of interest, (depending on the amount of commission that the interest rate is changed), are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle. Other fees and commission expenses are recorded as expense on the date they are paid.

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

Financial instruments comprise financial assets and liabilities and derivative instruments. They are included in the balance sheet of the 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in 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 as “impairment loss”. The positive difference between the fair value and amortized cost is accounted under “profit from capital market operations” account and the negative difference is accounted under “Loss from capital market operations” account.

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

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

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

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

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

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

**c. Loans and receivables:**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**c. Loans and receivables: (Continued)**

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

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

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

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

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

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

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

When there is lack of price quotation on the basis of fair value calculations in an active market or in cases that fair value cannot be measured reliably, the fair value of available-for-sale-financial-assets is determined by using the effective interest rate method or appropriate valuation methods.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS**

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

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

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

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

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

Loans and other receivables are classified 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. Moreover, the amendments dated 28 May 2011 and 18 June 2011 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 were considered in relation to the additional and general provision amount.

**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 is no security of the bank subject to lending transactions.

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

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

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

The Bank has no discontinued operations.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT**

Property and equipment is measured at its cost when initially recognized 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.

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS**

**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.

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**a. Employment Termination and Vacation Benefits**

Employee benefits liabilities are recognized in accordance with TAS 19 “Employee Benefits” and the 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 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**b. Pension Rights: (Continued)**

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

In accordance with 58th article and 7th 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 20<sup>th</sup> provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

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

The technical balance sheet report as of 31 December 2011 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

**XVII. EXPLANATIONS ON TAXATION**

**a. Current Tax**

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**a. Current Tax (Continued)**

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.

**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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVIII. EXPLANATIONS ON BORROWINGS (Continued)**

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

The Bank has issued no convertible bonds 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, gold, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and “Cash equivalents” include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

**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**

- a.** The General Assembly for the year 2011 was carried out on 18 April 2012. In accordance with the decision taken, of the profit for the year 2011 amounting to TL2.100.674, TL105.034 is transferred to legal reserves and TL12.700 is transferred to second legal reserve , TL127.000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL106.250 is distributed to Treasury after deducting withholding tax of 15% (TL18.750) in cash. In this context, TL1.730.940 of the profit is preserved and of the dividend decided to be paid to personnel, TL122.188 dividend is paid.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXIV. EXPLANATIONS ON OTHER MATTERS (Continued)**

**b. Overview of Changes in Accounting Estimates:**

In the previous periods, the bank allocated special provisions considering the minimum rates and prudence principle stated in "Regulation on the Procedures and Principles on Determining the Characteristics of the Loans and other Receivables by the Banks and the provisions that would be Set Aside for them" regardless of such loan collaterals; however, in line with the provision of the General Directorate Authority Approval dated 29 June 2012 and of the clause (8) of Article 10 of the regulation stating that "based on the reliability and prudence assumptions defined in the Communiqué on Conceptual Framework regarding Preparation and Presentation of Financial Statements promulgated in the Official Gazette No. 25702 dated 16 January 2005, special provision may be allocated to the extent of the amount of the said non-performing receivable on condition not to be less than the special provision amounts applicable for the group in which the non-performing receivable is included regardless of the amount of collateral", the bank started to set aside special provisions corresponding to 50% of the non-performing receivable amount as of the date of including the non-performing receivables in the Third Group and special provisions corresponding to 100% of the non-performing receivable amount as of the date of including the non-performing receivables in the Fourth and Fifth Group. As a result of increasing the said special provision rates, an additional special provision corresponding to TL112.989 was allocated as of 30 June 2012.

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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 17,36% (31 December 2011: 15,61%).

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

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

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

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

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

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

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

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

**Information related to capital adequacy ratio:**

Current Period	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
<b>Credit Risk Base Amount</b>							
<b>Balance Sheet Items (Net)</b>	<b>48.979.712</b>	-	<b>1.675.381</b>	<b>14.947.818</b>	<b>42.408.666</b>	<b>1.764.434</b>	<b>7.273.542</b>
Cash	1.196.109	-	67	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Central Bank of the Republic of Turkey	3.089.238	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	1.090.619	-	168.317	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	8.552.642	-	-	-	-	-	-
Loans <sup>(1)</sup>	5.165.892	-	438.731	14.650.856	38.284.493	1.764.434	7.273.542
Loans Under Follow-up (Net) <sup>(1)</sup>	-	-	-	-	61.200	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	30.109.869	-	-	-	9.461	-	-
Receivables from Forward Sale of Assets	-	-	-	-	2.665	-	-
Miscellaneous Receivables	42.514	-	84.725	-	259.858	-	-
Interest and Income Accruals	585.668	-	26.392	296.962	1.514.653	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	778.291	-	-
Tangible Fixed Assets	-	-	-	-	994.457	-	-
Other Assets	237.780	-	34.847	-	335.271	-	-
<b>Off-Balance Sheet Items</b>	<b>270.315</b>	-	<b>416.710</b>	-	<b>8.570.062</b>	-	-
Non-cash Loans and Commitments	270.315	-	310.002	-	8.569.666	-	-
Derivative Financial Instruments	-	-	106.708	-	396	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>49.250.027</b>	-	<b>2.092.091</b>	<b>14.947.818</b>	<b>50.978.728</b>	<b>1.764.434</b>	<b>7.273.542</b>

<sup>(1)</sup> 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%
<b>Credit Risk Base Amount</b>							
<b>Balance Sheet Items (Net)</b>	<b>52.351.581</b>	-	<b>1.775.476</b>	<b>16.339.203</b>	<b>45.821.684</b>	<b>1.198.149</b>	<b>4.847.168</b>
Cash	1.331.212	-	66	-	-	-	-
Matured Marketable Securities	3	-	-	-	-	-	-
Central Bank of the Republic of Turkey	5.192.098	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	1.137.520	-	180.126	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	7.748.998	-	-	-	-	-	-
Loans <sup>(1)</sup>	5.246.346	-	396.074	16.100.257	42.047.967	1.198.149	4.847.168
Loans Under Follow-up (Net) <sup>(1)</sup>	-	-	-	-	102.417	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	31.823.531	-	-	-	8.884	-	-
Receivables from Forward Sale of Assets	-	-	-	-	3.231	-	-
Sundry Debtors	7.571	-	73.378	-	156.844	-	-
Interest and Income Accruals	687.571	-	18.340	238.946	1.201.890	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	810.114	-	-
Tangible Fixed Assets	-	-	-	-	982.341	-	-
Other Assets	314.251	-	150.098	-	327.870	-	-
<b>Off-Balance Sheet Items</b>	<b>299.575</b>	-	<b>373.286</b>	-	<b>7.770.437</b>	-	-
Non-cash Loans and Commitments	299.575	-	287.758	-	7.769.680	-	-
Derivative Financial Instruments	-	-	85.528	-	757	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>52.651.156</b>	-	<b>2.148.762</b>	<b>16.339.203</b>	<b>53.592.121</b>	<b>1.198.149</b>	<b>4.847.168</b>

<sup>(1)</sup> 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)	76.064.791	73.683.034
Market Risk Base Amount (MRBA)	5.533.838	6.431.913
Operational Risk Base Amount (ORBA)	11.591.433	10.895.348
Shareholders' Equity	16.178.898	14.208.686
<b>Shareholders' Equity/(CRBA+MRBA+ORBA) * 100</b>	<b>17,36</b>	<b>15,61</b>

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

**Information related to components of shareholders’ equity:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid-in Capital	2.500.000	2.500.000
Nominal Capital	2.500.000	2.500.000
Capital Commitments (-)	-	-
Inflation Adjustment to Paid-in Capital	543.482	543.482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	2.408.490	2.290.756
I. Legal Reserves (TCC 466/1)	1.123.056	1.018.023
II. Degree Legal Reserves (TCC 466/2)	1.285.434	1.272.733
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	7.670.491	5.939.551
Reserves Allocated as per the Decision held by The General Assembly	7.036.450	5.305.510
Retained Earnings	634.041	634.041
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	-	-
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	1.431.687	2.260.472
Net Profit for the Period	1.271.889	2.100.674
Retained Earnings	159.798	159.798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	550.369	140.248
Subsidiary and Associate Shares and Gains on Sale of Real Estate To Be Added To Capital <sup>(1)</sup>	-	-
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 (-) <sup>(2)</sup>	32.907	34.382
Prepaid Expenses (-) <sup>(3)</sup>	-	-
Intangible Assets (-)	29.886	29.595
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in 3 <sup>rd</sup> Clause 56 <sup>th</sup> Article of the Banking Act (-)	-	-
<b>Total Core Capital</b>	<b>15.041.726</b>	<b>13.610.532</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	1.078.920	977.690
45% of Movable Assets Revaluation Fund	-	-
45% of Immovables Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	17.369	17.361
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Marketable Securities Revaluation Fund	97.315	(374.369)
From Subsidiaries and Associates	36.665	81.478
From Financial Assets Available for Sale	60.650	(455.847)
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
<b>Total Supplementary Capital</b>	<b>1.193.604</b>	<b>620.682</b>
<b>TIER-III CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>16.235.330</b>	<b>14.231.214</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>56.432</b>	<b>22.528</b>
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	37.469	-
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	17.978	21.638
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	389	39
Other	596	851
<b>TOTAL SHAREHOLDERS’ EQUITY</b>	<b>16.178.898</b>	<b>14.208.686</b>

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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:**

	<b>Amount</b>
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	359.652
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	18.792
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	64.263
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) 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)	442.707
<b>(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)</b>	<b>5.533.838</b>

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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
25.06.2012	1,8126	2,2586	1,8067	0,30432	0,25674	1,8856	1,7567	0,30160	2,8199	0,47622	2,2650
26.06.2012	1,8057	2,2466	1,8080	0,30271	0,25468	1,8762	1,7549	0,29960	2,8156	0,47440	2,2617
27.06.2012	1,8029	2,2425	1,8139	0,30212	0,25528	1,8716	1,7565	0,29854	2,8063	0,47368	2,2492
28.06.2012	1,8184	2,2596	1,8244	0,30451	0,25742	1,8863	1,7631	0,29933	2,8272	0,47896	2,2861
29.06.2012	1,7978	2,2738	1,8388	0,30632	0,26026	1,8960	1,7634	0,30230	2,8222	0,47230	2,2482
30.06.2012	1,7978	2,2738	1,8388	0,30632	0,26026	1,8960	1,7634	0,30230	2,8222	0,47230	2,2482

**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
1,8134	2,2676	1,8063	0,30556	0,25605	1,8930	1,7623	0,30125	2,8191	0,47653	2,2768

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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 <sup>(1)</sup>	Total
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	6.533.138	482.100	487	1.797.676	8.813.401
Banks	378.293	703.149	571	166.783	1.248.796
Financial Assets at Fair Value Through Profit and Loss	8.501	4.519	-	-	13.020
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	2.617.015	1.359.777	-	-	3.976.792
Loans <sup>(2)</sup>	2.575.138	4.328.680	-	20.893	6.924.711
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) <sup>(4)</sup>	382.227	207.612	-	-	589.839
Investments Held-to-Maturity	1.722.284	2.895.335	-	326	4.617.945
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Fixed Assets	4.352	2.099	-	1.914	8.365
Intangible Assets	923	3.052	-	4.360	8.335
Other Assets	26.538	21.830	7	40.697	89.072
<b>Total Assets</b>	<b>14.248.409</b>	<b>10.008.153</b>	<b>1.065</b>	<b>2.032.649</b>	<b>26.290.276</b>
<b>Liabilities</b>					
Interbank Deposits	743.970	1.067.113	-	8.646	1.819.729
Foreign Currency Deposits	12.985.144	7.447.902	599	1.064.997	21.498.642
Money Market Borrowings	549.044	3.271.163	-	-	3.820.207
Funds Provided from Other Financial Institutions	78.118	1.168.180	-	-	1.246.298
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	207.428	12.195	-	131	219.754
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	153.111	131.979	6	25.688	310.784
<b>Total Liabilities</b>	<b>14.716.815</b>	<b>13.098.532</b>	<b>605</b>	<b>1.099.462</b>	<b>28.915.414</b>
<b>Net Balance Sheet Position</b>	<b>(468.406)</b>	<b>(3.090.379)</b>	<b>460</b>	<b>933.187</b>	<b>(2.625.138)</b>
<b>Net Off-Balance Sheet Position<sup>(3)</sup></b>	<b>514.610</b>	<b>3.753.194</b>	<b>-</b>	<b>(824.900)</b>	<b>3.442.904</b>
Assets on Derivative Instruments	589.799	4.480.348	-	504.955	5.575.102
Liabilities on Derivative Instruments	75.189	727.154	-	1.329.855	2.132.198
<b>Non-cash Loans</b>	<b>2.071.627</b>	<b>6.052.244</b>	<b>15.562</b>	<b>343.852</b>	<b>8.483.285</b>
<b>Prior Period</b>					
Total Assets	13.026.883	12.037.427	973	1.149.650	26.214.933
Total Liabilities	14.121.443	12.614.234	364	643.731	27.379.772
<b>Net Balance Sheet Position</b>	<b>(1.094.560)</b>	<b>(576.807)</b>	<b>609</b>	<b>505.919</b>	<b>(1.164.839)</b>
<b>Net Off-Balance Sheet Position<sup>(3)</sup></b>	<b>926.948</b>	<b>611.005</b>	<b>-</b>	<b>(396.023)</b>	<b>1.141.930</b>
Financial Derivative Assets	956.261	1.567.061	-	521.144	3.044.466
Financial Derivative Liabilities	29.313	956.056	-	917.167	1.902.536
<b>Non-cash Loans</b>	<b>2.183.920</b>	<b>5.457.371</b>	<b>-</b>	<b>290.827</b>	<b>7.932.118</b>

(1) Of the foreign currencies presented in the other FC column of assets 86,66% is Gold, 3,97% is GBP, 1,84% is MKD, 1,88% is SAR and the remaining 5,65% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 45,49% is Gold, 25,95% is GBP, 13,93% is CHF, 5,98% is DKK and the remaining 8,65% is other foreign currencies.

(2) TL268 equivalent of USD and TL162 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2011: TL1.388 equivalent of USD and TL176 equivalent of EUR).

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

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

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

**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 macaulay duration, convexity and re-pricing gap analysis are 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. In order to limit the effects of change in interest rates on the Bank’s financial structure; risk limit, which is approved by the Board of Directors, is periodically monitored.

**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, in order to decrease the interest rate risk level, as much as market conditions allow, the Bank used long-term derivative financial instruments and completed preparations for issuing bonds.

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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
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	30.424	-	-	-	-	12.808.514	12.838.938
Banks	578.615	120.712	342.004	-	-	222.995	1.264.326
Financial Assets at Fair Value Through Profit and Loss	9.186	13.608	16.762	1.968	9.647	68.487	119.658
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	10.450.829	4.579.771	8.328.701	8.633.526	4.032.547	423.751	36.449.125
Loans Given	18.718.382	5.932.538	17.745.626	24.115.424	2.749.192	244.809	69.505.971
Investments Held-to-Maturity	8.255.770	14.846.298	2.478.475	2.873.589	2.232.584	-	30.686.716
Other Assets	-	-	-	-	-	2.872.827	2.872.827
<b>Total Assets</b>	<b>38.043.206</b>	<b>25.492.927</b>	<b>28.911.568</b>	<b>35.624.507</b>	<b>9.023.970</b>	<b>16.641.383</b>	<b>153.737.561</b>
<b>Liabilities</b>							
Interbank Deposits	4.785.790	746.651	2.036	-	-	121.397	5.655.874
Other Deposits	63.818.331	13.047.380	3.994.298	262.032	-	19.814.420	100.936.461
Money Market Borrowings	17.118.143	1.758.547	90.446	-	-	-	18.967.136
Sundry Creditors	-	-	-	-	-	939.353	939.353
Issued Marketable Securities	192.657	982.062	774.940	-	-	-	1.949.659
Funds provided from Other Financial Institutions	265.042	277.200	1.080.841	3.556	250.355	-	1.876.994
Other Liabilities	10.493	10.364	7.595	4.058.009	-	19.325.623	23.412.084
<b>Total Liabilities</b>	<b>86.190.456</b>	<b>16.822.204</b>	<b>5.950.156</b>	<b>4.323.597</b>	<b>250.355</b>	<b>40.200.793</b>	<b>153.737.561</b>
<b>Balance Sheet Long Position</b>	-	<b>8.670.723</b>	<b>22.961.412</b>	<b>31.300.910</b>	<b>8.773.615</b>	-	<b>71.706.660</b>
<b>Balance Sheet Short Position</b>	<b>(48.147.250)</b>	-	-	-	-	<b>(23.559.410)</b>	<b>(71.706.660)</b>
Off-Balance Sheet Long Position	43.287	518.098	-	-	-	-	561.385
Off-Balance Sheet Short Position	-	-	(12.904)	(532.800)	-	-	(545.704)
<b>Total Position</b>	<b>(48.103.963)</b>	<b>9.188.821</b>	<b>22.948.508</b>	<b>30.768.110</b>	<b>8.773.615</b>	<b>(23.559.410)</b>	<b>15.681</b>

- (1) Balances without fixed maturity are shown in the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL4.049.015 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1-5 Years” column. TL16.447 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
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	5,00
Banks	1,72	2,25	-	-
Financial Assets at Fair Value Through Profit and Loss	3,00	5,57	-	7,60
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,65	6,48	-	9,57
Loans Given <sup>(2)</sup>	4,93	4,91	-	17,69
Investments Held-to-Maturity	6,24	7,00	-	10,66
<b>Liabilities</b>				
Interbank Deposits <sup>(3)</sup>	1,76	1,98	-	10,10
Other Deposits <sup>(4)</sup>	2,10	2,15	-	7,30
Money Market Borrowings	1,26	1,54	-	9,95
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	10,15
Funds Provided from Other Financial Institutions	2,21	2,33	-	8,57

(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.

(4) Related ratios include demand deposits.

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

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	31.397	-	-	-	-	14.240.977	14.272.374
Banks	380.375	132.635	353.321	-	-	454.128	1.320.459
Financial Assets at Fair Value Through Profit and Loss	3.055	1.969	39.216	2.152	10.033	77.171	133.596
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	10.354.947	4.543.244	7.897.512	10.110.833	4.604.154	617.093	38.127.783
Loans Given	19.361.919	5.494.705	18.292.788	24.884.640	3.139.207	256.716	71.429.975
Investments Held-to-Maturity	7.745.536	15.940.143	3.492.699	2.506.070	2.819.749	-	32.504.197
Other assets	-	-	-	-	-	2.892.758	2.892.758
<b>Total Assets</b>	<b>37.877.229</b>	<b>26.112.696</b>	<b>30.075.536</b>	<b>37.503.695</b>	<b>10.573.143</b>	<b>18.538.843</b>	<b>160.681.142</b>
<b>Liabilities</b>							
Interbank Deposits	3.318.766	-	2.000	-	-	84.707	3.405.473
Other Deposits	69.995.785	12.596.492	7.000.667	254.876	-	19.813.389	109.661.209
Money Market Borrowings	25.314.528	-	473.642	-	-	-	25.788.170
Sundry Creditors	-	-	-	-	-	887.856	887.856
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	153.321	16.802	362.886	20.449	24	-	553.482
Other Liabilities	8.852	30.877	93	3.860.700	-	16.484.430	20.384.952
<b>Total Liabilities</b>	<b>98.791.252</b>	<b>12.644.171</b>	<b>7.839.288</b>	<b>4.136.025</b>	<b>24</b>	<b>37.270.382</b>	<b>160.681.142</b>
<b>Balance Sheet Long Position</b>	-	<b>13.468.525</b>	<b>22.236.248</b>	<b>33.367.670</b>	<b>10.573.119</b>	-	<b>79.645.562</b>
<b>Balance Sheet Short Position</b>	<b>(60.914.023)</b>	-	-	-	-	<b>(18.731.539)</b>	<b>(79.645.562)</b>
Off Balance Sheet Long Position	16.245	528.198	268	-	-	-	544.711
Off Balance Sheet Short Position	-	-	-	(532.800)	-	-	(532.800)
<b>Total Position</b>	<b>(60.897.778)</b>	<b>13.996.723</b>	<b>22.236.516</b>	<b>32.834.870</b>	<b>10.573.119</b>	<b>(18.731.539)</b>	<b>11.911</b>

- (1) Balances without fixed maturity are shown under the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL3.860.700 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1-5 Years” column. TL10.436 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
<b>Prior Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	5,00
Banks	2,38	2,18	-	-
Financial Assets at Fair Value Through Profit and Loss	3,36	5,57	-	7,80
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,65	6,14	-	8,43
Loans Given <sup>(2)</sup>	5,01	4,22	-	17,04
Investments Held-to-Maturity	6,23	7,00	-	9,51
<b>Liabilities</b>				
Interbank Deposits <sup>(3)</sup>	2,94	2,90	-	11,13
Other Deposits <sup>(4)</sup>	2,07	2,73	-	6,87
Money Market Borrowings	3,30	2,77	-	10,81
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3,17	1,55	-	7,46

(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.

(4) Related ratios include demand 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.

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

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

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed <sup>(1) (2)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	12.838.938	-	-	-	-	-	-	12.838.938
Banks	222.995	578.615	120.712	342.004	-	-	-	1.264.326
Financial Assets at Fair Value Through Profit and Loss	-	74.146	15.554	17.941	2.370	9.647	-	119.658
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	438.068	320.858	3.089.472	21.384.172	10.981.660	234.895	36.449.125
Loans Given	-	2.316.115	4.622.932	24.611.292	32.963.977	4.746.846	244.809	69.505.971
Investments Held-to-Maturity	-	688.009	832.778	5.834.658	19.105.587	4.225.684	-	30.686.716
Other Assets	583.002	-	-	229	2.666	-	2.286.930	2.872.827
<b>Total Assets</b>	<b>13.644.935</b>	<b>4.094.953</b>	<b>5.912.834</b>	<b>33.895.596</b>	<b>73.458.772</b>	<b>19.963.837</b>	<b>2.766.634</b>	<b>153.737.561</b>
<b>Liabilities</b>								
Interbank Deposits	121.397	4.785.790	746.651	2.036	-	-	-	5.655.874
Other Deposits	19.814.420	63.818.331	13.047.380	3.994.298	262.032	-	-	100.936.461
Funds Provided from Other Financial Instruments	-	77.937	35.604	870.207	18.521	874.725	-	1.876.994
Money Market Borrowings	-	17.118.143	1.758.547	90.446	-	-	-	18.967.136
Issued Marketable Securities	-	3.191	982.062	774.940	189.466	-	-	1.949.659
Sundry Creditors	518.115	421.238	-	-	-	-	-	939.353
Other liabilities <sup>(3)</sup>	1.601.869	212.742	223.810	7.595	4.058.011	690.300	16.617.757	23.412.084
<b>Total liabilities</b>	<b>22.055.801</b>	<b>86.437.372</b>	<b>16.794.054</b>	<b>5.739.522</b>	<b>4.528.030</b>	<b>1.565.025</b>	<b>16.617.757</b>	<b>153.737.561</b>
<b>Liquidity Gap</b>	<b>(8.410.866)</b>	<b>(82.342.419)</b>	<b>(10.881.220)</b>	<b>28.156.074</b>	<b>68.930.742</b>	<b>18.398.812</b>	<b>(13.851.123)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	15.317.288	3.117.435	7.003.766	27.460.677	81.418.073	23.591.259	2.772.644	160.681.142
Total Liabilities	21.574.790	99.185.275	12.731.816	7.577.221	4.286.553	919.118	14.406.369	160.681.142
<b>Liquidity Gap</b>	<b>(6.257.502)</b>	<b>(96.067.840)</b>	<b>(5.728.050)</b>	<b>19.883.456</b>	<b>77.131.520</b>	<b>22.672.141</b>	<b>(11.633.725)</b>	<b>-</b>

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

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

(3) TL4.049.015 of the funds balance, whose risk is not born by the Bank, is included in other liabilities and shown under the "1-5 Year" column, fund balance amounted to TL16.447 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 in Turkey, it extends agricultural operations and investment loans from its own sources for vegetable and animal production, fishery products and agricultural mechanization directly to producers and agricultural credit corporations. 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.

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

As of 30 June 2012 explanations on segment reporting as shown below are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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

**VI. EXPLANATIONS ON OPERATING SEGMENTS (Continued)**

**Table for Segment Reporting:**

	<b>Consumer Banking</b>	<b>Commercial and SME Banking<sup>(1)</sup></b>	<b>Specialized Banking<sup>(2)</sup></b>	<b>Investment Banking</b>	<b>International Banking</b>	<b>Total Operations of the Bank</b>
<b>Current Period</b>						
Total Operating Income/Expense <sup>(3)</sup>	1.196.488	442.493	480.295	1.779.955	26.202	3.925.433
Net Operating Profit	489.980	181.208	196.688	728.918	10.730	1.607.524
Income from Subsidiaries <sup>(4)</sup>	-	-	-	-	-	88.332
Income Before Taxes	-	-	-	-	-	1.695.856
Tax Provision	-	-	-	-	-	(423.967)
<b>Net Profit for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.271.889</b>
Segment Assets-net <sup>(5)</sup>	31.261.365	14.469.680	22.963.194	79.666.619	2.503.876	150.864.734
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	778.291
Undistributed Assets <sup>(5)</sup>	-	-	-	-	-	2.094.536
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153.737.561</b>
Segment Liabilities – net <sup>(3)</sup>	22.277.288	10.311.297	20.425.753	76.124.973	2.482.626	131.621.937
Undistributed Liabilities <sup>(5)</sup>	-	-	-	-	-	7.327.849
Shareholders' Equity	-	-	-	-	-	14.787.775
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153.737.561</b>
<b>Other Segment Items</b>						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	35.525
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 to 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)**

	<b>Consumer Banking</b>	<b>Commercial and SME Banking <sup>(1)</sup></b>	<b>Specialized Banking <sup>(2)</sup></b>	<b>Investment Banking</b>	<b>International Banking</b>	<b>Total Operations of the Bank</b>
<b>Prior Period – 30 June 2011</b>						
Total Operating Income/Expense <sup>(3)</sup>	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 <sup>(4)</sup>	-	-	-	-	-	31.143
Income Before Taxes	-	-	-	-	-	1.334.611
Tax Provision	-	-	-	-	-	(315.965)
<b>Net Profit for the Period</b>	-	-	-	-	-	<b>1.018.646</b>
Segment Assets-net <sup>(5)</sup>	32.135.208	15.530.268	22.857.553	84.312.608	2.952.747	157.788.384
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	810.114
Undistributed Assets <sup>(5)</sup>	-	-	-	-	-	2.082.644
<b>Total Assets – 31 December 2011</b>	-	-	-	-	-	<b>160.681.142</b>
Segment Liabilities - net <sup>(5)</sup>	23.141.676	11.183.884	20.331.651	85.161.273	2.947.325	142.765.809
Undistributed Liabilities <sup>(5)</sup>	-	-	-	-	-	4.738.080
Shareholders' Equity	-	-	-	-	-	13.177.253
<b>Total Liabilities – 31 December 2011</b>	-	-	-	-	-	<b>160.681.142</b>
Other Segment Items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	28.184
Restructuring Costs	-	-	-	-	-	-

<sup>(1)</sup> Commercial and SME Banking column shows the Bank's commercial and SME loans with interest and commission income related to these loans.

<sup>(2)</sup> Specialized Banking column for current period shows agricultural loans with interest and commission income related to these loans.

<sup>(3)</sup> For the presentation of operating income, intradepartmental interest charged between branches and Treasury Operations Department is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.

<sup>(4)</sup> "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.

<sup>(5)</sup> The total of tangible and intangible assets, tax asset and tangible fixed assets held for sale is shown in "Undistributed Assets" row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in "Undistributed Liabilities" row.

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**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO 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	905.001	260.392	1.094.841	225.692
Central Bank of the Republic of Turkey	3.120.536	8.522.226	5.223.495	7.717.601
Other	-	30.783	-	10.745
<b>Total</b>	<b>4.025.537</b>	<b>8.813.401</b>	<b>6.318.336</b>	<b>7.954.038</b>

**1.a.1) Information on Required Reserves:**

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

As of the balance sheet date, according to CBRT's Communiqué about Required Reserves No. 2005/1, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity 11%; for deposits up to 3-months maturity 11%; for deposits up to 6-months maturity 8%; for deposits up to 1-year maturity 6%; for deposits up to 1-year and longer maturity 5%; for TL liabilities other than deposits up to 1-year maturity 11%; for TL liabilities other than deposits between 1- and 3-years maturity 8%; for TL liabilities other than deposits more than 3-years maturity 5%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 11%; for deposits 1-year and more than 1-year maturity 9%; for FC liabilities other than deposits up to 1-year maturity 11%; for FC liabilities other than deposits up to 3-years maturity 9%; and for FC liabilities other than deposits more than 3-years maturity 6%.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3.089.238	-	5.192.098	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves <sup>(1)(2)</sup>	31.298	8.522.226	31.397	7.717.601
<b>Total</b>	<b>3.120.536</b>	<b>8.522.226</b>	<b>5.223.495</b>	<b>7.717.601</b>

(1) Required reserve of branches abroad amounting to TL38.885 is presented in this line (31 December 2011: TL40.505).

(2) TL5.739.079 in FC required reserves is the part of TL required reserves kept as FC (31 December 2011: TL4.917.924).

**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) Bank has no financial assets at fair value through profit and loss given or blocked as collateral.

**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	612	38	982	6
Swap Transactions	13.097	54.740	49.721	26.459
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>13.709</b>	<b>54.778</b>	<b>50.703</b>	<b>26.465</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	-	63.476	-	49.179
Foreign Banks	15.530	1.185.320	61.040	1.210.240
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>15.530</b>	<b>1.248.796</b>	<b>61.040</b>	<b>1.259.419</b>

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	10.487.196	17.061.477
Assets Blocked/Given as Collateral	1.084.134	2.601.686
<b>Total</b>	<b>11.571.330</b>	<b>19.663.163</b>

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

	Current Period	Prior Period
Debt Securities	36.286.954	38.354.836
Quoted in Stock Exchange	36.286.954	38.354.836
Not Quoted in Stock Exchange	-	-
Share Certificates	237.530	219.828
Quoted in Stock Exchange	104.279	94.717
Not Quoted	133.251	125.111
Provision for Impairment (-)	75.359	446.881
<b>Total</b>	<b>36.449.125</b>	<b>38.127.783</b>

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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
<b>Direct Loans Granted to Shareholders</b>	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	-	-	-
<b>Loans Granted to Employees</b>	<b>252.410</b>	-	<b>244.850</b>	-
<b>Total</b>	<b>252.410</b>	-	<b>244.850</b>	-

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Cash Loans</b>				
<b>Non-Specialized Loans</b>	<b>42.389.940</b>	<b>43.789</b>	<b>4.007.444</b>	<b>142.789</b>
Discount Notes	1.182	-	140	-
Export Loans	1.035.767	-	3.629	-
Import Loans	-	-	360	-
Loans Given to Financial Sector	181.578	-	-	-
International Loans	785.385	-	5.790	-
Consumer Loans	25.390.509	22.464	2.316.962	15.311
Credit Cards	1.743.118	457	102.500	-
Precious Metals Loans	-	-	-	-
Other <sup>(1)</sup>	13.252.401	20.868	1.578.063	127.478
<b>Specialized Lending</b>	<b>19.914.113</b>	<b>300.441</b>	<b>582.747</b>	<b>31.647</b>
<b>Other Receivables</b>	-	-	-	-
<b>Interest Income Accruals<sup>(2)</sup></b>	<b>1.848.251</b>	-	-	-
<b>Total</b>	<b>64.152.304</b>	<b>344.230</b>	<b>4.590.191</b>	<b>174.436</b>

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

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

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

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	352.501	26.985.577	27.338.078
Real Estate Loans	723	7.354.033	7.354.756
Vehicle Loans	1.001	274.421	275.422
Consumer Loans	348.370	19.204.459	19.552.829
Abroad <sup>(2)</sup>	2.407	152.664	155.071
Other	-	-	-
Consumer Loans- Indexed to FC	-	14	14
Real Estate Loans	-	14	14
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- FC	36	886	922
Real Estate Loans	-	49	49
Vehicle Loans	-	-	-
Consumer Loans	36	837	873
Other	-	-	-
Individual Credit Cards-TL	1.660.953	5.735	1.666.688
With Installment	526.058	5.509	531.567
Without Installment	1.134.895	226	1.135.121
Individual Credit Cards-FC	2.551	-	2.551
With Installment	-	-	-
Without Installment	2.551	-	2.551
Personnel Loans-TL	16.096	166.443	182.539
Real Estate Loans	-	769	769
Vehicle Loans	-	-	-
Consumer Loans	5.391	164.761	170.152
Abroad <sup>(2)</sup>	25	913	938
Other	10.680	-	10.680
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	4	-	4
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	4	-	4
Other	-	-	-
Personnel Credit Cards-TL	66.549	202	66.751
With Installment	25.498	193	25.691
Without Installment	41.051	9	41.060
Personnel Credit Cards-FC	144	-	144
With Installment	-	-	-
Without Installment	144	-	144
Overdraft Accounts-TL (Real Person)	379.699	-	379.699
Overdraft Accounts-FC (Real Person)	-	-	-
<b>Total<sup>(1)</sup></b>	<b>2.478.533</b>	<b>27.158.857</b>	<b>29.637.390</b>

<sup>(1)</sup> TL257.559 of interest income accrual is not included in the table above.

<sup>(2)</sup> TL938 of consumer loans used by the personnel abroad and TL155.071 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:**

	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Commercial Installment Loans-TL	162.940	3.762.234	3.925.174
Business Loans	251	108.629	108.880
Vehicle Loans	1.688	296.055	297.743
Consumer Loans	145.602	3.072.447	3.218.049
Other	15.399	285.103	300.502
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	11	1.780	1.791
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	11	1.780	1.791
Other	-	-	-
Corporate Credit Cards-TL	109.385	193	109.578
With Installment	1.674	178	1.852
Without Installment	107.711	15	107.726
Corporate Credit Cards-FC	363	-	363
With Installment	-	-	-
Without Installment	363	-	363
Overdraft Account-TL (Legal Entity)	21.214	-	21.214
Overdraft Account-FC (Legal Entity)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>293.913</b>	<b>3.764.207</b>	<b>4.058.120</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	66.621.735	68.700.460
Foreign Loans	791.175	1.003.690
Interest Income Accruals of Loans	1.848.251	1.469.110
<b>Total</b>	<b>69.261.161</b>	<b>71.173.260</b>

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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:**

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and investments	198.969	279.189
Indirect loans granted to subsidiaries and investments	-	-
<b>Total <sup>(1)</sup></b>	<b>198.969</b>	<b>279.189</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Loans and other receivables with limited collectability	61.182	12.202
Loans and other receivables with doubtful collectability	204.407	104.637
Uncollectible loans and other receivables	506.580	489.487
<b>Total</b>	<b>772.169</b>	<b>606.326</b>

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

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

	<b>Group III: Loans and receivables with limited collectability</b>	<b>Group IV: Loans and receivables with doubtful collectability</b>	<b>Group V: Uncollectible loans and receivables</b>
<b>Current period</b>	<b>7.124</b>	<b>29.825</b>	<b>68.704</b>
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	7.124	29.825	68.704
Rescheduled loans and other receivables	-	-	-
<b>Prior period</b>	<b>2.981</b>	<b>23.208</b>	<b>63.547</b>
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	2.981	23.208	63.547
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:**

	<b>Group III:</b>	<b>Group IV:</b>	<b>Group V:</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Prior Period Ending Balance</b>	<b>63.697</b>	<b>166.178</b>	<b>633.166</b>
Additions (+)	376.903	35.948	54.820
Transfers from other Categories of Loans under Follow-Up (+)	-	241.812	179.656
Transfers to other categories of Loans under Follow-Up (-)	241.812	179.656	-
Collections (-) <sup>(1)</sup>	71.330	45.060	197.343
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Current Period End Balance</b> <sup>(2)</sup>	<b>127.458</b>	<b>219.222</b>	<b>670.299</b>
Specific Provision (-)	61.182	204.407	506.580
<b>Net Balance on Balance Sheet</b> <sup>(2)</sup>	<b>66.276</b>	<b>14.815</b>	<b>163.719</b>

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

<sup>(2)</sup> Includes the fund sourced loans amounting to TL183.628 whose risk does not belong to the Bank.

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

	<b>Group III:</b>	<b>Group IV:</b>	<b>Group V:</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period:</b>			
<b>Period Ending Balance</b>	<b>619</b>	<b>5.952</b>	<b>6.264</b>
Specific Provision (-)	309	5.952	6.264
<b>Net Balance on Balance Sheet</b>	<b>310</b>	-	-
<b>Prior Period:</b>			
<b>Period Ending Balance</b>	-	<b>6.126</b>	<b>6.622</b>
Specific Provision (-)	-	6.004	6.622
<b>Net Balance on Balance Sheet</b>	-	<b>122</b>	-

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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:**

	<b>Group III:</b>	<b>Group IV:</b>	<b>Group V:</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period (Net)</b>	<b>66.276</b>	<b>14.815</b>	<b>163.719</b>
Loans to Real Persons and Legal Entities (Gross)	127.458	167.411	670.299
Specific Provisions (-)	61.182	152.596	506.580
Loans to Real Persons and Legal Entities (Net)	66.276	14.815	163.719
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	51.811	-
Specific Provisions (-)	-	51.811	-
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>51.495</b>	<b>61.541</b>	<b>143.679</b>
Loans to Real Persons and Legal Entities (Gross)	63.697	115.121	633.166
Specific Provisions (-)	12.202	53.580	489.487
Loans to Real Persons and Legal Entities (Net)	51.495	61.541	143.679
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	51.057	-
Specific Provisions (-)	-	51.057	-
Other Loans and Receivables (Net)	-	-	-

**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:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Government Bonds	7.438.738	1.718.635	6.920.200	1.638.210
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>7.438.738</b>	<b>1.718.635</b>	<b>6.920.200</b>	<b>1.638.210</b>

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

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

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

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	7.450.936	1.348.984	9.241.832	1.023.067
Other	-	-	-	-
<b>Total</b>	<b>7.450.936</b>	<b>1.348.984</b>	<b>9.241.832</b>	<b>1.023.067</b>

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

	Current Period	Prior Period
Government Bonds	30.677.138	32.495.050
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
<b>Total</b>	<b>30.677.138</b>	<b>32.495.050</b>

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

	Current Period	Prior Period
Debt securities	30.686.716	32.504.197
Quoted in a Stock Exchange	28.356.187	30.174.631
Not Quoted in a Stock Exchange	2.330.529	2.329.566
Provision for Impairment (-)	-	-
<b>Total</b>	<b>30.686.716</b>	<b>32.504.197</b>

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

	Current Period	Prior Period
<b>Beginning Balance</b>	<b>32.504.197</b>	<b>36.388.051</b>
Foreign Currency Differences on Monetary Assets	(253.022)	817.735
Purchases During the Year	223.373	4.302.130
Disposals through Sales and Redemptions	(1.787.832)	(9.003.719)
Provision for Impairment (-)	-	-
<b>Period End Balance</b>	<b>30.686.716</b>	<b>32.504.197</b>

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 the amendment of TAS 39 “Turkish Accounting Standard for Financial Instruments: Recognition and measurement” published in the Official Gazette No. 27040 dated 31 October 2008 by TASB.

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

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

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 TL1.356, negative revaluation differences which are accounted under shareholders’ equity are USD13.938 thousand and EUR9.766 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR40.280 thousand and USD75.077 thousand respectively.

If the reclassification from the held for trading securities portfolio to the held to maturity had not been performed, income accrual amounting to TL33.787 would have been recorded. As of 30 June 2012, the reclassification from held for trading securities to held to maturity investments has an income impact of TL(28.833).

**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 <sup>(2)</sup>	Shareholders’ Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)(3)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit/Loss <sup>(2)</sup>	Prior Period Profit/Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	30.507	20.440	12.875	593	-	1.957	1.309	-
2	63.586	49.856	2.807	805	-	15.868	8.719	-

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

<sup>(2)</sup> Current period information of associates has been provided from unaudited financial statements as of 30 June 2012. Prior period profit/loss information of associates has been provided from audited financial statements as of 30 June 2011.

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

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

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

	Total Assets <sup>(2)</sup>	Shareholders’ Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit/Loss <sup>(2)</sup>	Prior Period Profit/Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	2.611.426	394.231	24.082	50.475	13.024	40.254	18.402	-

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

<sup>(2)</sup> Current period financial statements information of ArapTürk Bankası A.Ş. has been provided from unaudited financial statements as of 30 June 2012 and prior period profit/loss balances of ArapTürk Bankası A.Ş. have been provided from unaudited financial statements as of 30 June 2011.

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

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

**2) Explanation regarding consolidated associates:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Beginning Balance</b>	<b>53.781</b>	<b>47.123</b>
<b>Movement During the Period</b>	<b>5.605</b>	<b>6.658</b>
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation	-	-
Transfer to Available for Sale Fin. Assets	-	-
Sales	-	-
Revaluation	5.605	6.658
Impairment Provision	-	-
<b>Ending Balance</b>	<b>59.386</b>	<b>53.781</b>
<b>Capital Commitments</b>	-	-
<b>Period Ending Share of Capital Participation</b>	<b>15,43</b>	<b>15,43</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Banks	59.386	53.781
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

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

None (31 December 2011: None).

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

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

	<b>Description</b>	<b>Address (City/Country)</b>	<b>The Bank's Share Percentage-if different Voting Percentage (%)</b>	<b>The Bank's Risk Group Share Percentage (%)</b>
1	Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	Istanbul/Turkey	71,43	52,54
2	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/Turkey	75,00	64,61

	<b>Total Assets<sup>(2)</sup></b>	<b>Shareholders' Equity<sup>(2)</sup></b>	<b>Total Non- Current Assets<sup>(2)</sup></b>	<b>Interest Income<sup>(2)</sup></b>	<b>Income from Marketable Securities<sup>(2)</sup></b>	<b>Current Period Profit/ Loss<sup>(2)</sup></b>	<b>Prior Period Profit/Loss<sup>(2)</sup></b>	<b>Fair Value<sup>(1)</sup></b>
1	25.643	12.976	3.698	342	23	1.244	944	-
2	13.805	4.941	95	211	35	161	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 2012 and prior period profit/loss balances has been provided from audited financial statements as of 30 June 2011.

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

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

**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	50,25
4	Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100,00	63,06
5	Ziraat Portföy Yönetimi A.Ş.	Istanbul/Turkey	60,00	65,70
6	Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
7	Turkish Ziraat Bank Bosnia dd	Sarajevo/Bosnia Herzegovina	100,00	100,00
8	Ziraat Bank (Moscow) CJSC	Moscow/Russia	100,00	99,91
9	Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	100,00	99,36

	Total Assets <sup>(3)</sup>	Shareholders’ Equity <sup>(3)</sup>	Total Non- Current Assets <sup>(3)</sup>	Interest Income <sup>(3)</sup>	Income from Marketable Securities Portfolio <sup>(2)</sup>	Current Period Profit/Loss <sup>(3)</sup>	Prior Period Profit/Loss <sup>(3)</sup>	Fair Value <sup>(1)</sup>
1	1.078.155	116.067	1.363	-	57.141	40.928	24.201	-
2	234.138	79.831	900	-	9.375	30.377	15.437	-
3	649.211	139.029	818	300	-	12.067	9.211	-
4	87.491	69.137	1.471	3.969	782.576	7.250	6.977	-
5	9.537	9.121	50	557	1.477	605	720	-
6	2.011.756	355.094	2.900	24.881	3.094	2.756	4.409	323.328
7	194.347	81.836	8.242	4.450	232	721	745	48.632
8	121.493	51.401	3.931	3.611	57	1.793	991	43.477
9	207.896	140.294	9.000	4.181	786	4.176	75	124.043

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

(2) The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. represents net sales.

(3) Information on subsidiaries shown in the above table has been provided from the unaudited financial statements as of 30 June 2012, the prior period profit/loss balances have been provided from audited financial statements as of 30 June 2011.

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

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

**2) Information about consolidated subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>694.228</b>	<b>629.955</b>
<b>Movements During the Period</b>	<b>(37.469)</b>	<b>64.273</b>
Additions to Scope of Consolidation	-	-
Purchases <sup>(1)</sup>	-	56.690
Bonus Shares Obtained	-	7.583
Dividends from current year income	-	-
Transfers to available for sale assets	-	-
Sales <sup>(2)</sup>	(37.469)	-
Revaluation Increase	-	-
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>656.759</b>	<b>694.228</b>
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> The capital increase in the prior period is shown under “Purchases”.

<sup>(2)</sup> With the Bank’s Board of Directors’ Decision No. 4, dated 11 January 2012, the total equity share of the Bank in Ziraat Bank AD Skopje will be transferred to Halk Bank A.D. Skopje, Joint Venture of T. Halk Bankası A.Ş., considering the legislation of Turkey and Macedonia within the scope of Decision No. 2002/3555 by the Council of Ministers. The transfer process is expected to be completed by October 2012. In this context, related subsidiary has been excluded from the consolidation scope and classified under “Assets Held For Sale”.

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

	<b>Current Period</b>	<b>Prior Period</b>
Banks	539.480	576.949
Insurance Companies	39.984	39.984
Factoring Companies	-	-
Leasing Companies	57.443	57.443
Financing Companies	-	-
Other Financial Subsidiaries	19.852	19.852

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

None.

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2012**

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

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

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

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

<b>Entities under Common Control (Joint Ventures) <sup>(1)</sup></b>	<b>Parent Bank’s Share <sup>(2)</sup></b>	<b>Group’s Share</b>	<b>Current Assets</b>	<b>Non-Current Assets</b>	<b>Long Term Liabilities</b>	<b>Income</b>	<b>Expense</b>
Turkmen Turkish Joint Stock Commercial Bank	8.776	8.776	100.995	6.182	14.427	7.383	4.810
Uzbekistan- Turkish Bank	19.768	19.776	146.681	2.371	3.157	4.834	2.923
Azer Türk Bank ASC	12.996	14.126	74.094	73.707	1.840	18.400	16.749
<b>Total</b>	<b>41.540</b>	<b>42.678</b>	<b>321.770</b>	<b>82.260</b>	<b>19.424</b>	<b>30.617</b>	<b>24.482</b>

<sup>(1)</sup> Information on entities under common control is provided from the unaudited financial statements as of 30 June 2012.

<sup>(2)</sup> 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):**

The Bank has no finance lease receivables.

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

The Bank has no derivative financial assets for hedging purposes.

**12. Information on investment property:**

None (31 December 2011: 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 consumer, trade and agricultural receivables and immovables for which has no necessity of usage exists by the Bank. Those immovables considered for sales are announced at the web site of the Bank.

The Bank’s immovables acquired amount to TL58.592 consisting of TL1.220 on consumer loan, TL52.354 on its commercial loans and TL5.018 on its agricultural loans. Total depreciation expense is TL320 for these held for sale assets.

With the Bank’s Board of Directors’ Decision No. 4, dated 11 January 2012, the whole equity share of the Bank in Ziraat Bank AD Skopje will be transferred to Halk Bank A.D. Skopje, Joint Venture of T. Halk Bankası A.Ş., considering the legislation of Turkey and Macedonia within the scope of Decision No. 2002/3555 by the Council of Ministers. The transfer process is expected to be completed by October 2012. In this context, related subsidiary has been excluded from the consolidation scope and classified under “Assets Held For Sale” group.

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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	6.460.107	-	2.440.058	40.013.852	4.350.824	516.599	903.863	4.953	54.690.256
Foreign Currency Deposits	3.702.024	-	3.153.242	6.677.528	2.339.120	554.122	4.566.452	354	20.992.842
Residents in Turkey	3.347.911	-	3.049.092	6.326.585	2.208.160	459.213	4.040.085	354	19.431.400
Residents Abroad	354.113	-	104.150	350.943	130.960	94.909	526.367	-	1.561.442
Public Sector Deposits	5.890.649	-	1.140.120	4.760.885	781.531	36.111	10.299	-	12.619.595
Commercial Inst. Deposits	1.856.330	-	1.951.991	3.129.045	590.637	7.649	24.088	-	7.559.740
Other Inst. Deposits	1.403.169	-	391.083	2.136.725	199.500	374.395	67.014	-	4.571.886
Precious Metals	502.142	-	-	-	-	-	-	-	502.142
Interbank Deposits	121.397	-	4.171.998	1.277.408	81.071	-	4.000	-	5.655.874
CBRT	1.912	-	1.438	-	-	-	-	-	3.350
Domestic Banks	36.155	-	4.169.121	684.980	81.071	-	4.000	-	4.975.327
Foreign Banks	18.702	-	1.439	592.428	-	-	-	-	612.569
Participation Banks	64.628	-	-	-	-	-	-	-	64.628
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>19.935.818</b>	<b>-</b>	<b>13.248.492</b>	<b>57.995.443</b>	<b>8.342.683</b>	<b>1.488.876</b>	<b>5.575.716</b>	<b>5.307</b>	<b>106.592.335</b>

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	6.303.548	-	3.428.901	39.648.178	4.902.631	567.637	917.048	-	55.767.943
Foreign Currency Deposits	3.783.284	-	3.713.836	8.421.222	2.058.980	604.386	4.618.697	-	23.200.405
Residents in Turkey	3.443.111	-	3.473.509	7.619.551	1.888.306	493.256	4.126.789	-	21.044.522
Residents Abroad	340.173	-	240.327	801.671	170.674	111.130	491.908	-	2.155.883
Public Sector Deposits	5.681.968	-	2.131.409	4.862.490	217.595	78.515	14.151	-	12.986.128
Commercial Inst. Deposits	2.231.012	-	2.855.185	3.260.719	713.601	944.841	26.536	-	10.031.894
Other Inst. Deposits	1.813.577	-	644.007	2.861.162	2.164.509	116.823	74.761	-	7.674.839
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	84.706	-	3.245.496	73.271	-	-	2.000	-	3.405.473
CBRT	1.936	-	376	-	-	-	-	-	2.312
Domestic Banks	28.456	-	3.044.061	-	-	-	2.000	-	3.074.517
Foreign Banks	32.962	-	201.059	73.271	-	-	-	-	307.292
Participation Banks	21.352	-	-	-	-	-	-	-	21.352
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>19.898.095</b>	<b>-</b>	<b>16.018.834</b>	<b>59.127.042</b>	<b>10.057.316</b>	<b>2.312.202</b>	<b>5.653.193</b>	<b>-</b>	<b>113.066.682</b>

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

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

**b) Information on saving deposits:**

**1) Amounts exceeding the deposit insurance limit:**

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

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits <sup>(2)</sup>	29.763.415	30.206.627	24.677.695	25.297.249
Foreign Currency Saving Deposits <sup>(2)</sup>	7.740.159	7.404.412	9.073.832	9.275.852
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance <sup>(1)</sup>	401.807	412.909	45.268	42.243
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, TL26.513 and TL8.883 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2011: Bulgaria and Greece, respectively TL17.026, TL5.792).

(2) Related deposit balances do not include foreign branches

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL3.086 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, TL447.612 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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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Deposits and other Accounts in Branches Abroad	31.027	4.436
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors and Their Close Families	1.701	1.199
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

**2. Information on derivative financial liabilities held for trading:**

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

<b>Financial Liabilities Held for Trading</b>	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	607	19	943	28
Swap Transactions	43.497	3.222	28.910	9.940
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>44.104</b>	<b>3.241</b>	<b>29.853</b>	<b>9.968</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	62.540	55.394	65.526	43.778
Foreign Banks, Institutions and Funds	568.156	1.190.904	-	444.178
<b>Total</b>	<b>630.696</b>	<b>1.246.298</b>	<b>65.526</b>	<b>487.956</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-Term	54.897	652.114	63.631	63.384
Medium and Long-Term	575.799	594.184	1.895	424.572
<b>Total</b>	<b>630.696</b>	<b>1.246.298</b>	<b>65.526</b>	<b>487.956</b>

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

**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:**

69,33% 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):**

There are no lease payables (31 December 2011: None).

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

There are no derivative financial liabilities for hedging purposes (31 December 2011: None).

**7. Explanations on provisions:**

**a) Information on general provisions:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>General Provisions</b>	<b>1.078.920</b>	<b>977.690</b>
Allocated for Group-I Loans and Receivables	879.318	820.567
Allocated for Group-II Loans and Receivables	129.442	93.766
Allocated for Non-cash Loans	42.404	38.354
Other	27.756	25.003

Information required regarding the number of changes and extended terms in the original payment schedule of loans in accordance with the changes made in “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions” on 28 May 2011:

i) Rescheduled loan and other receivables that are standard:

<b>30 June 2012</b>	<b>Up-to-1-month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and above</b>	<b>Total</b>
Number of rescheduled loan agreement	163	337	4.412	5.260	-	<b>10.172</b>
Risk amount	13.747	20.917	205.083	150.825	-	<b>390.572</b>

ii) Rescheduled loan and other receivables that are closely monitored:

<b>30 June 2012</b>	<b>Up-to-1-month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and above</b>	<b>Total</b>
Number of rescheduled loan agreement	293	163	1.072	1.769	-	<b>3.297</b>
Risk amount	6.685	10.324	53.092	103.240	-	<b>173.341</b>

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

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

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

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

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

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

Specific provisions for unindemnified non-cash loans amount to TL23.031.

**d) Information on other provisions:**

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

The accompanying financial statements include a general reserve amounting to TL540.000 thousand (TL410.000 thousand of this reserve amount was charged to the income statement as an expense in the current period), provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL10.000 and other provision of TL369 exist for cash transfers made by Bank officials.

	<b>Current Period</b>	<b>Prior Period</b>
General provisions for possible risks	550.369	140.248

**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 TL63.050. Full provision has been provided in the accompanying financial statements for law suits ended against the Bank but not finalized yet, amounting to TL32.059. 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.

Furthermore, based on the decision of the Bank management, provision amounting to TL71.750 in total, TL51.750 included in the current year, without taking into consideration the guarantees of the loans and in line with the conservatism principle, is provided for the consumer loans followed under standard loan portfolio that also have amounts in the non performing loan portfolio in compliance with the Act on Preservation of Consumers numbered 4077. The provision is made in accordance with the “Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”, published in Official Gazette numbered 26333, dated 1 November 2006 and considering the conservatism principle without taking into consideration the guarantees of these loans.

The Bank also provided provisions amounting to TL23.031 for unindemnified non-cash loans, and TL8.404 for other provisions. As a result, in addition to the provisions mentioned above, the other provision balance on the Bank’s balance sheet amounts to TL748.545 (31 December 2011: TL258.146).

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

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

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

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

The 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:

	<b>Current Period</b>	<b>Prior Period</b>
As of 1 January	531.100	489.700
Payments in the period	(29.657)	(47.300)
Charge for the period	53.057	88.700
<b>Total</b>	<b>554.500</b>	<b>531.100</b>

As of 30 June 2012 unpaid vacation liability amounted to TL135.800 (31 December 2011: TL125.500) 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 2012, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL211.961 (31 December 2011: TL85.187).

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

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	211.961	85.187
Taxation on Income From Securities	98.698	108.145
Property Tax	978	840
Banking Insurance Transactions Tax (BITT)	40.160	40.014
Foreign Exchange Transactions Tax	4	4
Value Added Tax Payable	826	1.266
Other	34.209	24.590
<b>Total</b>	<b>386.836</b>	<b>260.046</b>

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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:**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums - Employee	22	22
Social Security Premiums - Employer	31	31
Bank Social Aid Pension Fund Premium - Employee	3.576	3.263
Bank Social Aid Pension Fund Premium - Employer	5.013	4.598
Pension Fund Membership Fees and Provisions - Employee	606	7
Pension Fund Membership Fees and Provisions - Employer	1.215	17
Unemployment Insurance - Employee	645	485
Unemployment Insurance - Employer	1.292	973
Other	11	6
<b>Total</b>	<b>12.411</b>	<b>9.402</b>

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

The Bank's deferred tax liability amounts to TL26.724(31 December 2011: TL8.351). However, this amount is net off against the deferred tax asset and accordingly deferred tax asset amounting to TL215.632 (31 December 2011: TL281.702) is presented in the financial statements.

**9. Information on shareholders' equity:**

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

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

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

The Bank does not have a registered capital system.

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

There is no share capital increase and increased capital shares.

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

There is no increase from capital reserves.

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

The Bank has no capital commitments.

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

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

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

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

In the current period, the Bank follows its operations in line with the previous periods. The Bank’s balance sheet has been managed with precaution by being affected by the interest, rate of exchange and credit risks at the minimum level. This helps to reduce the effects of fluctuations in the market to the Bank 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	-	77.262	-	81.479
Revaluation Difference	-	77.262	-	81.479
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	(85.450)	220.227	(410.811)	(45.037)
Revaluation Difference	(81.684)	220.227	(545.156)	(45.037)
Deferred Tax Effect	(3.766)	-	134.345	-
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(85.450)</b>	<b>297.489</b>	<b>(410.811)</b>	<b>36.442</b>

**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	2.581.994	2.461.000
Asset Purchase Commitments	1.763.844	635.714
Commitments for Credit Card Expenditure Limits	3.903.183	3.822.106
Loan Granting Commitments	26	143
Other Irrevocable Commitments	1.924.530	1.802.269
Subsidiaries and Associates Capital Contribution Commitments	1.000	1.000
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	9.580	8.131
<b>Total</b>	<b>10.184.157</b>	<b>8.730.363</b>

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

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

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

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

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

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

	Current Period	Prior Period
Guarantee Letters	10.525.048	9.967.250
Bank Acceptances	686.564	373.588
Letter of Credits	1.690.382	1.637.823
<b>Total</b>	<b>12.901.994</b>	<b>11.978.661</b>

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

	Current Period	Prior Period
Letter of Temporary Guarantees	272.889	416.997
Letter of Certain Guarantees	5.979.746	5.421.564
Letters of Advance Guarantees	2.973.327	3.113.897
Letters of Guarantees given to Customs Offices	167.935	100.080
Other Letters of Guarantees	1.131.151	914.712
<b>Total</b>	<b>10.525.048</b>	<b>9.967.250</b>

**c) 1) Total non-cash loans:**

	Current Period	Prior Period
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>988.856</b>	<b>851.281</b>
With Original Maturity of One Year or Less	80.438	96.554
With Original Maturity of More than One Year	908.418	754.727
<b>Other Non-Cash Loans</b>	<b>11.913.138</b>	<b>11.127.380</b>
<b>Total</b>	<b>12.901.994</b>	<b>11.978.661</b>

**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
<b>Interest on Loans <sup>(1)</sup></b>	<b>4.129.539</b>	<b>166.506</b>	<b>3.260.158</b>	<b>116.255</b>
Short Term Loans	1.237.026	30.099	864.829	26.337
Medium and Long Term Loans	2.851.012	136.374	2.343.595	89.916
Interest on Non-Performing Loans	41.501	33	51.734	2
Premiums from Resource Utilization Support Fund	-	-	-	-

<sup>(1)</sup> 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	-
Domestic Banks	16	221	36	603
Foreign Banks	762	10.902	960	10.400
Head Office and Branches	-	-	-	-
<b>Total</b>	<b>778</b>	<b>11.123</b>	<b>9.600</b>	<b>11.003</b>

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Interest Income from Subsidiaries and Associates	3.962	4.097

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

	<b>Current Period</b>		<b>Prior Period</b>	
	TL	FC	TL	FC
Banks <sup>(1)</sup>	19.020	9.087	1.807	381
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	3.019	587	1.795	187
Foreign Banks	16.001	8.500	12	194
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>19.020</b>	<b>9.087</b>	<b>1.807</b>	<b>381</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Interest Expenses Given to Subsidiaries and Associates	47.333	47.568

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit</b>	<b>2.441.344</b>	<b>1.490.814</b>
Profit from the Capital Market Transactions	48.640	24.626
Profit on Derivative Financial Instruments	572.886	674.411
Foreign Exchange Gains	1.819.818	791.777
<b>Loss (-)</b>	<b>2.446.054</b>	<b>1.562.377</b>
Loss from the Capital Market Transactions	19.202	1.380
Loss on Derivative Financial Instruments	657.289	531.458
Foreign Exchange Loss	1.769.563	1.029.539

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

	<b>Current Period</b>	<b>Prior Period</b>
Effect of the change in exchange rates on profit/loss	114.401	108.088
Effect of the change in interest rates on profit/loss	(198.804)	34.865
<b>Total</b>	<b>(84.403)</b>	<b>142.953</b>

**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(158.688).

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Specific Provisions for Loans and Other Receivables <sup>(1)</sup>	268.487	113.790
Group III Loans and Receivables	65.938	12.957
Group IV Loans and Receivables	143.439	47.034
Group V Loans and Receivables	59.110	53.799
General Provision Expenses <sup>(2)</sup>	101.375	253.463
Provision Expenses for the Possible Losses	410.300	35
Marketable Securities Impairment Expense	33	1.160
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	33	1.160
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	-	1.006
Associates	-	904
Subsidiaries	-	102
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	-
Other <sup>(3)</sup>	75.189	132
<b>Total</b>	<b>855.384</b>	<b>369.586</b>

(1) The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL82.644 are presented in other operating income (30 June 2011: TL95.131).

(2) The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL145 are presented in other operating income (30 June 2011: TL8.210).

(3) Other includes standard loans and consumer loans followed under other receivables account of loan customers that have amounts in non performing loans accounts amounting to TL 51.570 and additional provision for litigation purposes amounting to TL 23.000.

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

	<b>Current Period</b>	<b>Prior Period</b>
Personnel Expenses	687.509	673.457
Reserve for Employee Termination Benefits	53.057	46.271
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	29.060	23.376
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	6.465	4.806
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	308.567	281.877
Operational Leasing Expenses	41.123	34.521
Maintenance Expenses	19.441	16.247
Advertisement Expenses	6.022	14.828
Other Expenses	241.981	216.281
Loss on Sales of Assets	48	97
Other <sup>(1)</sup>	289.487	239.068
<b>Total</b>	<b>1.374.193</b>	<b>1.268.954</b>

(1) TL105.208 of the relevant balance is Savings Deposit Insurance Fund expense accrual (30 June 2011: TL86.163), TL109.261 is taxes, fees and tolls expenses (30 June 2011: TL96.633).

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Net Interest Income	3.217.043	2.464.691
Net Fees and Commissions Income	374.586	339.842
Dividend Income	88.332	31.143
Trading Income/Expense (Net)	(4.710)	(71.563)
Other Operating Income	250.182	209.038
Provision for Loan or Other Receivables Losses (-)	855.384	369.586
Other Operating Expenses (-)	1.374.193	1.268.954
<b>Income(Loss) From Continuing Operations</b>	<b>1.695.856</b>	<b>1.334.611</b>

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

As of 30 June 2012, the Bank's income tax provision amounting to TL423.967 (30 June 2011: TL(315.965)) consists of TL496.008 (30 June 2011: TL(146.386)) of current tax charge and TL72.041 (30 June 2011: TL(169.579)) 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 TL1.271.889 (30 June 2011: TL1.018.646).

**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:**

In the previous periods, the bank allocated special provisions considering the minimum rates and prudence principle stated in "Regulation on the Procedures and Principles on Determining the Characteristics of the Loans and other Receivables by the Banks and the provisions that would be Set Aside for them" regardless of such loan collaterals; however, in line with the provision of the General Directorate Authority Approval dated 29 June 2012 and of the Clause (8) of Article 10 of the regulation stating that "based on the reliability and prudence assumptions defined in the Communiqué on Conceptual Framework regarding Preparation and Presentation of Financial Statements promulgated in the Official Gazette No. 25702 dated 16 January 2005, special provision may be allocated to the extent of the amount of the said non-performing receivable on condition not to be less than the special provision amounts applicable for the group in which the non-performing receivable is included regardless of the amount of collateral", the bank started to set aside special provisions corresponding to 50% of the non-performing receivable amount as of the date of including the non-performing receivables in the Third Group and special provisions corresponding to 100% of the non-performing receivable amount as of the date of including the non-performing receivables in the Fourth and Fifth Group. As a result of increasing the said special provision rates, an additional special provision corresponding to TL112.989 was allocated as of 30 June 2012.

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

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

As of 30 June 2012, the Bank’s other fee and commission income amounting to TL439.549 (30 June 2011: TL387.945) consists of TL139.210 (30 June 2011: TL85.485) of credit card fees and commission income, TL78.227 (30 June 2011: TL107.093) of insurance commission and the remaining TL222.112 (30 June 2011: TL195.367) of money order, account management fee and other commission income.

**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 <sup>(2)</sup>	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables <sup>(1)</sup>						
Opening Balance	1.812.188	675.435	-	-	-	-
Closing Balance	1.806.275	502.559	-	-	-	-
<b>Interest and Commissions Income</b>	<b>3.962</b>	-	-	-	-	-

(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 TL829.012 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 <sup>(2)</sup>	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables <sup>(1)</sup>						
Opening Balance	1.239.818	351.271	-	-	-	-
Closing Balance	1.812.188	675.435	-	-	-	-
<b>Interest and Commissions Income</b>	<b>4.097</b>	-	-	-	-	-

(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 TL772.884 are included in the cash loans.

(3) Interest and commissions income balance is the balance as of 30 June 2011.

**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	1.175.691	1.527.048	-	-	-	-
Closing Balance	915.264	1.175.691	-	-	-	-
<b>Interest expense on deposits</b>	<b>47.333</b>	<b>47.568</b>	-	-	-	-

(1) The prior period balance of the accrued interest expense of the deposit is the balance as of 30 June 2011.

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

**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	7.402	-	-	-	-	-
Closing Balance	12.602	7.402	-	-	-	-
<b>Total Profit/Loss</b>	<b>(1.072)</b>	<b>(83)</b>	-	-	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
<b>Total Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> The prior period loss balance is the balance as of 30 June 2011.

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

Fees paid to the Bank’s key management total amount is TL 6.978 (30 June 2011: TL6.098).

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

None.

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**SECTION SIX**

**OTHER EXPLANATIONS AND NOTES**

- I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS**  
None.

**SECTION SEVEN**

**EXPLANATIONS ON THE INDEPENDENT AUDITORS’ REVIEW REPORT**

- I. EXPLANATIONS ON THE INDEPENDENT AUDITORS’ REVIEW REPORT**

As of 31 June 2012, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor’s Review Report dated 1 August 2012 is presented preceding the financial statements.

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

None.

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