

TÜRKİYE CUMHURİYETİ
ZİRAAT BANKASI A.Ş.

INDEPENDENT AUDITOR'S
REPORT, UNCONSOLIDATED
FINANCIAL STATEMENTS AND
NOTES FOR THE PERIOD
JANUARY 1 – DECEMBER 31, 2009

Translated into English from the
Original Turkish Report

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

To the Board of Directors of
T.C. Ziraat Bankası A.Ş.
Ankara

We have audited the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (the “Bank”) as at December 31, 2009, and the related unconsolidated statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the regulation on “Procedures And Principles Regarding Bank's Accounting Practices And Documentation” published in the Official Gazette dated November 1, 2006 and numbered 26333 and the Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency (“BRSA”). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on “Licensing and Operations of Audit Firms in Banking” published in the Official Gazette numbered 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No:5411 and other regulations communiqué and circulars issued by Banking Regulation and Supervision Agency and pronouncements made by Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Ankara, March 01, 2010

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**

H. Erdem SELÇUK
Partner

Additional paragraph for the English translation:

The accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices accepted in countries and jurisdictions other than those in Turkey. The standard procedures and practices to audit the accompanying unconsolidated financial statements are those accepted and approved in Turkey.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

THE UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2009

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

The unconsolidated year end financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN RELATED PERIODS
- NOTES TO THE FINANCIAL POSITION OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND DISCLOSURES
- INDEPENDENT AUDITOR'S REPORT

Unless otherwise indicated, these unconsolidated financial statements and explanatory footnotes and disclosures are prepared in Thousand of the Turkish Lira in accordance with the Communiqué on "Banks' Accounting Practice and Preservation of Documents", Turkish Accounting Standards, Turkish Financial Reporting Standards and related communiqués and interpretations including the Bank's records, have been independently audited and presented as attached.

Mehmet MUMCUOĞLU
Chairman of the Board of
Directors' – By Proxy

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

Hikmet Aydın SİMİT
Member of the Board of
Directors
(Member of the Audit
Committee)

Can Akın ÇAĞLAR
General Manager

İsmail Erdal MAZLUM
Assistant General Manager
responsible for Financial
Reporting

Mehmet Şükrü TAŞÇI
Head of General Accounting
and Financial Reporting
Department

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

Name/Title : Atakan BEKTAŞ / Financial Reporting Manager
Telephone Number : 0312 584 70 97
Fax Number : 0312 584 71 50 - 53

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION

I. ESTABLISHMENT DATE OF THE BANK, INITIAL ARTICLES OF ASSOCIATION, HISTORY OF THE BANK INCLUDING THE CHANGES REGARDING THESE ARTICLES

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

II. CAPITAL STRUCTURE OF THE BANK, SHAREHOLDERS THAT RETAIN DIRECT OR INDIRECT MANAGEMENT AND CONTROL OF THE BANK SOLELY OR TOGETHER, CHANGES DURING THE YEAR AND EXPLANATIONS ABOUT THE GROUP

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION (cont'd)

III. EXPLANATIONS REGARDING THE BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER AND ASSISTANTS, THEIR SHAREHOLDINGS AND AREAS OF RESPONSIBILITIES IN THE BANK

Name	Administrative Function
Members of the Board of Directors	
Mehmet MUMCUOĞLU	Chairman-by proxy
Can Akın ÇAĞLAR	General Manager and Board Member
Ahmet CANDAN	Member
Burhanettin AKTAŞ	Member
Hikmet Aydın SİMİT	Member
Mehmet Emin ÖZCAN	Member
Oğuz KAYHAN	Member
Dr. Ümran DEMİRÖRS	Member
Members of the Audit Committee	
Oğuz KAYHAN	Member
Hikmet Aydın Simit	Member
Chief Assistant General Managers	
Selim Güray ÇELİK	Strategy and Operations
Senih BOYACIGİL	Banking
Assistant General Managers	
Ahmet Mesut GÜRAYLI	Retail Banking
Ali Rıza AKBAŞ	Commercial Banking
Bülent YALIM	Banking Operations
Cem ÖZŞEN	Fund Management
Elif Zeynep ERÜL	Corporate Communication
Ercüment GÜLER	Resource Management
Ertuğrul İSPAHA	Loans and Overdue Loans
Hüsamettin GÜLHAN	Agricultural Banking
İsmail Erdal MAZLUM	General Accounting and Finance
Mustafa ŞAHİN	Support Services
Seyfettin SAĞLAM	Human Resources
Soner CANKO	-
Chairman of the Internal Audit	
Ali ARAS	Chairman of the Internal Audit
Group Heads	
M.Ayhan ALTINTAŞ	Risk Management
Yusuf BİLMEZ	Internal Control

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

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

Name/Trade Name	Amount of Share	Percentage of Share %	Paid-in Shares	Unpaid Shares
Undersecretariat of Treasury	2,500,000	100	2,500,000	-,-

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION (cont'd)

V. SUMMARY OF THE BANK'S FUNCTIONS AND LINES OF ACTIVITIES

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 associations 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, 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 December 31, 2009, Bank carries its activities with a grand total of 1,317 branches; 1,305 domestic branches including 1,203 branches, 29 bureaus, 70 private operation centers, 1 charge bureau, 2 mobile branches and abroad branches each in United States (New York), England (London), Bulgaria (Sofia), Georgia (Tbilisi) and Iraq (Baghdad), 2 branches in Greece (Athens, Komotini) 4 branches (Nicosia, Kyrenia, Morfou, Famagusta) and 1 bureau (Paşaköy) in Turkish Republic of Northern Cyprus. Also, Bank has 1 representative office in Pakistan (Karachi) and Iran (Tehran). As of January 4, 2010, new branches have been opened at Bulgaria (Filibe/Plovdiv) and Turkish Republic of Northern Cyprus (Nicosia). Moreover, preparations for opening a branch in Saudi Arabia (Jeddah) are still continuing.

The bank signed a contract with T. İş Bankası A.Ş. on January 22, 2007 to provide longer installment plan and bonus points to their credit card users. The Bank's credit card users will be benefiting 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 from the merchants that apply. Transactions between the two banks are administered by Interbank Card Centre.

Bank, in line with the demands of the customers, can enable the usage of agricultural loan limits associated with the Başakkart. Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Cash limits of loan accounts assigned to the card can be used through the ATMs and branches of the Bank whereas limits specified for the purchase of seeds, fertilizers, feed, fuel, veterinary services and similar agricultural products/services can only be used via POS machines of the Bank in Başakkart Member Business points. Repayments regarding the products/services transactions with Başakkart can be made through the branches of the Bank and without any interest charge within the time periods defined by the Bank.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

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- I. BALANCE SHEET
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- VII. STATEMENT OF PROFIT DISTRIBUTION

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

According to Article 37 of the Banking Act numbered 5411, consulting the associations of institutions and the Turkish Accounting Standards Board, banks should apply uniformity in their accounting systems in line with the principles and procedures established by the Banking Regulation and Supervision Agency (BRSA) based on the international standards; record all their transactions based on their real nature; and timely and correctly prepare their financial reports in a style and format that will meet the requirements of providing information, that is clear, reliable and comparable and suitable for auditing, analysis and interpretation. Besides, as also stated in 1st Provisional Article of the related Act, “Any legislation, which has been put into force based on repealed provisions shall remain in force and effect before any decrees, regulations and communiqués shall be put into effect in accordance with the related Act that are not in conflict herewith”.

In this context; the Bank’s unconsolidated financial statements and notes are prepared in accordance with the Communiqué on “Procedures and Principles Regarding the Accounting Practices and Maintaining Documents” published in the Official Gazette numbered 26333 on November 1, 2006, the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) effective by the Turkish Accounting Standards Boards, other regulations, communiques and circulars in respect of accounting and financial reporting, pronouncements and explanations by BRSA, Turkish Commercial Code and Turkish Tax Legislation.

As of December 31, 2009 all financial statements are presented comparatively with the December 31, 2008 audited balances.

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

III: ACCOUNTING POLICIES (cont'd)

II. EXPLANATIONS ON STRATEGY OF USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS (cont'd)

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, 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 profit margin is sustained by adjusting deposit interest rates in line with the market interest rates.

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

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

Except the TRNC branches, assets and liabilities of the abroad branches of the Bank are translated into Turkish currency with the Bank's prevailing counter currency buying rates at the balance sheet date while, profit and loss are translated based on the average rates. Resulting differences from translation are followed under equity as other capital reserves.

III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The derivative instruments of the Bank are composed of foreign currency-foreign currency swaps and foreign currency forward agreements. The Bank has no embedded derivative instruments separated from the host contract.

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

Derivative financial instruments are carried at their fair value as of their agreement date and revalued by internal rate of return method in post reporting periods. Positive valuation differences between amortized and current value are shown in the balance sheet as "Held for Trading Derivative Financial Assets" and negative valuation differences are shown in the balance sheet as "Held for Trading Derivative Financial Liabilities", and they are recognized under "Profit/Loss from Derivative Financial Transactions" in the income statement.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES (cont'd)

IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on an accrual basis using the internal rate of return method in conformity with TAS 39 “Financial Instruments: Recognition and Measurement”. In accordance with the Communiqué on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions” came into force after being published in the Official Gazette numbered 26333 dated November 1, 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.

V. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

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

VI. EXPLANATIONS ON FINANCIAL ASSETS

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

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

Financial assets are classified as investments held-to-maturity, loans and receivables, financial assets available for sale or held-for-trading at their acquisition dates.

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

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturity of 3 months or less following the date of purchase, 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 represents the fair values. Cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Bank.

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

Trading securities are initially recognized at cost and carried at fair value in the financial statements.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES (cont'd)

VI. EXPLANATIONS ON FINANCIAL ASSETS (cont'd)

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

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

Investments held to maturity include financial assets other than 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 is fixed or determinable payments with fixed maturity. Marketable securities classified as investments held to maturity can be subject of exchange-repurchase tenders or reimbursement transactions within the context of early redemption.

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

Investments held-to-maturity and financial assets available for sale are initially carried at cost.

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

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

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

Financial assets available for sale are shown with their fair value in financial statements. The difference between fair value and cost is recorded as provision for impairment loss or interest income accrual. Moreover, amortized values and costs are also compared and the difference is recognized as an interest income or expense for impairment losses. Fair values and amortized costs of those securities are subject to comparison and the difference is presented under shareholders' equity as “Marketable Securities Valuation Differences”.

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.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES (cont'd)

VI. EXPLANATIONS ON FINANCIAL ASSETS (cont'd)

Bank loans and receivables are initially carried at cost. Loans are to be 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 TRY by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TRY 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 dated November 1, 2006 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. However, the Bank does not limit the provision amount with the minimum rates defined in related regulation and allocates 100% specific provision for such loans without considering the guarantees. Allocated provisions are deducted from the income for the period. If the loans for which provisions were set in the previous year 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.

VII. 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 investment securities held to maturity are subject to permanent impairment, the amount is reflected to “Value Loss Expenses for Subsidiaries, Associates and Securities Held to Maturity” account.

Loans and other receivables are classified in accordance with the Communiqué on “Methods, Principles on Determining the Nature of Loans, Other Receivables, and Allocation of Provisions” published in the Official Gazette numbered 26333 and dated November 1, 2006. However, the Bank does not limit the provision amount with the minimum rates defined in related regulation and allocates 100% specific provision, without considering the guarantees, for such loans and they are recognized in the statement of income. Collections made related to those loans are offset against the principal and interest collections are recognized under the “Interest Received from Non-performing Loans” item in the income statement.

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SECTION III: ACCOUNTING POLICIES (cont'd)

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (cont'd)

In accordance with the related legislation mentioned in the previous page, the Bank provides general loan loss provisions for loans and its receivables in addition to specific provisions. Based on the decision of Bank's Asset and Liability Management, total loans excluding loans originated from funds whose risk is not borne by the Bank and loans granted to institutions which are exempt from provisions according to Banking Law, general provision ratio is set as 3%. Additional provision provided upon this decision is presented under other provisions within the balance sheet.

VIII. 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 a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

IX. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES

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 valuation principles of the related portfolios.

Total costs including the interest income and accruals of held to maturity investments sold under repurchase agreements amount to TRY 8,972,397 Thousand (December 31, 2008: TRY 6,283,263 Thousand), whereas the bank has no cost related with the interest income and accruals of the securities classified under available for sale securities sold under repurchase agreements (December 31, 2008: TRY 1,097,691 Thousand). Funds obtained by those repurchase 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.

As of December 31, 2009 the Bank has no reverse repo transaction (December 31, 2008: None).

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

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SECTION III: ACCOUNTING POLICIES (cont'd)

X. EXPLANATIONS ON TANGIBLE FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND THE LIABILITIES ABOUT THOSE ASSETS

The Bank has no discontinued operations. Tangible assets acquired in consideration of receivables are accounted for in accordance with the requirements of the Communiqué on “Methods and 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 November 1, 2006 and these assets are subject to revaluation by no means.

The Bank’s immovables acquired amount to TRY 8,315 Thousand consisting of TRY 7,574 Thousand on its commercial loans and TRY 741 Thousand on its agricultural loans. Total assets held for sale together with its movables amounting to TRY 42 Thousand equal to TRY 8,357 Thousand. Total depreciation expense is TRY 133 Thousand for these assets.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

Other intangible assets are carried at historical costs and 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 with undetermined 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 capitalized and amortized over 3 years considering the useful lives of the initial costs.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XII. EXPLANATIONS ON TANGIBLE FIXED ASSETS

Tangible fixed assets are carried at cost and if results of appraisal reports exceed the costs, they are not subject to any revaluation. The Bank's tangible fixed assets purchased before January 1, 2005 are carried at restated cost in the balance sheet before December 31, 2004 and its tangible fixed assets that are purchased subsequent to January 1, 2005 are valued at historical cost. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives. No changes made in the current period regarding depreciation method.

Estimated depreciation rates of tangible fixed assets are as follows;

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

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.

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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SECTION III: ACCOUNTING POLICIES (cont'd)

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

The Bank, as the lessee, recognizes its leasing operations in accordance with the requirements of the Turkish Accounting Standards (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.

As of the balance sheet date, the Bank has no financial leasing operations as a lesser.

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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.

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

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

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 TRY 100 Thousand amounts to TRY 211,355 Thousand. Full provision has been provided in the accompanying financial statements for law suits ended against the Bank but not finalized yet, amounting to TRY 9,250 Thousand. In addition to these, for the interest expenses calculated for the lawsuits against the Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, generic provision equal to TRY 37,300 Thousand has been provided.

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

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SECTION III: ACCOUNTING POLICIES (cont'd)

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

Employee benefits liabilities are recognized in accordance with the Turkish Accounting Standard (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, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, retirement pay 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 Retirement Payment Provision ceiling).

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

As of December 31, 2009, provision allocated by the Bank for all employee benefit liabilities is TRY 542,600 Thousand. The Bank is not employing its personnel by means of limited-period contracts.

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 Agency (SSK) Act of numbered 506. In accordance with 23rd provisional clause of the Banking Act numbered 5411, the pension fund is expected to be transferred to the Social Security Agency 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. 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 Agency is annulled by Constitutional Court.

The technical balance sheet report as of December 31, 2007 which is prepared in accordance with the principles in the Council of Ministers decision 2006/11345 declared in the Official Gazette dated December 15, 2006 numbered 26377, which defines the principles of such transfer, by using a technical interest rate of 10.24% concludes no technical deficit arises in the above mentioned fund.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (cont'd)

In accordance with the Act numbered 5754 “Act about the Amendments in Social Security and General Health Insurance Act and Some of Acts and Decrees” published in the Official Gazette numbered 26870 on May 8, 2008, 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.

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

The technical balance sheet report as of December 31, 2009 which is prepared in accordance with the principles Act numbered 5754 declared in the Official Gazete dated May 8, 2008 numbered 26870, by using a technical interest rate of 9.80%, concluded no technical deficit arises in the above mentioned fund.

XVI. EXPLANATIONS ON TAXATION

Corporate Tax:

In accordance with Article 6 “Taxation and Payment of Tax Payers - Determination of Tax Base” and Article 32 “Corporate Tax and Provisional Rates” of the Corporate Tax Law numbered 5220, corporate tax is calculated based on the net corporate income of tax-payers in an accounting period by using 20% as tax rate.

In accordance with the requirements of Income Tax Act (by considering non-deductable charges, discounts and exceptions and provisions of the Tax Procedure Law on revaluation), corporate tax-payers pay provisional tax which is calculated with the current tax rate and will be offset against the current period’s corporate tax.

Corporate tax returns are delivered to related tax administration in the period between the 1st and the 25th days of the fourth month subsequent to the end of accounting period and paid in full before the end of the related month. Nevertheless, the tax audit authorities can investigate accounting records in 5 year-period and the corporate tax payable amount may subject to a change in case of determination of any false entry.

In case of a taxable base financial profit, provision is provided for Corporate and Income Tax liabilities based on the results of the current period activities.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XVI. EXPLANATIONS ON TAXATION (cont'd)

Deferred Tax Liability/Asset:

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

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, 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 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 deferred tax benefit is not taken into account in profit distribution in accordance with the relevant circulars of Banking Regulation and Supervision Agency.

XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS

The Bank accounts its debt instruments in accordance with the Turkish Accounting Standard (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 valuation of debt instruments and liabilities representing the borrowings.

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

XVIII. EXPLANATIONS ON SHARES ISSUED

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

XIX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

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SECTION III: ACCOUNTING POLICIES (cont'd)

XXI. EXPLANATIONS ON SEGMENT REPORTING

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

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

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

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

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

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

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SECTION III: ACCOUNTING POLICIES (cont'd)

XXI. EXPLANATIONS ON SEGMENT REPORTING (cont'd)

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

As of December 31, 2009 explanations on segment reporting as shown below are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

Table for Segment Reporting:

	Retail Banking	Trade and Corporate Banking ⁽¹⁾	Specialized Banking ⁽²⁾	Treasury	International Banking	Total Operations of the Bank
Current Period						
Total Operating Income/Expense ⁽³⁾	2,627,954	449,741	1,376,231	2,444,300	45,752	6,943,978
Net Operating Profit	352,931	315,484	1,376,231	2,357,635	14,454	4,416,735
Income from Subsidiaries ⁽⁴⁾	-	-	-	-	-	26,985
Income Before Taxes	-	-	-	-	-	4,416,735
Tax Provision	-	-	-	-	-	(905,780)
Minority Rights	-	-	-	-	-	-
Net Profit for the Period	-	-	-	-	-	3,510,955
Segment Assets-net ⁽³⁾	18,442,392	6,576,354	10,791,604	84,002,161	2,811,792	122,624,303
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	715,152
Undistributed Assets ⁽⁵⁾	-	-	-	-	-	1,189,077
Total Assets	-	-	-	-	-	124,528,532
Segment Liabilities – net ⁽³⁾	72,202,307	24,267,847	3,245,391	9,588,491	2,778,583	112,082,619
Undistributed Liabilities ⁽⁵⁾	-	-	-	-	-	2,091,786
Shareholders' Equity	-	-	-	-	-	10,354,127
Total Liabilities	-	-	-	-	-	124,528,532
Other Segment Items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	50,298
Restructuring Costs	-	-	-	-	-	-

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

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SECTION III: ACCOUNTING POLICIES (cont'd)

XXI. EXPLANATIONS ON SEGMENT REPORTING (cont'd)

Table for Segment Reporting: (cont'd)

	Retail Banking	Trade and Corporate Banking ^(*)	Specialized Banking ^(**)	Treasury	International Banking	Total Operations of the Bank
Prior Period						
Total Operating Income/Expense ⁽³⁾	2,714,430	412,673	1,144,619	677,050	37,286	4,986,058
Net Operating Profit	651,314	319,404	1,144,619	588,609	11,554	2,715,500
Income from Subsidiaries ⁽⁴⁾	-	-	-	-	-	26,451
Income before Taxes	-	-	-	-	-	2,715,500
Tax Provision	-	-	-	-	-	(581,241)
Minority Rights	-	-	-	-	-	-
Net Profit for the Period	-	-	-	-	-	2,134,259
Segment Assets-net ⁽³⁾	10,458,063	10,647,398	9,040,876	70,209,287	2,394,433	102,750,057
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-	661,372
Undistributed Assets ⁽⁵⁾	-	-	-	-	-	1,001,067
Total Assets						104,412,496
Segment Liabilities – net ⁽³⁾	63,794,508	17,758,876	2,914,092	8,354,957	2,388,084	95,210,517
Undistributed Liabilities ⁽⁵⁾	-	-	-	-	-	1,840,743
Shareholders' Equity	-	-	-	-	-	7,361,236
Total Liabilities						104,412,496
Other Segment Items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	43,484
Restructuring Costs	-	-	-	-	-	-

- (1) Trade and corporate banking column includes results of operations and total assets and liabilities of 3 corporate and 24 trade branches of the Bank. Since any trading and corporate banking operations in other branches could not be distributed; they are not included in this column.
- (2) Agricultural loans and real estate loans transferred from Emlak Bank, liabilities regarding these loans and operating income related with them are included in "Specialized Banking" column. Besides, income from specialized banking operations are presented at "Specialized Banking" column and since the Bank's deposit interest expense from related operations can not be decomposed; these amounts are presented in operating profit row within "Retail Banking" column. Additionally, since operating expenses regarding "Specialized Banking" cannot be decomposed, such amounts are presented in the Retail Banking column.
- (3) For the presentation of operating income, intradepartmental interest charged between branches and treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.
- (4) "Dividend income", a part of operating income of the Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed between branches.
- (5) The total of tangible and intangible assets, tax asset and tangible fixed assets held for sale is shown in "Undistributed Assets" row, whereas the total of provisions and tax liability is shown in "Undistributed Liabilities" row.

XXII. EXPLANATIONS ON OTHER MATTERS

The General Assembly for year 2008 was carried out on April 14, 2009. In accordance with the decision taken, of the profit for the year 2008 amounting to TRY 2,134,259 Thousand, TRY 189,449 Thousand is transferred to legal reserves, TRY 46,566 Thousand is distributed as dividend to employees provided that dividend amount does not exceed one month gross wage for each employee and TRY 750,000 Thousand is distributed to Undersecretariat of Treasury after deducting withholding tax of 15% (TRY 132,353 Thousand) in cash on April 30, 2009. In addition, TRY 984,169 Thousand of the profit for the year 2008, deferred tax income amounting to TRY 28,288 Thousand is not distributed. On December 30, 2009, TRY 3,434 Thousand of dividend left undistributed to employees transferred to Undersecretariat of Treasury after deducting withholding tax of %15.

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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE

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 23.22% (December 31, 2008: 20.08%).

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 November 1, 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, credit risk and 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 loan amount 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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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO (cont'd)

Information related to capital adequacy ratio:

Current Period	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Credit Risk Base Amount							
Balance Sheet Items (Net)	58,990,997	-	5,524,908	8,217,995	24,971,867	20,088	20
Cash	1,034,022	-	46	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Central Bank of the Republic of Turkey	6,432,428	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	5,378,475	-	50,795	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	1,655,613	-	-	-	-	-	-
Loans ⁽¹⁾	4,568,960	-	18,368	8,155,538	23,198,572	20,088	20
Loans Under Follow-up (Net) ⁽¹⁾	-	-	-	-	-	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	43,502,228	-	-	-	4,749	-	-
Receivables from Forward Sale of Assets	-	-	-	-	1,888	-	-
Sundry Debtors	16,014	-	1,654	-	87,966	-	-
Interest and Income Accruals	1,407,645	-	776	62,457	684,011	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	83,078	-	-
Tangible Fixed Assets	-	-	-	-	824,101	-	-
Other Assets	374,087	-	125,589	-	36,707	-	-
Off Balance Sheet Items	172,428	-	105,439	-	3,849,239	-	-
Non-cash Loans and Commitments	172,428	-	105,439	-	3,847,891	-	-
Derivative Financial Instruments	-	-	-	-	1,348	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	59,163,425	-	5,630,347	8,217,995	28,821,106	20,088	20

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO (cont'd)

Information related to capital adequacy ratio: (cont'd)

Prior Period	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Credit Risk Base Amount							
Balance Sheet Items (Net)	62,248,838	-	3,767,277	7,192,914	20,882,757	11,050	-
Cash	705,197	-	14	-	-	-	-
Matured Marketable Securities	1	-	-	-	-	-	-
Central Bank of the Republic of Turkey	7,111,837	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	3,647,645	-	59,400	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	1,434,558	-	-	-	-	-	-
Loans	3,841,909	-	8,485	7,137,010	19,070,381	11,050	-
Loans Under Follow-up (Net) ⁽¹⁾	-	-	-	-	308	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	-	-	-	-	21,397	-	-
Investments Held to Maturity	47,110,326	-	-	-	3,765	-	-
Receivables from Forward Sale of Assets	-	-	-	-	5,081	-	-
Sundry Debtors	9,343	-	314	-	90,134	-	-
Interest and Income Accruals	1,831,931	-	1,291	55,904	680,358	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	83,023	-	-
Tangible Fixed Assets	-	-	-	-	818,872	-	-
Other Assets	203,736	-	109,528	-	50,038	-	-
Off Balance Sheet Items	174,227	-	61,437	-	3,189,041	-	-
Non-cash Loans and Commitments	174,227	-	61,437	-	3,186,469	-	-
Derivative Financial Instruments	-	-	-	-	2,572	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	62,423,065	-	3,828,714	7,192,914	24,071,798	11,050	-

- (1) In the financial statements, Loans under Follow-up (Net) is TRY 114,044 Thousand. However, TRY 113,736 Thousand of this balance is shown in the 0% risk weight column since it represents the amount of loans originated by funds whose risk does not belong to the Bank.

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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO (cont'd)

Summary information about the capital adequacy standard ratio:

	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	34,086,345	28,450,572
Market Risk Base Amount (MRBA)	2,331,700	1,172,713
Operational Risk Base Amount (ORBA)	8,659,562	8,115,602
Shareholders' Equity	10,466,127	7,577,282
Shareholders' Equity/(CRBA+MRBA+ORBA) *100	23.22	20.08

Information related to components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Inflation Adjustment for Paid-in Capital	543,482	543,482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	1,758,096	1,568,647
1 st Degree Legal Reserves (TCC 466/1)	673,340	568,041
2 nd Degree Legal Reserves (TCC 466/2)	1,084,756	1,000,606
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	1,378,424	365,839
Reserves Allocated per General Assembly Minutes	-	-
Retained Earnings	1,378,424	365,839
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	-	-
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	3,670,753	2,294,057
Net Profit of the Period	3,510,955	2,134,259
Retained Earnings	159,798	159,798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	611,962	607,509
Subsidiary and Associate Shares and Gains on Sale of Real Estate To Be Added To Capital	-	-
Primary Subordinated Loans (up to 15% of Core Capital)	-	-
Loss(-) Portion of Losses that Cannot be Covered by Reserves	-	-
Net Loss of the Period	-	-
Accumulated Loss	-	-
Leasehold Improvements (-)	-	-
Prepaid Expenses (-) ^(*)	6,502	4,463
Intangible Assets (-) ^(*)	17,638	11,294
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in 3 rd Clause 56 th Article of the Banking Act (-)	-	-
Total Core Capital	10,438,577	7,879,534

(*) According to 1st Temporary Clause of regulation for Banks equity, up to January 1, 2009 considered as Deductions from Capital. Related balances are deducted from core capital in the current period.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO (cont'd)

Information related to components of shareholders' equity: (cont'd)

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	428,469	247,013
45% of Movable Assets Revaluation Fund	-	-
45% of Immovables Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	12,764	12,764
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Marketable Securities Revaluation Fund	220,773	34,402
From Subsidiaries and Associates	8,785	20,278
From Financial Assets Available For Sale	211,988	14,124
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	662,006	294,179
TIER-III CAPITAL		
CAPITAL	11,100,583	8,173,713
DEDUCTIONS FROM CAPITAL	634,456	596,431
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	632,076	578,349
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	2,243	2,310
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	137	15
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	10,466,127	7,577,282

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS ON THE CREDIT RISK

Credit risk is the probable risks and losses arising from the partial or complete default of the opposite party that the Bank is engaging in relation by not complying to the obligations of the agreement made.

The limits of the credit customers are identified, after combined assessment of various factors like the financial and non-financial information of the credit customers, credit requirements, sectoral and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, regional heads, department heads, Assistant General Managers Chief Assistant General Managers, General Manager, Credit Committee, and Board of Directors.

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

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered.

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

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

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

Agricultural loans are the specialized loans of the Bank and issued by the regional heads, agricultural banking branches and affiliated branches which are given credit issuance authority. The credit limit is determined by considering factors like activities related to agricultural production capacity, unit cost of the product subject to loan, operating capital requirement, investment amount, market value of the product, supporting payments, documentable receivables, income-loss, cash flow projection of the firm and payment ability of the customer. For the determination of the credibility, the financial information of the customers are also considered. The agricultural loan customers are followed through the periodic visits made to the facilities production is operated and the changes at the credit worthiness are identified. The new limit issuances and changes at the limits are made after the on-site detections.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS ON THE CREDIT RISK (cont'd)

The Bank is assessing credibility of the customer as the essential factor in issuing credits and consider guarantees as important in minimizing the risk and liquidation. The Bank is not carrying a material credit risk as the result of the loan policies and processes based on reliable and robust guarantees.

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

The Bank allocates 100% special provision for all loans under follow-up, except the externally funded loans, without considering the guarantees received.

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

Foreign financial institution and country risks of the Bank are generally taken on financial institutions and countries which are rated by international rating institutions. The limits identified for those financial institutions/countries are updated annually and treasury operations are executed under those limits and the transactions are followed.

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

Indemnified non-cash loans are followed under Loans Under Close Monitoring and Other Receivables.

The percentage of top 100 cash loans in the total cash loan portfolio is 13.60%. The percentage of top 100 non-cash loans in the total non-cash loan portfolio is 79.20%. The percentage of top 100 cash and non-cash loans in the total assets and off-balance sheet items is 3.74%.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS ON THE CREDIT RISK (cont'd)

Credit risk by types of borrowers and geographical concentration:

	Loans to Legal Entities and Real Persons ⁽⁴⁾		Loans to Banks and Other Financial Institutions ⁽⁴⁾		Marketable Securities ⁽¹⁾⁽⁴⁾		Other Loans ⁽²⁾	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loan Distribution according to users	35,551,518	29,752,574	1,000,974	204,834	70,987,861	56,455,342	6,172,786	4,389,113
Private Sector	8,481,628	6,878,776	782,402	200,000	-	-	190,738	143,336
Public Sector	830,544	1,768,507	216,311	-	70,963,827	56,433,945	26,138	15,606
Banks	-	-	2,261	4,834	-	-	5,954,022	4,225,089
Individual Customers	26,239,346	21,105,291	-	-	-	-	1,888	5,082
Share Certificates	-	-	-	-	24,034	21,397	-	-
Information according to geographical concentration	35,551,518	29,752,574	1,000,974	204,834	70,987,861	56,455,342	6,172,786	4,389,113
Domestic	35,134,711	29,498,894	943,922	200,000	70,620,143	56,410,509	263,525	208,199
European Union Countries	210,647	117,467	37,460	3,080	135,364	-	3,926,132	2,275,394
OECD Countries ⁽³⁾	-	-	-	-	-	-	152,664	9,499
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	53,636	80,249	19,592	1,754	99,678	41,069	1,607,006	1,657,249
Other Countries	152,524	55,964	-	-	132,676	3,764	223,459	238,772

- (1) Includes marketable securities designated at fair value through profit or loss, available for sale and held to maturity.
- (2) Includes the transactions that are not presented in the first 3 columns but defined as loans and receivables in the 48th article of Banking Act numbered 5411. The unallocated other loans and receivables are presented under "individuals customers" line.
- (3) OECD countries other than EU countries, USA and Canada.
- (4) Income accruals have not been included in the prior period balances.

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/Loss
Current Period					
Domestic	120,900,705	111,298,720	5,158,133	-	3,499,662
European Union Countries	663,282	660,562	34,961	-	(3,357)
OECD Countries ⁽¹⁾	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1,788,345	1,784,839	315,806	-	2,940
Other Countries	461,048	430,284	4,517	-	11,710
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	715,152	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	123,813,380	114,174,405	5,513,417	715,152	3,510,955
Prior Period					
Domestic	99,873,592	96,002,904	3,850,599	-	2,125,053
European Union Countries	1,988,105	525,173	43,016	-	(1,633)
OECD Countries ⁽¹⁾	9,499	4,217	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1,700,309	9,215	340,631	-	3,241
Other Countries	179,619	509,751	57,784	-	7,598
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	661,372	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	103,751,124	97,051,260	4,292,030	661,372	2,134,259

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

⁽²⁾ Including the assets and liabilities that cannot be allocated on a consistent basis.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS ON THE CREDIT RISK (cont'd)

Sector concentration for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	10,231,004	29.66	26,238	1.28	8,713,388	29.56	51,494	4.13
Farming and Raising Livestock	10,103,406	29.29	26,062	1.27	8,622,810	29.54	50,562	4.06
Forestry, Wood and Paper	-	-	-	-	-	-	-	-
Fishery	127,598	0.37	176	0.01	90,578	0.02	932	0.07
Manufacturing	1,668,764	4.85	1,201,577	58.43	2,067,473	7.01	1,040,365	83.46
Mining and Quarry	250,367	0.73	76,357	3.71	43,846	0.15	180,669	14.49
Production	1,409,259	4.09	1,124,545	54.69	1,763,345	5.98	858,904	68.91
Electricity, Gas and Water	9,138	0.03	675	0.03	260,282	0.88	792	0.06
Construction	982,973	2.85	14,673	0.71	1,033,175	3.51	13,313	1.07
Services	3,195,568	9.25	556,930	27.10	2,745,865	9.32	139,377	11.18
Wholesale and Retail Trade	923,553	2.68	51,536	2.51	689,758	2.34	27,014	2.17
Hotel, Food and Beverage Services	90,615	0.26	258	0.01	62,703	0.21	-	-
Transportation and Communication	546,561	1.58	36,145	1.76	573,340	1.96	-	-
Financial Institutions	748,270	2.17	44,314	2.16	407,804	1.38	2,789	0.22
Real Estate and Renting Services	8,290	0.02	-	-	3,880	0.01	-	-
Self-Employment Services	7,597	0.02	179	0.01	6,339	0.02	-	-
Education Services	21,046	0.06	-	-	20,118	0.07	-	-
Health and Social Services	849,636	2.46	424,498	20.65	981,923	3.33	109,574	8.79
Other (*)	18,416,846	53.39	257,919	12.48	14,915,696	50.60	2,004	0.16
Total	34,495,155	100.00	2,057,337	100.00	29,475,597	100.00	1,246,553	100.00

(*) Consumer loans are presented under other line.

Bank's improvement of the application system to decompose the guarantee informations of the loans has not been completed, as of December 31, 2009, therefore the guarantees could not be included in the analysis of sector concentration of the cash loans.

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

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss	494,244	663,579
Banks	5,429,609	3,710,350
Money Market Placement	-	-
Financial assets available-for-sale	25,649,821	9,071,044
Held-to-maturity investments	44,843,796	48,787,200
Loans	36,724,567	30,836,194
Total	113,142,037	93,068,367
Contingent liabilities	5,513,417	4,292,030
Commitments	18,825,146	13,135,654
Total credit risk exposure	137,480,600	110,496,051

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS ON THE CREDIT RISK (cont'd)

Credit quality per class of financial assets is as follows:

Financial Assets	Current Period			Prior Period		
	Neither past due nor impaired	Past due but not impaired	Total	Neither past due nor impaired	Past due but not impaired	Total
Banks	5,429,609	-	5,429,609	3,710,350	-	3,710,350
Financial Assets at Fair Value Through Profit and Loss	494,244	-	494,244	663,579	-	663,579
Loans	36,246,548	305,944	36,552,492	29,999,675	722,475	30,722,150
Corporate Loans	8,222,567	101,846	8,324,413	7,520,550	133,000	7,653,550
Consumer Loans	18,148,580	57,731	18,206,311	14,652,659	48,925	14,701,584
Specialized Loans	9,875,401	146,367	10,021,768	7,826,466	540,550	8,367,016
Financial Assets Available for Sale	25,649,821	-	25,649,821	9,071,044	-	9,071,044
Investments Held to Maturity	44,843,796	-	44,843,796	48,787,200	-	48,787,200

Bank's improvement of the application system to decompose the guarantee informations of the loans has not been completed, as of December 31, 2009. Therefore, information regarding the guarantees for overdue but non-impaired loans and other receivables and loans under follow-up could not be given.

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

	Current Period	Prior Period
Receivable from Banks	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-
Loans	2,616,338	25,086
Corporate Loans	148,804	17,361
Consumer Loans	46,488	55
Specialized Loans	2,421,046	7,670
Others	-	-
Financial Assets Available for Sale	-	-
Investments Held to Maturity	-	-

As of October 12, 2009; the Bank has started the assessment of credit card applications using the scoring method. Starting from January 4, 2010, all of the credit card applications of the branches are determined using the scoring method. For consumer loans, assessment with pre-application through Alternative Distribution Channels (ATM, SMS, WEB, Internet) is planned to become applicable by March 2010.

The Bank, for the commercial loan portfolio, has developed two base models as rating and scoring. Presently, the operations to integrate scoring model annexed to Financial Analysis and Intelligence Reports, that is at the testing stage into the loan processes are continuing. Meanwhile, commercial loan scoring model is applicable in the loan approval process starting from September 1, 2009.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

III. EXPLANATIONS ON THE MARKET RISK

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

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

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

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

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

Daily Value at Risk forecasts are made based on financial instruments with different risk factors and portfolios in the Bank and are 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:

	Current Period Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	158,060
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	5,032
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	22,674
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	770
(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)	186,536
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	2,331,700

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

III. EXPLANATIONS ON THE MARKET RISK (cont'd)

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	109,886	178,896	59,868	232,767	357,060	58,240
Equity Share Risk	3,594	3,844	3,450	-	-	-
Currency Risk	28,376	37,843	17,202	32,036	42,870	24,981
Commodity Risk	664	825	599	413	526	313
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Amount Subject to Total Risk	1,759,031	2,644,000	1,228,975	3,315,193	4,976,500	1,050,875

IV. EXPLANATIONS ON THE OPERATIONAL RISK

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

Operational risk is defined as the probability of loss or damage due to the overlooked errors and irregularities arising from failures of the internal controls of the Bank, and not responding timely by the Bank's management and the personel, errors and irregularities of the information systems, and due to the disasters earthquake, flood, or fire.

Bank is calculating Operational Risk Base Amount on yearly basis using "Basic Indicator Method". In this method, the parameter which determinates the operational risk is the gross income. Gross income is composed of the total of net interest income and net non interest income in general whereas profit and loss from sale of available for sale securities and held to maturity securities and extraordinary income is excluded from calculation. Calculation of Operational Risk Base Amount is done by multiplying the averages of the three years gross income by 12.5.

The Bank's operation risk managerial policy and application procedures are determined within the context of "Operational Risk Management Regulation".

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

IV. EXPLANATIONS ON THE OPERATIONAL RISK (cont'd)

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

Operational Risk Management actions are conducted by Bank's Operational Risk Management Head Department. In this context generally;

- Reports are submitted semi-annually to the Board of Directors and monthly to General Management, Members of Audit Committee, Chief Assistant General Managers, Internal System Units Directors and Asset Liability Committee. Under this reporting, risk intensities in lost database, measurements of operational risk base amount, results of risk mapping studies of the branches and Head Quarter, indicators of the key risks, operational risks realized on information system and various indicators, external sourced operational risks and similar subjects are included.
- Realized operational risks are followed in the "Operational Lost Database". At this database, under the context of the identification of operational risk, the lost operational risk information occurred at the Bank are collected appropriate to the standards anticipated at the Basel II.
- The calculation of economic capital with the Advanced Measurement Techniques that are projected to be performed by the banks rendering service on a global scale as envisaged within the framework of Basel II Accord is applied by the Bank and operations regarding the improvement of the techniques are continuing.
- "Operational Risk Map" studies have been conducted by the help of operational risk indicators, operational risk database and unit/volume informations for transactions identified in order to determine risk levels of branches and general management units.
- "Self Evaluation Studies" are undertaken in the format of working groups that are formed with the personnel selected from branches and regional heads with the aim of carrying out on-site determination of risks with referrals as the opinions of personnel.
- Within the context of Information Systems Risk Management, a coordinated activity parallel to the BRSA's effective regulations, is undertaken with the other related divisions.
- At year 2005 Bank prepared Business Continuity Plan and it is being updated.

b) The Bank does not apply standard method.

V. EXPLANATIONS ON THE CURRENCY RISK

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

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

V. EXPLANATIONS ON THE CURRENCY RISK (cont'd)

b) 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: (cont'd)

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

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

None.

d) 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 structural interest rate risks at US Dollar and Euro, which are mainly used by the Bank in its operations. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders' Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

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

	USD	EURO	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2009	1.5049	2.1591	1.3291	0.2907	0.2066	1.4519	1.4377	0.2590	2.4032	0.3956	1.6433
25.12.2009	1.5039	2.1611	1.3310	0.2916	0.2069	1.4542	1.4329	0.2601	2.4038	0.3951	1.6500
26.12.2009	1.5044	2.1626	1.3322	0.2904	0.2088	1.4548	1.4373	0.2597	2.4061	0.3941	1.6391
29.12.2009	1.4970	2.1548	1.3449	0.2903	0.2092	1.4533	1.4401	0.2592	2.3977	0.3932	1.6330
30.12.2009	1.5019	2.1413	1.3405	0.2885	0.2093	1.4451	1.4260	0.2586	2.4035	0.3946	1.6211
31.12.2009	1.4950	2.1448	1.3380	0.2874	0.2089	1.4429	1.4210	0.2581	2.4082	0.3947	1.6020

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

USD	EURO	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
1.4973	2.1767	1.3491	0.2931	0.2097	1.4546	1.4205	0.2596	2.4297	0.3935	1.6614

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

V. EXPLANATIONS ON THE CURRENCY RISK (cont'd)

Information on the foreign currency risk of the Bank:

	EURO	USD	Yen	Other FC ¹	Total
Current Period					
Assets					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	1,719,731	63,684	133	22,320	1,805,868
Banks	3,408,768	1,632,628	1,926	379,592	5,422,914
Financial Assets at Fair Value Through Profit and Loss	44,175	4,963	-	-	49,138
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	2,729,315	2,024,790	-	10,467	4,764,572
Loans ⁽²⁾	588,893	1,472,100	-	4,574	2,065,567
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁵⁾	340,600	108,191	-	32,357	481,148
Investments Held-to-Maturity	2,304,477	2,418,329	-	276	4,723,082
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Fixed Assets	2,960	1,093	-	469	4,522
Intangible Assets	677	1,116	-	181	1,974
Other Assets	12,166	5,581	-	5,427	23,174
Total Assets	11,151,762	7,732,475	2,059	455,663	19,341,959
Liabilities					
Interbank Deposits	138,442	441,604	10	9,999	590,055
Foreign Currency Deposits	10,800,619	7,215,370	187	397,116	18,413,292
Money Market Borrowings	-	-	-	-	-
Funds provided from Other Financial Institutions	1,606	4,241	-	-	5,847
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	142,863	2,178	-	345	145,386
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	96,318	101,165	1,231	33,415	232,129
Total Liabilities	11,179,848	7,764,558	1,428	440,875	19,386,709
Net Balance Sheet Position	(28,086)	(32,083)	631	14,788	(44,750)
Net Off-Balance Sheet Position ⁽³⁾	(19,421)	(25,361)	-	45,279	497
Assets on Derivative Instruments	857	27,797	-	56,598	85,252
Liabilities on Derivative Instruments	20,278	53,158	-	11,319	84,755
Non-cash Loans ⁽⁴⁾	809,696	2,792,022	11,125	37,838	3,650,681
Prior Period					
Total Assets	9,752,681	6,790,960	2,560	404,729	16,950,930
Total Liabilities	9,778,009	6,745,182	2,741	402,745	16,928,677
Net Balance Sheet Position	(25,328)	45,778	(181)	1,984	22,253
Net Off-Balance Sheet Position ⁽³⁾	(12,480)	(47,573)	-	57,363	(2,690)
Financial Derivative Assets	35,100	-	-	57,363	92,463
Financial Derivative Liabilities	47,580	47,573	-	-	95,153
Non-cash Loans	649,294	2,308,803	17,955	14,608	2,990,660

¹ Of the foreign currencies presented in the other FC column of assets, 22.89% is CHF, 44.18% is GBP, 12.75% is DKK and the remaining 20.18% is other foreign currencies.

Of the foreign currencies presented in the other FC column of liabilities, 30.48% is CHF, 48.73% is GBP, 13.07% is DKK and the remaining 7.72% is other foreign currencies.

² TRY 5,208 Thousand equivalent of USD and TRY 3,022 Thousand equivalent of EURO balances of loans are originated as foreign currency indexed loans (December 31, 2008: TRY 6,140 Thousand equivalent of USD and TRY 1,227 Thousand equivalent of EURO).

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

⁴ Since provision has been provided for non-cash loans amounted to TRY 417 Thousand, related balance is not included in the table above (December 31, 2008: TRY 600 Thousand).

⁵ The foreign currency capital investments to Subsidiaries, Associates and Entities Under Common Control are evaluated with historical rates on the date of the fair value determination and capital investments made in the subsequent periods are evaluated with the rates on the date of the capital investment and followed with their domestic currency equivalents. No exchange rate difference arises from such investments.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

V. EXPLANATIONS ON THE CURRENCY RISK (cont'd)

The Bank's sensitivity to foreign currency rates has been analyzed and 10% increase/decrease is anticipated in the US Dollar, EURO, GBP and other foreign currency units. 10% is the rate used in Bank's internal reporting. The following table shows the detail of analysis.

	Change in exchange rate in %	Effect on Profit / Loss	
		Current Period	Prior Period
US Dollar	10% increase	(10,036)	(11,887)
	10% decrease	10,036	11,887
EURO	10% increase	(36,464)	(40,244)
	10% decrease	36,464	40,244
Other	10% increase	2,594	2,225
	10% decrease	(2,594)	(2,225)

* The effects on profit or loss and shareholders' equity are presented before tax, in the above table.

** The Bank has started to follow the foreign currency subsidiaries and entities under common control with fair value fair values are determined by the independent valuation firm's revaluation report and balances are fixed to TRY equivalents as of revaluation date. Revaluation differences are recognized under subsidiaries and entities under common control and "Marketable Securities Revaluation Fund" under equity.

VI. EXPLANATIONS ON THE INTEREST RATE RISK

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

The structural interest rate risk analysis is made based on the income and economic value approaches. Under economic value approach, the Bank is applying the Banking Accounts Interest Shock Value Loss analysis, whereas under income approach the Bank is applying Net Interest Margin/Income analysis. The Banking Accounts Interest Shock Value Loss analysis is applied over interest rate sensitive balance sheet items excluding the positions subject to the market risk and the results are compared with discounted total assets. At the Net Interest Margin/Income analysis the change in the interest income of the Bank resulting from changes in interest rates is analyzed. About the structural interest rate risk the duration analysis is applied at the Bank. The bank monitors the limits determined for the structural interest rate risk in monthly periods.

Using possible changes in the interest rate, the changes in the assets and the liabilities of the Bank have been analyzed. With this respect;

In order to analyze the effect of the increases and decreases in the interest rate on the interest income/expense of the Bank, interest rate sensitive instruments in balance sheet have been grouped on the basis of repricing periods. As a result of the funding/placing of these assets and liabilities with the changing interest rates, the net interest income of the Bank has been analyzed. In this analysis, TRY and foreign currency interest rates are increased/decreased by the ratios seen at the tables below and the amounts of the repriced assets and liabilities are assumed to be constant during the balance sheet period. The demand deposit is excluded from this analysis and the interest rates of the those financial assets and liabilities are assumed to be increasing/decreasing by the same amounts. The below mentioned analysis is presenting the net interest income of the Bank generated within the balance sheet period.

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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (cont'd)

Change in Interest Rate		Net Interest Income Effect ^{(*) (**)}	Net Interest Income Effect ^{(*) (**)}
TRY	FC	Current Period	Prior Period
3 points increase	1 point increase	(221,854)	(231,075)
2 points increase	0.66 point increase	(147,819)	(153,828)
1 point increase	0.33 point increase	(73,910)	(76,914)

^(*) Demand deposits are excluded.

^(**) Net interest income effect presented above reflects amounts before tax.

Change in Interest Rate		Net Interest Income Effect ^{(*) (**)}	Net Interest Income Effect ^{(*) (**)}
TRY	FC	Current Period	Prior Period
3 points decrease	1 point decrease	221,854	231,075
2 points decrease	0.66 point decrease	147,819	153,828
1 point decrease	0.33 point decrease	73,910	76,914

^(*) Demand deposits are excluded.

^(**) Net interest income effect presented above reflects amounts before tax.

On the other hand, the analysis of the interest sensitivity of the financial assets which are monitored within the positions exposed to market risk only (Fair Value through Profit or Loss and Securities Available for Sale) is presented below. The interest rate sensitivity analysis expressed the effect of 1 basis point increases in TRY, 0.33 basis point increase in FC and 3 basis point increases in TRY and 1 basis point increase in FC over accounting records. The financial assets recorded under so-called accounts are repriced as a result of the foregoing interest rate increases and the effect of the change in prices aroused on the equity and profit/loss accounts is stated. The effect of the changes in prices calculated for the positions exposed to market risk is resulting from the financial assets available for sale.

Change in Interest Rate		Effect on Profit and Loss	Effect on Shareholders' Equity	Effect on Profit and Loss	Effect on Shareholders' Equity
TRY	FC	Current Period	Current Period	Prior Period	Prior Period
3 points increase	1 point increase	(4,148)	(342,885)	(8,781)	(70,128)
1 point increase	0.33 point increase	(1,400)	(116,133)	(2,964)	(23,531)

* The effects on profit and loss and shareholders' equity in the table above presents the amounts before tax.

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.

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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (cont'd)

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

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	8,140,194	-	-	-	-	1,034,068	9,174,262
Banks	5,369,519	1,757	58,333	-	-	-	5,429,609
Financial Assets at Fair Value Through Profit and Loss	247,603	65,795	141,012	37,497	1,293	1,044	494,244
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	6,935,603	6,049,733	7,373,963	4,428,971	802,363	59,188	25,649,821
Loans Given	11,428,281	1,841,569	3,239,205	16,708,164	3,335,273	-	36,552,492
Investments Held-to-Maturity	13,568,925	22,815,595	2,979,284	2,148,407	3,331,585	-	44,843,796
Other Assets	-	-	-	-	-	2,384,308	2,384,308
Total Assets	45,690,125	30,774,449	13,791,797	23,323,039	7,470,514	3,478,608	124,528,532
Liabilities							
Interbank Deposits	591,442	4,920	-	-	-	-	596,362
Other Deposits	65,293,170	12,146,384	5,094,630	44,725	-	15,354,196	97,933,105
Money Market Borrowings	9,144,070	-	-	-	-	-	9,144,070
Sundry Creditors	-	-	-	-	-	527,625	527,625
Issued Marketable Securities	-	-	-	-	-	-	-
Funds provided from Other Financial Institutions	7,759	6,585	6,177	611	31	-	21,163
Other Liabilities	-	-	-	2,972,958	-	13,333,249	16,306,207
Total Liabilities	75,036,441	12,157,889	5,100,807	3,018,294	31	29,215,070	124,528,532
Balance Sheet Long Position	-	18,616,560	8,690,990	20,304,745	7,470,483	-	55,082,778
Balance Sheet Short Position	(29,346,316)	-	-	-	-	(25,736,462)	(55,082,778)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(29,346,316)	18,616,560	8,690,990	20,304,745	7,470,483	(25,736,462)	-

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

(*) TRY 2,972,958 Thousand of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the "1 - 5 Years" column. TRY 272,433 Thousand of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

(*) Deferred tax asset and other similar assets are shown under the "Non-Interest Bearing" column.

(*) Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in other assets.

(*) Total shareholders' equity is shown under the "Non-Interest Bearing" column.

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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (cont'd)

Average interest rates applied to monetary financial instruments:

	EURO	USD	Yen	TRY
Current Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	5.20
Banks	0.26	1.11	-	6.25
Financial Assets at Fair Value Through Profit and Loss	3.36	5.51	-	12.63
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.05	5.80	-	9.75
Loans Given	4.09	4.25	-	16.45
Investments Held-to-Maturity	5.90	7.00	-	9.96
Liabilities				
Interbank Deposits(*)	0.16	0.21	-	-
Other Deposits	1.86	1.83	-	8.74
Money Market Borrowings	-	-	-	7.23
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3.75	4.05	-	9.64

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

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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (cont'd)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	8,670,386	-	-	-	-	705,211	9,375,597
Banks	3,642,155	8,603	59,592	-	-	-	3,710,350
Financial Assets at Fair Value Through Profit and Loss	148,705	87,956	289,302	134,070	1,436	2,110	663,579
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	139,631	3,346,267	3,426,752	1,970,029	166,968	21,397	9,071,044
Loans Given	10,806,958	1,257,527	2,919,394	12,239,740	3,498,531	-	30,722,150
Investments Held-to-Maturity	8,479,742	26,340,461	6,051,928	4,269,515	3,645,554	-	48,787,200
Other assets	-	-	-	-	-	2,082,576	2,082,576
Total assets	31,887,577	31,040,814	12,746,968	18,613,354	7,312,489	2,811,294	104,412,496
Liabilities							
Interbank Deposits	1,248,438	3,080	3,211	-	-	-	1,254,729
Other Deposits	64,281,527	13,526,653	4,743,433	77,093	-	-	82,628,706
Money Market Borrowings	7,267,869	-	-	-	-	-	7,267,869
Sundry Creditors	-	-	-	-	-	480,965	480,965
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	5,831	7,349	14,373	752	52	-	28,357
Other Liabilities	218,075	-	-	2,697,972	-	9,835,823	12,751,870
Total Liabilities	73,021,740	13,537,082	4,761,017	2,775,817	52	10,316,788	104,412,496
Balance Sheet Long Position	-	17,503,732	7,985,951	15,837,537	7,312,437	-	48,639,657
Balance Sheet Short Position	(41,134,163)	-	-	-	-	(7,505,494)	(48,639,657)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(41,134,163)	17,503,732	7,985,951	15,837,537	7,312,437	(7,505,494)	-

(*) Balances without fixed maturity are shown under the "Up to 1 Month" column.

(*) TRY 2,696,027 Thousand of fund balance in other liabilities is shown under the "1 - 5 Years" column. TRY 218,075 Thousand of fund, whose risk does not belong to the Bank, is not granted as loan and is shown under the "Up to 1 Month" column.

(*) Deferred tax asset is shown under the "Non-Interest Bearing" column.

(*) Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in other assets.

(*) Total shareholders' equity is shown under the "Non-Interest Bearing" column.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VI. EXPLANATIONS ON THE INTEREST RATE RISK (cont'd)

Average interest rate applied to the monetary financial instruments:

	EURO	USD	Yen	TRY
Prior Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	12.00
Banks	2.03	6.50	-	20.98
Financial Assets at Fair Value Through Profit and Loss	4.78	4.77	-	18.17
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	6.36	5.77	-	20.11
Loans Given	6.82	5.83	-	22.87
Investments Held-to-Maturity	5.91	7.00	-	19.27
Liabilities				
Interbank Deposits	2.51	0.18	-	-
Other Deposits	2.50	2.56	-	18.14
Money Market Borrowings	-	-	-	15.69
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	4.29	4.37	-	16.21

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

VII. EXPLANATIONS ON THE LIQUIDITY RISK

General principals 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 related to 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 Assesment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 dated November 1, 2006. The liquidity adequacy of the Bank is over the limit values specified in the related regulation.

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

According to the "Measurement and Assesment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 dated November 1, 2006, from June 1, 2007, at the weekly and monthly calculations of the banks, the liquidity ratio is required to 80% for the foreign currency assets/liabilities and 100% for the total assets at minimum. The liquidity ratios for 2008 and 2009 are as follows:

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VII. EXPLANATIONS ON THE LIQUIDITY RISK (cont'd)

<i>Current Period</i>	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TRY	FC	FC + TRY
Average (%)	673.49	409.50	290.14	194.86
Maximum (%)	789.44	565.76	323.11	233.08
Minimum (%)	520.49	316.79	265.53	168.23

<i>Prior Period</i>	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TRY	FC	FC + TRY
Average (%)	675.37	510.55	327.61	216.92
Maximum (%)	837.75	707.96	398.02	263.14
Minimum (%)	412.65	359.29	271.59	183.84

- 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 longer compared to the deposits, securities with coupon payments no longer than six months constituting majority of the securities portfolio supply regular cash inflow for the Bank. Besides, volume of deposits constituting the majority of the liabilities is not subject to significant changes. The Bank also provides funds from repurchase agreements.

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

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VII. EXPLANATIONS ON THE LIQUIDITY RISK (cont'd)

Presentation of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^{(1) (2)}	Total
Current Period								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	9,174,262	-	-	-	-	-	-	9,174,262
Banks	1,646,598	3,722,921	1,757	58,333	-	-	-	5,429,609
Financial Assets at Fair Value Through Profit and Loss	-	119,736	63,366	143,189	166,660	1,293	-	494,244
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	1,295,212	1,086,591	5,396,289	15,186,157	2,661,538	24,034	25,649,821
Loans Given	-	1,315,782	3,757,936	15,630,431	14,274,211	1,574,132	-	36,552,492
Investments Held-to-Maturity	-	1,698,978	1,620,645	7,089,745	29,947,461	4,486,967	-	44,843,796
Other Assets	297,689	-	-	2,382	1,888	-	2,082,349	2,384,308
Total Assets	11,118,549	8,152,629	6,530,295	28,320,369	59,576,377	8,723,930	2,106,383	124,528,532
Liabilities								
Interbank Deposits	48,284	543,158	4,920	-	-	-	-	596,362
Other Deposits	15,354,196	65,293,170	12,146,384	5,094,630	44,725	-	-	97,933,105
Funds Provided from Other Financial Instruments	-	7,759	6,585	6,177	611	31	-	21,163
Money Market Borrowings	-	9,144,070	-	-	-	-	-	9,144,070
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	527,625	-	-	-	-	-	-	527,625
Other liabilities ⁽³⁾	614,616	428,152	54	232,799	2,972,958	-	12,057,628	16,306,207
Total liabilities	16,544,721	75,416,309	12,157,943	5,333,606	3,018,294	31	12,057,628	124,528,532
Liquidity Gap	(5,426,172)	(67,263,680)	(5,627,648)	22,986,763	56,558,083	8,723,899	(9,951,245)	-
Prior Period								
Total Assets	11,357,542	3,942,151	5,715,496	25,049,315	48,755,321	7,788,171	1,804,500	104,412,496
Total Liabilities	13,108,474	61,243,328	13,537,800	4,957,400	2,775,817	52	8,789,625	104,412,496
Liquidity Gap	(1,750,932)	(57,301,177)	(7,822,304)	20,091,915	45,979,504	7,788,119	(6,985,125)	-

- (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 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) TRY 2,972,958 Thousand of the funds balance, whose risk is not borne by the Bank, is included in other liabilities and shown under the "1-5 year" column, fund balance amounted to TRY 272,433 Thousand is not granted as loan and is included under "Up to One Month" column.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VII. EXPLANATIONS ON THE LIQUIDITY RISK (cont'd)

Presentation of liabilities according to their remaining maturities:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Adjustments	Total
Current Period							
Interbank Deposits	591,454	4,921	-	-	-	(13)	596,362
Other Deposits	80,796,763	12,295,285	5,210,604	47,005	-	(416,552)	97,933,105
Funds Provided From Other Financial Institutions	8,024	7,021	6,733	675	31	(1,321)	21,163
Money Market Borrowings	9,152,596	-	-	-	-	(8,526)	9,144,070
Total	90,548,837	12,307,227	5,217,337	47,680	31	(426,412)	107,694,700
Prior Period							
Interbank Deposits	1,248,411	3,122	3,269	-	-	(73)	1,254,729
Other Deposits	64,521,881	13,742,442	4,942,042	80,409	-	(658,068)	82,628,706
Funds Provided From Other Financial Institutions	5,775	7,369	15,080	806	50	(723)	28,357
Money Market Borrowings	7,274,187	-	-	-	-	(6,318)	7,267,869
Total	73,050,254	13,752,933	4,960,391	81,215	50	(665,182)	91,179,661

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

VIII. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	112,647,793	92,404,788	114,107,817	92,437,122
Receivables from Money Market	-	-	-	-
Banks	5,429,609	3,710,350	5,429,609	3,710,350
Financial Assets Available-for-Sale	25,649,821	9,071,044	25,649,821	9,071,044
Investments Held-to-Maturity	44,843,796	48,787,200	46,303,820	48,819,534
Loans	36,724,567	30,836,194	36,724,567	30,836,194
Financial Liabilities	99,078,255	85,393,174	99,078,255	85,393,174
Interbank Deposits	596,362	1,254,729	596,362	1,254,729
Other Deposits	97,933,105	82,628,706	97,933,105	82,628,706
Funds Provided from Other Financial Institutions ⁽¹⁾	21,163	1,028,774	21,163	1,028,774
Marketable securities issued	-	-	-	-
Sundry Creditors	527,625	480,965	527,625	480,965

⁽¹⁾ The repo amount of the financial institutions under money market borrowings account is included in the prior period.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VIII. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (cont'd)

a) Information regarding the fair value of financial assets and liabilities: (cont'd)

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

The book values of held to maturity investments are calculated by amortized cost prices which are calculated by using internal rate of return while fair values are calculated by considering the market prices. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

All of the receivables from money markets and receivable from Bank's consist of short term financial assets; therefore fair value of these assets are accepted to be equal to their carrying value.

Since, 90.27% of total deposits consist of demand deposits and up to 3 months matured deposits; their carrying value and fair value are considered as equal. Likewise, since the longest maturity of the repo amount within the funds provided from other financial institutions is lasting shorter than 1 month; its carrying value and fair value are considered as equal.

The development of the application system on the calculation of the fair value of loans granted and the loans borrowed within the funds provided from other financial institutions is continuing. Since the development has not been finalized as of December 31, 2009, the carrying values and fair values of the items mentioned are considered as equal.

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

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

	1 st Level	2 nd Level	3 rd Level
Financial Assets at Fair Value through Profit and Loss			
Debt securities	493,198	-	-
Securities Representing a Share in Capital	-	-	-
Derivative InstrumentsHeld for Trading	-	1,045	-
Other	-	1	-
Financial Assets Available for Sale ^(*)			
Debt securities	25,302,040	-	323,747
	-	-	-
Investments in Associates and Subsidiaries ^(**)	-	-	-
Derivative Financial Liabilities	-	286	-

(*) The fair values of debt securities classified under 3rd Level are determined with the internal rate of return method. Since securities representing a share of capital under the heading of financial assets available for sale (TRY 24,034 Thousand) are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

(**) Since Associates and Subsidiaries that are not publicly traded are recognized and followed with their acquisition cost within the framework of IAS 39; they are not included in the table above.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

IX. EXPLANATION ON TRANSACTIONS MADE ON BEHALF AND ACCOUNT OF OTHERS, FIDUCIARY TRANSACTIONS

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

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

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

The Bank has no fiduciary transactions.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES TO ASSETS

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY and Foreign Currency	864,420	165,324	545,710	156,566
Central Bank of the Republic of Turkey	6,503,974	1,636,220	7,246,580	1,423,806
Other	-	4,324	1	2,934
Total	7,368,394	1,805,868	7,792,291	1,583,306

1.a.1) Information on Required Reserves:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to the Central Bank of the Republic of Turkey's Communiqué numbered 2005/1 "Required Reserves". The Bank's total domestic liabilities excluding the items stated in the Communiqué as deductibles and the deposits accepted on behalf of foreign branches from Turkey constitutes the required reserves liabilities. The required reserve ratios are 5% for TRY liabilities and 9% for foreign currency liabilities. The Central Bank of the Republic of Turkey accrues interest for required reserves at the end of March, June, September and December. The required reserve interest rates in December 31, 2009 are 5.20% for TRY. No interest rate has been applied for USD and EURO required reserves since December 12, 2008.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	6,484,581	-	7,229,549	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves (*)	19,393	1,636,220	17,031	1,423,806
Total	6,503,974	1,636,220	7,246,580	1,423,806

(*) Required reserve of branches abroad amounting to TRY 23,553 Thousand is presented in this line (Prior Period: TRY 19,841 Thousand).

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.

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

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

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

Derivative Financial Assets Held-for-Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	133	10	1,004	13
Swap Transactions	-	902	-	1,093
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	133	912	1,004	1,106

c) Information on financial assets held-for-trading:

	Current Period	Prior Period
Debt securities	493,198	661,515
Quoted in Stock Exchange	493,198	661,515
Not Quoted	-	-
Share certificates	-	-
Quoted in Stock Exchange	-	-
Not Quoted	-	-
Provision for Impairment (-)	-	47
Other	-	-
Total	493,198	661,468

3. a) Information on banks and other financial institutions

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	-	1,621	1,022	-
Foreign Banks	6,695	5,421,293	8,215	3,701,113
Foreign Head Office and Branches	-	-	-	-
Total	6,695	5,422,914	9,237	3,701,113

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3,629,866	1,980,447	-	-
USA and Canada	1,607,006	1,657,269	-	-
OECD Countries (*)	152,664	9,499	-	-
Off-shore Banking Regions	-	-	-	-
Other	38,452	62,113	-	-
Total	5,427,988	3,709,328	-	-

(*) OECD countries other than the USA, Canada and European Union Countries

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	1,097,691
Assets Blocked/Given as Collateral	1,510,535	1,829,495
Total	1,510,535	2,927,186

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt securities	25,625,885	9,063,910
Quoted in Stock Exchange	25,302,138	8,740,916
Not Quoted	323,747	322,994
Share Certificates	24,647	22,647
Quoted in Stock Exchange	-	-
Not Quoted	24,647	22,647
Provision for Impairment (-)	711	15,513
Total	25,649,821	9,071,044

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	173,736	-	146,468	-
Total	173,736	-	146,468	-

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-Specialized Loans	24,434,662	3,876	1,664,467	191,416
Discount Notes	-	-	-	-
Export Loans	1,190,711	-	2,054	134
Import Loans	-	-	-	-
Loans Given to Financial Sector	949,564	-	-	-
International Loans	246,361	-	-	-
Consumer Loans	14,598,977	476	1,249,168	45,992
Credit Cards	874,555	20	-	-
Precious Metals Loans	-	-	-	-
Other	6,574,494	3,380	413,245	145,290
Specialized Lending	8,507,065	7,023	983,204	-
Other Receivables	-	-	-	-
Interest Income Accruals ^(*)	760,779	-	-	-
Total	33,702,506	10,899	2,647,671	191,416

(*) Interest income accruals of restructured standart loans and other receivables and those under close monitoring cannot be decomposed in the current application system.

c) Loans according to the maturities:

	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
Short-term Loans and Other Receivables	12,393,178	2,585	784,159	16,513
Non-specialized Loans	6,646,803	814	166,780	16,513
Specialized Loans	5,746,375	1,771	617,379	-
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	20,548,549	8,314	1,863,512	174,903
Non-specialized Loans	17,787,859	3,062	1,497,687	174,903
Specialized Loans	2,760,690	5,252	365,825	-
Other Receivables	-	-	-	-

(*) TRY 760,779 Thousand could not be decomposed therefore accruals are not included in the table above.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TRY	728,569	14,984,731	15,713,300
Real Estate Loans	4,769	5,347,731	5,352,500
Vehicle Loans	3,751	185,979	189,730
Consumer Loans	717,770	9,367,944	10,085,714
Abroad (**)	2,266	83,077	85,343
Other	13	-	13
Consumer Loans – Indexed to FC	-	78	78
Real Estate Loans	-	78	78
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	2	318	320
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	2	318	320
Other	-	-	-
Individual Credit Cards – TRY	835,518	20	835,538
With Installment	144,770	-	144,770
Without Installment	690,748	20	690,768
Individual Credit Cards – FC	788	-	788
With Installment	-	-	-
Without Installment	788	-	788
Personnel Loans – TRY	5,160	125,787	130,947
Real Estate Loans	-	691	691
Vehicle Loans	-	-	-
Consumer Loans	5,143	124,416	129,559
Abroad (**)	17	680	697
Other	-	-	-
Personnel Loans – Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	16	16
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	16	16
Other	-	-	-
Personnel Credit Cards – TRY	32,923	-	32,923
With Installment	8,950	-	8,950
Without Installment	23,973	-	23,973
Personnel Credit Cards – FC	58	-	58
With Installment	-	-	-
Without Installment	58	-	58
Overdraft Accounts – TRY (Real Person)	135,992	-	135,992
Overdraft Accounts – FC (Real Person)	-	-	-
Total	1,739,010	15,110,950	16,849,960

(*) TRY 169,089 Thousand of interest income accrual could not be decomposed therefore not included in the table above.

(**) TRY 697 Thousand of consumer loans used by the personnel abroad and TRY 85,343 Thousand of consumer loans have been shown under “International Loans” of 5-b Table.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans – TRY	78,268	1,480,859	1,559,127
Business Loans	222	45,398	45,620
Vehicle Loans	3,876	85,120	88,996
Consumer Loans	63,323	1,259,863	1,323,186
Other	10,847	90,478	101,325
Commercial Installment Loans – Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans – FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards – TRY	5,254	-	5,254
With Installment	12	-	12
Without Installment	5,242	-	5,242
Corporate Credit Cards – FC	14	-	14
With Installment	-	-	-
Without Installment	14	-	14
Overdraft Account-TRY (Legal Entity)	5,626	-	5,626
Overdraft Account-FC (Legal Entity)	-	-	-
Total	89,162	1,480,859	1,570,021

(*) Interest income accruals could not be decomposed by type, therefore interest income accruals are not included in the table above.

f) Loans according to type of borrowers:

	Current Period	Prior Period
Public	1,038,517	1,768,507
Private	34,753,196	28,188,902
Interest Income Accruals of Loans	760,779	764,741
Total	36,552,492	30,722,150

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	35,545,352	29,825,784
Foreign Loans	246,361	131,625
Interest Income Accruals of Loans	760,779	764,741
Total	36,552,492	30,722,150

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

h) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	35,001	60,226
Indirect loans granted to subsidiaries and investments	-	-
Total	35,001	60,226

(*) Interest income accruals could not be decomposed by type, therefore accruals of these loans are not included in the table above.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectibility	79,800	85,317
Loans and other receivables with doubtful collectibility	208,221	159,679
Uncollectible loans and other receivables	394,813	245,240
Total	682,834	490,236

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

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

	Group III:	Group IV:	Group V:
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	4,973	24,124	46,116
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	4,973	24,124	46,116
Rescheduled loans and other receivables	-	-	-
Prior period	2,040	1,016	25,517
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	2,040	1,016	25,517
Rescheduled loans and other receivables	-	-	-

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

j) Information on non-performing loans (net): (cont'd)

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

	Group III:	Group IV:	Group V:
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior Period Ending Balance	89,744	175,801	338,735
Additions (+)	471,362	120,316	104,161
Transfers from other Categories of Loans under Follow-Up (+)	-	315,287	240,221
Transfers to other categories of Loans under Follow-Up (-)	315,287	240,221	-
Collections (-)	163,077	135,494	146,639
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	82,742	235,689	536,478
Specific Provision (-)	79,800	208,221	394,813
Net Balance on Balance Sheet ^(*)	2,942	27,468	141,665

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

3) Information on foreign currency non-performing loans:

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	220	4,261	5,113
Specific Provision (-)	220	4,261	5,113
Net Balance on Balance Sheet	-	-	-
Prior Period:			
Period Ending Balance	-	3,313	5,220
Specific Provision (-)	-	3,313	5,220
Net Balance on Balance Sheet	-	-	-

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

j) Information on non-performing loans (net): (cont'd)

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

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period (Net)	2,942	27,468	141,665
Loans to Real Persons and Legal Entities (Gross)	82,742	190,877	536,478
Specific Provisions (-)	79,800	163,409	394,813
Loans to Real Persons and Legal Entities (Net)	2,942	27,468	141,665
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	44,812	-
Specific Provisions (-)	-	44,812	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	4,427	16,122	93,495
Loans to Real Persons and Legal Entities (Gross)	89,744	137,820	338,735
Specific Provisions (-)	85,317	121,698	245,240
Loans to Real Persons and Legal Entities (Net)	4,427	16,122	93,495
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	37,981	-
Specific Provisions (-)	-	37,981	-
Other Loans and Receivables (Net)	-	-	-

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

l) Explanations on write-off policy:

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

m) Other explanations and disclosures:

Current Period	Commercial (**)	SBL	Consumer (*)	Agricultural (*)	Total
Non-Overdue or Non-Impaired Loans	5,402,731	2,819,836	18,148,580	9,875,401	36,246,548
Overdue but Non-Impaired Loans	101,846	-	57,731	146,367	305,944
Impaired Loans	101,037	180,606	219,472	353,794	854,909
Total	5,605,614	3,000,442	18,425,783	10,375,562	37,407,401
Specific Provisions of Impaired Loans(-)	101,037	180,606	219,472	181,719	682,834
Net Loan Amount	5,504,577	2,819,836	18,206,311	10,193,843	36,724,567

(*) TRY 1,185,045 Thousand consumer, TRY 1,788,499 Thousand agricultural, and TRY 180 Thousand commercial loans originated from funds whose risk does not belong to the Bank, are shown under the Non-Overdue or Non-Impaired Loans.

(**) Because the overdue but non-impaird commercial and SBL loans could not be decomposed, the whole amount has been shown under the Commercial column.

Prior Period	Commercial (**)	SBL	Consumer (*)	Agricultural (*)	Total
Non-Overdue or Non-Impaired Loans	4,997,445	2,523,105	14,652,659	7,826,466	29,999,675
Overdue but Non-Impaired Loans	133,000	-	48,925	540,550	722,475
Impaired Loans	82,028	118,137	134,331	269,784	604,280
Total	5,212,473	2,641,242	14,835,915	8,636,800	31,326,430
Specific Provisions of Impaired Loans(-)	82,028	118,137	134,331	155,740	490,236
Net Loan Amount	5,130,445	2,523,105	14,701,584	8,481,060	30,836,194

(*) TRY 1,198,462 Thousand consumer and TRY 1,504,939 Thousand agricultural loans originated from funds whose risk does not belong to the Bank, are shown under the Non-Overdue or Non-Impaired Loans.

(**) Because the overdue but non-impaird commercial and SBL loans could not be decomposed, the whole amount has been shown under the Commercial column.

The improvement of the application system to decompose the guarantee informations of the loans is continuing. Since these improvements has not been completed as of December 31, 2009, the guarantees about non-overdue and non-impaird loans and othe receivables and loans under follow-up could not be disclosed.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

m) Other explanations and disclosures:

With respect to the classes of loans, the aging analysis of the loans that have matured but have not been subject to the impairment is as follows:

Current Year	Below 30 days	31- 60 Days	61- 90 Days	Over 91 Days	Total
Loans and Receivables ^(*)					
Commercial Loans	61,869	22,732	17,245	-	101,846
Consumer Loans	37,772	14,159	5,800	-	57,731
Agricultural Loans	92,361	49,564	4,442	-	146,367
Total	192,002	86,455	27,487	-	305,944

(*) The amounts at the table are the total of the overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans which is equal to TRY 1,638,431 Thousand.

Prior Year	Below 30 days	31- 60 Days	61- 90 Days	Over 91 Days	Total
Loans and Receivables ^(*)					
Commercial Loans	82,193	37,377	13,430	-	133,000
Consumer Loans	33,900	10,493	4,532	-	48,925
Agricultural Loans ^(**)	119,168	73,099	42,213	306,070	540,550
Total	235,261	120,969	60,175	306,070	722,475

(*) The amounts at the table are the total of the overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans which is equal to TRY 1,664,864 Thousand.

(**) TRY 306,070 Thousand included at the "Over 91 Days" column of the agricultural loans is composed of deferred agricultural loan receivables under the scope of 2008/13881 and 2008/14074 numbered Council of Ministers Agreement.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

6. Information on held-to-maturity investments:

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	8,972,397	-	6,283,263	-
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	8,972,397	-	6,283,263	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	4,980,076	655,865	4,976,632	654,405
Other	-	-	-	-
Total	4,980,076	655,865	4,976,632	654,405

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

	Current Period	Prior Period
Government Bonds	44,838,854	48,476,605
Treasury Bills	-	306,714
Other Public Sector Debt Securities	-	-
Total	44,838,854	48,783,319

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	44,843,796	48,787,200
Quoted in a Stock Exchange	38,954,254	36,972,047
Not Quoted in a Stock Exchange	5,889,542	11,815,153
Provision for Impairment (-)	-	-
Total	44,843,796	48,787,200

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

6. Information on held-to-maturity investments:

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	48,787,200	13,855,427
Foreign Currency Differences on Monetary Assets	(64,785)	853,280
Purchases During the Year	8,799,714	39,720,817
Disposals through Sales and Redemptions	(12,678,333)	(5,642,324)
Provision for Impairment (-)	-	-
Period End Balance	44,843,796	48,787,200

Within the year 2008, the Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TRY 23,630,114,815, EURO 717,616,000 and USD 1,483,317,000 to held-to-maturity portfolio with fair values of TRY 22,971,668,657, EURO 702,950,036 and USD 1,562,741,917 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 EURO 37,951,000 and USD 45,501,000 to held-to-maturity portfolio with fair values of EURO 37,178,248 and USD 62,311,347 respectively which have been taken into consideration as book values after reclassification. The reclassifications are performed in accordance with TAS and due to the change in retention purpose of these securities.

The reclassifications are presented in “Prior Period” column and “Purchases During the Year” row in the movement table above. Revaluation differences of reclassified available for sale securities before deferred tax are TRY 68,984,332, EURO (23,067,331) and USD (15,207,271) respectively and are recorded under shareholders’ equity. These balances will be amortised until the redemption date of related securities using straight-line method and recorded as interest income or expense. As of balance sheet date, remaining positive revaluation difference, under shareholders’ equity, is TRY 28,782,715, remaining negative revaluation differences which are under shareholders’ equity are EURO 18,512,026 and USD 14,738,264 respectively.

As of balance sheet date, total fair values of reclassified held for trading securities to held-to-maturity securities are EURO 42,013,205 and USD 68,109,177 respectively.

If reclassified held for trading securities had not been reclassified, income accrual equal to TRY 20,153,723 would have been recorded. As of December 31, 2009, the reclassification from held for trading securities to held-to-maturity investments has an income impact equal to TRY (13,590,708).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

7. Information about associates (net):

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

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

1) Information about unconsolidated associates:

	Description	Address (City/ Country)	The Bank’s share percentage, if different, voting percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul/TURKEY	9.09	15.43
2	Bankalararası Kart Merkezi A.Ş.	Istanbul/TURKEY	12.50	17.98
3	Kredi Kayıt Bürosu A.Ş.	Istanbul/TURKEY	11.11	9.09
4	Gelişen İşletmeler Piyasaları A.Ş.	Istanbul/TURKEY	10.00	5.00

	Total Assets	Shareholders’ Equity	Total Non- Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	965,839	282,213	306,437	26,817	35,632	24,985	2,710	-
2	18,207	14,400	6,640	912	-	1,067	1,533	-
3	29,833	22,673	1,879	2,499	9	9,103	6,693	-
4	8,061	8,047	1	943	1	747	1,030	-

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

(*) Current period information of associates have been provided from unaudited financial statements as of December 31, 2009. Current period information of Bankalararası Kart Merkezi A.Ş. have been provided from audited financial statements as of December 31, 2009. Prior period information of associates have been provided from unaudited financial statements as of December 31, 2008. Prior period information of Bankalararası Kart Merkezi A.Ş. has been provided from audited financial statements as of December 31, 2008.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

7. Information about associates (net): (cont'd)

b) 1) Explanation regarding consolidated associates:

The Bank consolidates Axa Sigorta A.Ş. since the Bank's voting percentage is higher than required percentage defined with the following provision of the paragraph 5 "Requirement for Preparing Consolidated Financial Statements" of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette numbered 26340 on November 8, 2006.

	Description	Address (City/ Country)	The Bank's Share Percentage, if different, Voting Percentage (%)	Other Shareholders' Share Percentage (%)
1	Axa Sigorta A.Ş.	Istanbul / TURKEY	12.50	80.35

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	1,620,106	541,617	35,923	-	126,643	92,868	112,643	-

- Current period information of Axa Sigorta A.Ş. have been provided from unaudited financial statements as of December 31, 2009. Prior period information has been provided from Axa Sigorta A.Ş. audited financial statements as of December 31, 2008.

2) Information about consolidated associates:

	Current Period
Beginning Balance	74,147
Movement During the Period	-
Additions	-
Bonus Share Certificates	-
Shares of Current Year Profits	-
Sales	-
Revaluation	-
Impairment Provision	-
Ending Balance	74,147
Capital Commitments	-
Share of Capital Participation	-

3) Sector information about consolidated associates:

	Current Period
Banks	-
Insurance Companies	74,147
Factoring Companies	-
Leasing Companies	-
Finance Companies	-
Other Financial Associates	-

4) Consolidated associates quoted in stock exchange:

None (December 31, 2008: None).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

8. Information on subsidiaries (net):

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

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

1) Information about unconsolidated subsidiaries:

	Description	Address (City/ Country)	The Bank’s share percentage-if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş. (*)	Istanbul/TURKEY	100.00	99.98
2	Ziraat Sigorta A.Ş. (*)	Istanbul/TURKEY	100.00	99.98
3	Ziraat Finansal Kiralama A.Ş.	Istanbul/TURKEY	100.00	50.01
4	Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul/TURKEY	100.00	62.00
5	Ziraat Portföy Yönetimi A.Ş.	Istanbul/TURKEY	60.00	65.44
6	Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	Istanbul/TURKEY	66.67	52.50
7	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/TURKEY	62.50	64.60
8	Ziraat Bank International A.G.	Frankfurt/GERMANY	100.00	100.00
9	Turkish Ziraat Bank Bosnia dd	Sarajevo/BOSNIA HERZEGOVINA	100.00	100.00
10	Ziraat Bank (Moscow) CJSC	Moskow/RUSSIA	100.00	99.87
11	Kazakhstan Ziraat Int. Bank	Almay/KAZAKHSTAN	100.00	97.33
12	Ziraat Banka Ad Skopje	Skopje/MACEDONIA	100.00	100.00

(*) The establishment phase of Ziraat Hayat Emeklilik A.Ş. and Ziraat Sigorta A.Ş. whose establishment processes started based on the decision of Board of Directors and whose articles of association was published at the Trade Registry Gazette dated May 15, 2009, has been completed. The capital of the entities are TRY 20,000 Thousand and whole of the capitals have been paid. Both of the entities have started their operational activities as of January 1, 2010.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

8. Information on subsidiaries (net): (cont'd)

a) 1) Information about unconsolidated subsidiaries: (cont'd)

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	20,082	19,908	152	-	415	(92)	-	-
2	19,669	19,296	297	-	304	(704)	-	-
3	308,525	96,161	180,979	700	-	13,086	15,798	-
4	72,293	55,074	19,419	4,818	1,433,821	12,959	8,233	-
5	7,157	6,521	86	1,062	3,167	1,783	1,914	-
6	14,083	6,430	4,190	335	23	2,888	4,370	-
7	6,975	3,889	199	317	86	320	322	-
8	1,028,517	329,795	537,225	28,566	9,120	6,124	8,871	298,834
9	170,303	74,474	69,760	11,111	834	881	1,803	44,460
10	38,685	25,523	13,900	3,667	109	1,193	673	29,114
11	109,381	55,442	44,369	5,563	369	45	(430)	53,111
12	78,649	37,781	34,314	3,229	1,209	1,988	222	32,357

(*) For the subsidiaries, other than those presented by their fair values, since these subsidiaries are not traded in the stock market fair values cannot be determined.

(*) The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are representing the net sales.

(*) Information on subsidiaries shown in the above table have been provided from the unaudited financial statements as of December 31, 2009, the prior period profit/loss balances of Ziraat Finansal Kiralama A.Ş., Ziraat Bank International A.G., Kazakhstan Ziraat Int. Bank, and Ziraat Bank Ad Skopje have been provided from audited financial statements as of December 31, 2008. For other subsidiaries, prior year profit/loss figures have been obtained from unaudited financial statements as of December 31, 2008.

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

b) Information about consolidated subsidiaries: (cont'd)

Since the Bank did not consolidate its subsidiaries in accordance with the following provision of the paragraph 5 "Requirement for Preparing Consolidated Financial Statements" of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette disclosures of this section are not prepared.

c) Subsidiaries which are quoted to a stock exchange:

None (December 31, 2008: None).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

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

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share ⁽²⁾	Group's Share	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	2,861	2,861	35,439	3,368	2,680	4,401	3,985
Uzbekistan- Turkish Bank	6,415	6,415	89,653	3,833	567	6,146	4,275
Azer Türk Bank ASC	10,134	11,015	60,890	45,740	726	19,920	16,504
Total	19,410	20,291	185,982	52,941	3,973	30,467	24,764

(1) Information on entities under common control are provided from the unaudited financial statements as of December 31, 2009.

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

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

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

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

10. Information on finance lease receivables (net):

None.

11. Information on derivative financial assets for hedging purposes:

None.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

12. Information on tangible fixed assets:

	Land and Buildings	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Prior Period End:					
Cost	1,341,125	59,101	21,099	391,330	1,812,655
Accumulated Depreciation (-)	573,372	35,092	21,099	368,350	997,913
Net Book Value	767,753	24,009	-	22,980	814,742
Current Period End:					
Net Book Value as of January 1, 2008	767,753	24,009	-	22,980	814,742
Change during the period (Net)	5,799	(6,039)	7,294	26,718	33,772
Depreciation Charge-net (-)	15,340	7,719	(607)	4,747	27,199
Impairment Loss	(5,301)	-	-	-	(5,301)
Foreign Currency Differences from Foreign Sub. (-)	-	-	-	-	-
Period End Cost	1,341,623	53,062	28,393	418,048	1,841,126
Period End Accumulated Depreciation (-)	588,712	42,811	20,492	373,097	1,025,112
Period End Net Book Value	752,911	10,251	7,901	44,951	816,014

13. Information on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	3,481	1,593	1,888	3,112	1,010	2,102
Goodwill	-	-	-	-	-	-
Intangible Rights	23,740	7,990	15,750	19,244	10,052	9,192
Total	27,221	9,583	17,638	22,356	11,062	11,294

14. Information on investment property:

None (December 31, 2008: None).

15. Information on deferred tax assets, if any:

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

15. Information on deferred tax assets, if any: (cont'd)

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Calculated deferred tax assets and deferred tax liabilities are netted off in the financial statements.

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

	Current Period	Prior Period
Deferred Tax Assets	351,874	173,527
Deferred Tax Liabilities	7,055	3,065
Net Deferred Tax Assets	344,819	170,462
Net Deferred Tax Income/(Expense)	279,274	28,288

	Current Period	Prior Period
Retirement Pay Provision	85,800	81,420
Short Term Employee Benefits	22,720	19,870
Other Provisions	21,592	12,049
Fixed Assets	-	(2,158)
Valuation of Financial Assets	212,652	57,458
Other	2,055	1,823
Net Deferred Tax	344,819	170,462

	Current Period	Prior Period
As of 1 January	170,462	104,407
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax Income / (Expense)	279,274	28,288
Deferred Tax Expenses (Net)	279,274	28,288
Deferred Tax recognized Under Shareholders' Equity	(104,917)	37,767
Deferred Tax Assets	344,819	170,462

16. Information on assets held for sale and discontinuing operations:

Bank does not have any discontinuing operations. The assets held for sale are composed of immovables acquired through trade and agricultural receivables and immovables that are not used by the Bank. Those immovables considered for sales are announced at the web site of the Bank.

17. Information on other assets:

- a) If other assets exceed 10% of the balance sheet total (excluding the off-balance sheet commitments), information regarding the breakdown of these which constitute at least 20% of grand total:

Other asset items do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES

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

1) For deposit banks:

Current Period	Demand	7 day call accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Cumulative Deposits	Total
Saving Deposits	4,212,153	-	9,336,800	34,035,101	1,837,397	323,397	435,010	-	50,179,858
Foreign Currency Deposits	2,952,445	-	4,720,555	5,751,125	1,221,403	233,488	3,536,112	-	18,415,128
Residents in Turkey	2,872,011	-	4,544,395	5,394,360	1,032,605	179,131	3,220,678	-	17,243,180
Residents Abroad	80,434	-	176,160	356,765	188,798	54,357	315,434	-	1,171,948
Public Sector Deposits	5,647,835	-	1,064,436	4,083,692	188,930	928	3,374	-	10,989,195
Commercial Inst. Deposits	1,786,631	-	2,432,373	5,374,605	291,099	304,426	189,188	-	10,378,322
Other Inst. Deposits	755,132	-	1,125,729	5,065,187	955,041	58,893	10,620	-	7,970,602
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	48,284	-	546,791	1,287	-	-	-	-	596,362
CBRT	1,489	-	1,047	-	-	-	-	-	2,536
Domestic Banks	13,894	-	540,824	-	-	-	-	-	554,718
Foreign Banks	32,901	-	4,920	1,287	-	-	-	-	39,108
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	15,402,480	-	19,226,684	54,310,997	4,493,870	921,132	4,174,304	-	98,529,467

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	3,215,029	-	8,267,835	31,523,608	1,873,720	343,120	364,442	-	45,587,754
Foreign Currency Deposits	2,699,603	-	4,021,050	4,218,005	999,020	116,236	3,259,895	-	15,313,809
Residents in Turkey	2,638,214	-	3,918,089	3,957,101	841,323	98,526	2,933,419	-	14,386,672
Residents Abroad	61,389	-	102,961	260,904	157,697	17,710	326,476	-	927,137
Public Sector Deposits	3,904,499	-	1,350,430	3,063,140	171,863	76,335	2,931	-	8,569,198
Commercial Inst. Deposits	1,232,327	-	2,243,085	3,273,946	278,803	208,724	26,779	-	7,263,664
Other Inst. Deposits	885,547	-	675,480	3,947,744	254,445	95,915	35,150	-	5,894,281
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	60,675	-	1,186,694	1,070	6,290	-	-	-	1,254,729
CBRT	1,800	-	7,546	-	-	-	-	-	9,346
Domestic Banks	9,760	-	1,162,747	-	-	-	-	-	1,172,507
Foreign Banks	33,661	-	16,401	1,070	6,290	-	-	-	57,422
Participation Banks	15,454	-	-	-	-	-	-	-	15,454
Other	-	-	-	-	-	-	-	-	-
Total	11,997,680	-	17,744,574	46,027,513	3,584,141	840,330	3,689,197	-	83,883,435

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

1. 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	27,565,729	25,931,528	22,427,342	19,514,005
Foreign Currency Saving Deposits	6,778,514	6,428,120	6,622,555	5,312,328
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ^(*)	245,795	181,497	26,484	29,523
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

(*) In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and balances in insurance limit are calculated by the system, TRY 6,739 Thousand, TRY 771 Thousand, and TRY 4,954 Thousand of legal entity's deposits of Sofia, Athens and Komotini respectively, cannot be decomposed therefore included in the table above (December 31, 2008: Sofia – TRY 15,094 Thousand; Athens and Komotini – TRY 1,267 Thousand).

Based on the Council of Minister's decree dated December 29, 2003 and numbered 2003/6668, TRY 3,946 Thousand 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 Bank. As total of capital amount and interest expense accruals of saving deposits up to TRY 50 Thousand attributable to a real person is covered by the insurance, TRY 358,708 Thousand of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on "Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated November 7, 2006 and numbered 26339.

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

The Bank's head office is located in Turkey.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

1. b) Information on Saving Deposits: (cont'd)

3) Amounts which are not covered by deposit insurance:

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

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	4,392	4,689
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors and Their Close Families	1,484	744
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Information on derivative financial liabilities held for trading:

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

Financial Liabilities Held-for-Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	108	-	1,026	104
Swap Transactions	-	178	-	2,889
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	108	178	1,026	2,993

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	15,316	5,283	23,764	3,937
Foreign Banks, Institutions and Funds	-	564	-	656
Total	15,316	5,847	23,764	4,593

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	15,285	5,237	23,729	3,475
Medium and Long-Term	31	610	35	1,118
Total	15,316	5,847	23,764	4,593

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

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:

79.11% of the Bank's liabilities consist of deposits. Deposits are having a diversified base and have steady structures. The Bank's liabilities are not subject to a significant concentration risk.

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

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

5. Information on finance lease payables (net):

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

Information on Finance Lease Payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1	-	2	-
Between 1-4 Years	1	1	1,950	1,945
More than 4 Years	-	-	-	-
Total	2	1	1,952	1,945

6. Information on derivative financial liabilities for hedging purposes:

a) There are no derivative financial liabilities for hedging purposes.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

7. Explanations on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions	428,469	247,013
Allocated for Group- I Loans and Receivables	288,459	206,609
Allocated for Group- II Loans and Receivables	56,909	4,120
Allocated for Non-cash Loans	20,800	12,450
Other	62,301	23,834

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

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 amounts to TRY 3,173 Thousand.

d) Information on other provisions:

1) Information on generic provisions for possible risks:

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

	Current Period	Prior Period
Generic provisions for possible risks ^(*)	611,962	607,508

^(*) Based on the decision of the Bank's Assets and Liabilities Committee, TRY 604,309 Thousand (December 31, 2008: TRY 600,840 Thousand) of generic provision is allocated for possible risks as general loan loss provision at a rate of %3, except for the fund sourced loans and loans granted to institutions which are exempt from provisions according to Banking Law.

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

TRY 732,432 Thousand of other provision amount consists of TRY 3,173 Thousand for unindemnified non-cash loans, TRY 7,600 Thousand for cash transfers made by the clerks, TRY 604,309 Thousand for the decision made by the Assets and Liabilities Committee, TRY 87,452 Thousand for remuneration liabilities, TRY 14,818 Thousand for priorly unconfirmed current account recordings, TRY 9,250 Thousand for possible legal claims and TRY 5,830 Thousand for other provisions.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

7. Explanations on provisions: (cont'd)

d) Information on other provisions: (cont'd)

3) Employee pension right liabilities for the Bank personnel:

The Bank's employees 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 Agency (SSK) Act of numbered 506. In accordance with 23rd provisional clause of the Banking Act numbered 5411, the pension fund is expected to be transferred to the Social Security Agency within 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. 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 Agency is annulled by Constitutional Court as of March 31, 2007.

The technical balance sheet report as of December 31, 2007 which is prepared in accordance with the principles in the Council of Ministers decision 2006/11345 declared in the Official Gazette dated December 15, 2006 numbered 26377, which defines the principles of such transfer, with the technical interest rate of 10.24% concludes no technical deficit arises in the above mentioned fund.

In accordance with the Act numbered 5754 "Act about the Amendments in Social Security and General Health Insurance Act and Some of Acts and Decrees" published in the Official Gazette numbered 26870 on May 8, 2008, 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 January 1, 2008, has been delayed up to 5 years.

The technical balance sheet report as of December 31, 2009 which is prepared in accordance with the principles Act numbered 5754 declared in the Official Gazete dated May 8, 2008 numbered 26870, by using a technical interest rate of 9.80%, concluded that no technical deficit arises in the above mentioned fund.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

7. Explanations on Provisions: (cont'd)

e) Vacation and retirement pay obligations:

The Bank accounts for its vacation and retirement pay obligations in accordance with the Turkish Accounting Standards (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 table of the retirement pay:

	Current Period	Prior Period
As of 1 January	407,100	392,000
Payments in the period	(44,200)	(40,442)
Charge for the period ⁽¹⁾	66,100	55,542
Total	429,000	407,100

(1) Charge for the period shows net balance of retirement pay provision expense equal to TRY 69,200 Thousand (Prior Period: TRY 66,842 Thousand) and reversals equal to TRY 3,100 Thousand (Prior Period: TRY 11,300 Thousand).

As of December 31, 2009 unpaid vacation liability amounted to TRY 113,600 Thousand (December 31, 2008: TRY 99,350 Thousand) is presented under the "Employee Benefits Provision" in the financial statements.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of December 31, 2009, the remaining corporate tax liability after deducting temporary taxes paid for the period is TRY 230,992 Thousand (December 31, 2008: TRY 193,976 Thousand).

2) Information on current tax payable:

	Current Period	Prior Period
Corporate Tax Payable	230,992	193,976
Taxation on Income From Securities	95,406	173,538
Property Tax	495	302
Banking Insurance Transactions Tax (BITT)	26,624	25,538
Foreign Exchange Transactions Tax	3	3
Value Added Tax Payable	1,021	781
Other	33,067	17,696
Total	387,608	411,834

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums – Employee	16	18
Social Security Premiums – Employer	23	27
Bank Social Aid Pension Fund Premium – Employee	68	44
Bank Social Aid Pension Fund Premium – Employer	122	74
Pension Fund Membership Fees and Provisions – Employee	5	4
Pension Fund Membership Fees and Provisions – Employer	8	7
Unemployment Insurance – Employee	142	106
Unemployment Insurance – Employer	282	211
Other	11	29
Total	677	520

b) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TRY 7,055 Thousand. However, this amount is netted off against the deferred tax asset and subsequently TRY 344,819 Thousand of net deferred tax asset is presented in the financial statements.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

9. Information on non-current liabilities regarding assets held for sale and discontinued operations:

None.

10. Information on the number of subordinated loans the Bank used, maturity, interest rate, institutions that the loan was borrowed from and conversion option, if any:

a) Information on the subordinated loans the Bank used:

None.

11. Information on shareholders' equity:

a) Presentation on paid-in capital:

	Current Period	Prior Period
Common stock	2,500,000	2,500,000
Preferred stock	-	-

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

The Bank does not have a registered share 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 increases and increased capital shares.

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

There is no increase from capital reserves.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

11. Information on Shareholders' Equity: (cont'd)

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

The Bank has no capital commitments.

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

In the current period, the Bank has followed its operations in line with the previous periods. The Bank's balance sheet has been managed with precaution by being effected 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	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Entities under common control ⁽¹⁾	-	19,521	-	44,419
Revaluation Difference	-	19,521	-	44,419
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	462,925	8,161	113,344	(81,957)
Revaluation Difference	577,650	8,161	123,966	(81,957)
Deferred Tax Effect	(114,725)	-	(10,622)	-
Foreign Exchange Difference	-	-	-	-
Total	462,925	27,682	113,344	(37,538)

⁽¹⁾ From the subsidiaries domiciled and operating abroad for Ziraat Bank Moscow and Kazakhstan Ziraat International Bank, independent valuation work is applied as of December 31, 2009 and revaluation differences determined on the basis of the valuation are added into the costs of the equity participations followed under the assets while they are realized at "Marketable Securities Value Increase Fund" under shareholders' equity at liabilities.

12. Information on minority interests:

In accordance with the BRSA's Communiqué on the "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette numbered 26340 on November 8, 2006, since the Bank only consolidates its associate Axa Sigorta A.Ş. using equity method of accounting, there is no minority interest in the unconsolidated financial statements.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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	2,371,778	2,311,720
Asset Purchase Commitments	390,634	169,961
Commitments for Credit Card Expenditure Limits	1,929,243	1,427,784
Loan Granting Commitments	256,804	111,031
Other Irrevocable Commitments	284,846	207,084
Subsidiaries and Associates Capital Contribution Commitments	3,638	250
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	1,861	2,487
Total	5,238,804	4,230,317

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

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

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

	Current Period	Prior Period
Guarantee Letters	4,809,499	3,567,826
Bank Acceptance	33,753	16,305
Letter of Credits	670,165	707,899
Total	5,513,417	4,292,030

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

	Current Period	Prior Period
Letter of Temporary Guarantees	84,804	65,429
Letter of Certain Guarantees	2,375,668	1,738,076
Letters of Advance Guarantees	1,588,973	1,018,884
Letters of Guarantees given to Customs Offices	113,807	58,946
Other Letters of Guarantees	646,247	686,491
Total	4,809,499	3,567,826

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS (cont'd)

1. Information on off-balance sheet liabilities: (cont'd)

c) 1) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	621,622	660,601
With Original Maturity of One Year or Less	47,888	87,114
With Original Maturity of More than One Year	573,734	573,487
Other Non-Cash Loans	4,891,795	3,631,429
Total	5,513,417	4,292,030

c) 2) Non-cash loans risk concentration based on sectors:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	29,641	1.59	4,066	0.11	24,468	1.88	3,815	0.12
Farming and Raising Livestock	28,782	1.54	3,689	0.10	23,849	1.83	3,427	0.11
Forestry	-	-	-	-	-	-	-	-
Fishery	859	0.05	377	0.01	619	0.05	388	0.01
Industry	576,846	30.96	2,340,129	64.12	385,638	29.65	1,542,783	51.58
Mining	163,385	8.77	316,642	8.68	93,324	7.17	89,493	2.99
Production	340,797	18.29	1,985,091	54.39	275,696	21.19	1,396,867	46.70
Electricity, Gas and Water	72,664	3.90	38,396	1.05	16,618	1.29	56,423	1.89
Construction	122,583	6.58	69,472	1.90	100,029	7.69	51,295	1.71
Service	1,047,415	56.19	617,017	16.90	721,677	55.48	616,934	20.63
Wholesale and Retail Trade	160,702	8.62	40,842	1.12	111,778	8.59	7,425	0.25
Hotel and Food Services	5,975	0.32	307	0.01	4,833	0.37	82	-
Transportation and Communication	286,915	15.39	37,265	1.02	166,824	12.84	25,347	0.85
Financial Institutions	420,948	22.59	205,537	5.63	330,198	25.38	246,995	8.26
Real Estate and Leasing Services	586	0.03	4	-	185	0.01	2	-
Self-employment Services	2,691	0.14	-	-	1,696	0.13	-	-
Educational Services	3,639	0.20	21,311	0.58	2,382	0.18	31,499	1.05
Health and Social Services	165,959	8.90	311,751	8.54	103,781	7.98	305,584	10.22
Other	87,222	4.68	619,026	16.97	68,958	5.30	776,433	25.96
Total	1,863,707	100.00	3,649,710	100.00	1,300,770	100.00	2,991,260	100.00

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS (cont'd)

1. Information on off-balance sheet liabilities: (cont'd)

c) 3) Non-cash loans classified in Group I and II:

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	1,832,810	3,648,828	30,897	882
Letters of Guarantee	1,832,810	2,945,017	30,897	775
Bill Guarantees and Acceptances	-	33,646	-	107
Letters of Credit	-	670,165	-	-
Endorsements	-	-	-	-
Purchase guarantees on marketable security underwritings	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Contingencies	-	-	-	-

2. Derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	205,380	259,834
Forward Foreign Currency Buy/Sell Transactions	71,781	144,921
Currency Buy/Sell Swap	133,599	114,913
Currency Futures	-	-
Currency Put/Call Options	-	-
Interest related derivative transactions (II)	-	-
Interest Rate Contracts	-	-
Interest Rate Buy/Sell Swap	-	-
Interest Rate Put/Call Options	-	-
Interest Rate Buy/Sell Futures	-	-
Other trading derivative transactions (III)	-	-
A. Total trading derivative transactions (I+II+III)	205,380	259,834
Types of derivative transactions for hedging		
Fair Value Fluctuations Hedging	-	-
Cash flow Risk Hedging	-	-
FC Investment in Associates Risk Hedging	-	-
B. Total derivative transactions for hedging	-	-
Total Derivative Transactions (A+B)	205,380	259,834

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS (cont'd)

3. Information on contingent liabilities and assets:

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

The Bank's liability resulting from the cheques given to its customers amounts to TRY 2,371,778 Thousand (December 31, 2008: TRY 2,311,720 Thousand) and this amount is recognized under the off-balance sheet commitment accounts. If cheques that are paid to beneficiaries qualify as bad cheques, the Bank may have an obligation to pay up to TRY 500 for the portion of bad cheques amount according to the numbered 2003/1 "Declaration of Ordering of Payments of Check and the Act of about Protection of Check Bearers" that was published on the April 9, 2003 dated and 25074 numbered.

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 TRY 100 Thousand amounts to TRY 211,355 Thousand. Full provision has been provided in the accompanying financial statements for law suits ended against the Bank but not finalized yet, amounting to TRY 9,250 Thousand. In addition to these, for the interest expenses calculated for the lawsuits against the Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, generic provision equal to TRY 37,300 Thousand has been provided.

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

4. Services supplied on behalf of others:

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans (*)	5,572,365	67,808	4,467,527	49,392
Short Term Loans	2,080,100	49,545	1,820,724	40,474
Medium and Long Term Loans	3,391,101	18,263	2,570,553	8,918
Interest on Non-Performing Loans	101,164	-	76,250	-
Premiums from Resource Utilization Support Fund	-	-	-	-

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

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of the Republic of Turkey	295,813	-	421,323	11
Domestic Banks	592	261	15,262	3,243
Foreign Banks	711	19,087	9,146	73,555
Head Office and Branches	-	-	-	-
Total	297,116	19,348	445,731	76,809

c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial assets held for trading	89,179	2,378	109,117	5,071
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available-for-sale	1,566,549	271,759	3,403,129	437,206
Investments held-to-maturity	6,008,115	291,599	4,128,576	108,072
Total	7,663,843	565,736	7,640,822	550,349

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	1,653	4,637

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (cont'd)

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks ^(*)	2,211	361	1,336	159
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	2,211	347	1,336	124
Foreign Banks	-	14	-	35
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	2,211	361	1,336	159

(*) Includes fees and commissions incomes on cash loans.

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	1,738	367

c) Information on interest given on securities issued:

None.

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

Account Name	Demand Deposits	Time Deposits					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Interbank Deposits	-	6,928	-	-	-	-	-	6,928
Saving Deposits	46	935,628	3,702,344	204,557	39,610	53,106	-	4,935,291
Public Deposits	1,324	125,568	466,252	14,149	7,056	338	-	614,687
Commercial Deposits	549	163,109	441,231	29,868	45,374	14,422	-	694,553
Other Deposits	4	84,421	534,883	73,273	8,527	5,874	-	706,982
7 days Call Accounts	-	-	-	-	-	-	-	-
Total	1,923	1,315,654	5,144,710	321,847	100,567	73,740	-	6,958,441
FC								
Foreign Currency Deposits	8,461	92,344	132,540	33,996	5,160	98,753	-	371,254
Interbank Deposits	511	-	-	-	-	-	-	511
7 days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	8,972	92,344	132,540	33,996	5,160	98,753	-	371,765
Grand Total	10,895	1,407,998	5,277,250	355,843	105,727	172,493	-	7,330,206

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (cont'd)

3. Information on dividend income:

	Current Period	Prior Period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	2,501	8,434
Other (*)	24,484	18,017
Total	26,985	26,451

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

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

	Current Period	Prior Period
Profit	316,982	609,980
Profit from the Capital Market Transactions	16,148	12,310
Profit on Derivative Financial Instruments	5,673	64,566
Foreign Exchange Gains	295,161	533,104
Loss (-)	255,530	663,051
Loss from the Capital Market Transactions	-	203
Loss on Derivative Financial Instruments	4,725	124,239
Foreign Exchange Loss	250,805	538,609

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 TRY 223,733 Thousand.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (cont'd)

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽²⁾	342,187	244,842
Group III Loans and Receivables	74,623	81,305
Group IV Loans and Receivables	171,352	125,367
Group V Loans and Receivables	96,212	38,170
General Provision Expenses ⁽¹⁾	145,767	102,630
Provision Expenses for the Possible Losses ⁽¹⁾	90,943	175,843
Marketable Securities Impairment Expense	185	3,073
Financial Assets at Fair Value through Profit and Loss	-	1,410
Financial Assets Available for Sale	185	1,663
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	420	371
Associates	-	28
Subsidiaries	420	343
Entities under Common Control (Joint Ventures)	-	-
Investment Securities Held to Maturity	-	-
Other ⁽³⁾	52,682	19,269
Total	632,184	546,028

(1) The balance represents the expenses related to the current period. The reversals within the period amounting to TRY 50,925 Thousand are presented in other operating income (December 31, 2008: TRY 3,009 Thousand).

(2) The balances represents include the expenses related to the current period. The reversals within the period amounting to TRY 151,023 Thousand are presented in other operating income (December 31, 2008: TRY 74,284 Thousand).

(3) The TRY 14,899 Thousand of the relevant balance is the generic provision expense set for the prior periods' current account deficits of the branches, TRY 37,300 Thousand is the generic provision expense set for the remuneration liabilities subject to law suit.

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses ⁽¹⁾	1,046,194	915,128
Reserve for Employee Termination Benefits ⁽¹⁾	69,200	66,842
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	1,329	4,078
Depreciation Expenses of Tangible Fixed Assets	46,951	40,916
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	3,347	2,568
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	100	27
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	367,378	307,671
Operational Leasing Expenses	35,170	28,011
Maintenance Expenses	50,529	45,787
Advertisement Expenses	22,237	19,120
Other Expenses	259,442	214,753
Loss on Sales of Assets	807	7,213
Other ⁽²⁾	359,753	380,087
Total	1,895,059	1,724,530

(1) TRY 44,200 Thousand of retirement and termination benefit payments which have been recorded under the personnel expenses by the Bank in the current period is presented under the provision for employee termination benefits row (Prior period: TRY 40,442 Thousand).

(2) TRY 176,773 Thousand of the relevant balance is Savings Deposit Insurance Fund expense accrual, TRY 115,201 Thousand is taxes, fees and tolls expenses.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (cont'd)

8. Information on profit/loss from continuing and discontinued operations before taxes:

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

	Current Period	Prior Period
Net Interest Income	6,068,776	4,102,277
Net Fees and Commissions Income	436,997	572,031
Dividend Income	26,985	26,451
Trading Income/Expense (Net)	61,452	(53,071)
Other Operating Income	349,768	338,370
Provision for Loan or Other Receivables Losses (-)	632,184	546,028
Other Operating Expenses (-)	1,895,059	1,724,530
Income(Loss) From Continuing Operations	4,416,735	2,715,500

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

As of December 31, 2009, the Bank's income tax provision amounting to TRY (905,780) Thousand (December 31, 2008: TRY (581,241) Thousand) consists of TRY (1,185,054) Thousand (December 31, 2008: TRY (609,529) Thousand) of current tax charge and TRY 279,274 Thousand (December 31, 2008: TRY 28,288 Thousand) of deferred tax income.

10. Information on net operating income/expense from continuing and discontinued operations after tax:

The Bank's net operating income after tax amounts to TRY 3,510,955 Thousand (December 31, 2008: TRY 2,134,259 Thousand).

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.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (cont'd)

11. Information on net profit/loss: (cont'd)

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

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (December 31, 2008: None).

c) Information on profit/loss attributable to minority interests:

None.

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

Other items do not exceed 10% of the total income statement.

V. EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

a) Explanations on inflation adjustment differences for equity items:

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

b) Explanations on profit distribution:

On the basis of the decision agreed on the Board of Meeting held on April 14, 2009, from the net operating income of 2008, TRY 750,000 Thousand of net dividend which had been accrued in favor of the Undersecretariat of Treasury of the Turkish Republic and TRY 2,919 Thousand of excess amount which had been left from the distribution to personnel has been transferred to the accounts of the Undersecretariat of Treasury. The TRY 984,169 Thousand of the income is retained.

Bank is planning to distribute its 2009 profit based on the articles of association. However, as of the report date, there is no decision taken regarding the profit distribution.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

V. EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (cont'd)

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

c) Explanations on exchange differences:

Subsidiaries and entities under common control domiciled and operating abroad were previously followed with acquisition costs. The exchange differences related to those investments are reversed from shareholders' equity with the determination of fair values of those investments. Foreign currency differences arised from translation of foreign branches are presented as other capital reserves under equity.

d) Explanations on Available For Sale Financial Assets:

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

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

e) Profit Reserves:

As of the balance sheet date, legal reserves amount to TRY 1,758,096 Thousand, extraordinary reserves amount to TRY 1,074,290 Thousand and other profit reserves amount to TRY 304,134 Thousand.

VI. EXPLANATIONS RELATED TO CASH FLOW STATEMENT

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

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VI. EXPLANATIONS RELATED TO CASH FLOW STATEMENT (cont'd)

2. The effects of “other” items stated in the cash flow statement and the “changes in foreign currency exchange rates on cash and cash equivalents”:

“Operating Profit before Changes in Operating Assets and Liabilities” amounting to TRY 3,699,857 Thousand is composed mainly from interest received from loans and securities amounting to TRY 14,128,604 Thousand and interest paid to deposit and money market operations which is amounting to TRY 8,282,976 Thousand. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of the change in the foreign exchange rate on the cash and cash equivalents is stated, approximately, TRY (184,071) Thousand as of December 31, 2009 (December 31, 2008: TRY 1,243,705 Thousand).

The cash in TRY, the cash in foreign currencies, Central Bank of the Republic of Turkey’s accounts, cash in transit, bank cheques, money market operations and bank deposits having maturity up to three months are defined as cash and cash equivalent assets.

Period opening and end cash and cash equivalents balance:

Period Opening	31.12.2008	31.12.2007
Cash in TRY and in Foreign Currency	702,276	753,830
Central Bank of the Republic of Turkey and Other Banks	12,186,525	7,258,490
Money Market Operations	-	2,611,226
Total Cash and Cash Equivalents	12,888,801	10,623,546

Period Opening	31.12.2009	31.12.2008
Cash in TRY and in Foreign Currency	1,029,744	702,276
Central Bank of the Republic of Turkey and Other Banks	13,458,791	12,186,525
Money Market Operations	-	-
Total Cash and Cash Equivalents	14,488,535	12,888,801

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK

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

a) Current Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	793,049	293,439	-	-	-	-
Closing Balance	811,676	305,249	-	-	-	-
Interest and Commissions Income	1,653	-	-	-	-	-

* Accrual amount for period-end cash loans are not included in the table since it could not be decomposed from the existing data processing system.

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

*** The TRY 61,523 Thousand placement amount, which has made to the foreign branches that are part of the risk group, is included at the cash loan amount.

a) Prior Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	445,341	270,078	-	-	-	-
Closing Balance	793,049	293,439	-	-	-	-
Interest and Commissions Income	4,637	-	-	-	-	-

* Accrual amount for period-end cash loans are not included in the table since it could not be decomposed from the existing data processing system.

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

*** The TRY 71,451 Thousand placement amount, which has made to the foreign branches that are part of the risk group, is included at the cash loan amount.

b) 1) Deposits held by 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
Deposits						
Opening Balance	103,835	53,601	-	-	-	-
Closing Balance	100,952	103,835	-	-	-	-
Interest expense on deposits	1,738	367	-	-	-	-

(*) Accruals are not included in the table above since they could not be decomposed.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK (cont'd)

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	-	-	-	-	-	-
Closing Balance	28,894	-	-	-	-	-
Total Profit/Loss	6,354	28,894	-	-	-	-
Risk Protection Oriented Processes	(37)	793	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information about fees paid to Bank top executives:

Fees and dividends paid to Board of Directors, Assistant General Managers and Head of Departments are stated below:

	Current Period	Prior Period
Wage	7,831	6,100
Dividend and Additional Payments	696	580
Total	8,527	6,680

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VIII. EXPLANATIONS ON THE BANK'S DOMESTIC BRANCHES, AGENCIES AND BRANCHES ABROAD AND OFF-SHORE BRANCHES

The following information is explained on the Bank's domestic branches, agencies/branches abroad:

	Number of Branches	Number of employees			
Domestic Branches (*)	1,305	18,198			
			Country		
Agencies Abroad	1	1	1- Pakistan		
	1	1	2- Iran		
				Total Asset	Capital
Foreign Branches (**)	1	5	1- USA	1,788,345	175,610
	1	3	2- England	534,484	79,556
	1	2	3- Bulgaria	46,599	30,431
	1	3	4- Georgia	19,635	13,427
	1	2	5- Iraq	11,123	10,465
	2	5	6- Greece	82,199	38,606
	5	37	7- T.R.of Northern Cyprus	430,290	13,994
Off-shore Branches	-	-	-	-	-

(*) Includes the employees of the domestic branches, excluding the employees of head office and districts' head offices.

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

SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE ACTIVITY OF THE BANK

There are no other important matters, material disclosures or footnotes related to the operations of the Bank that have not been stated in the above sections.

SECTION VII: EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and footnotes of the Bank disclosed herein were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditors' Report dated March 1, 2010 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.