

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2011**

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



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

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

We have audited the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") at 31 December 2011 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for selecting and applying appropriate accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette No.26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency (the "BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit is conducted in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.



Basis for the qualified opinion:

As mentioned in Section II. Note 7.d1 of Explanations and Notes to the Unconsolidated Financial Statements; as of the balance sheet date, the accompanying financial statements include a free provision amounting to TL130.000 thousand, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from changes in the economy or market conditions and this provision amount was charged to the income statement as an expense in the current period.

Independent Auditor's Opinion:

In our opinion, except for the effect of the matter described in the "Basis for the qualified opinion" paragraph above on the financial statements, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as of 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA about accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

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

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

Haluk Yalçın, SMMM

Istanbul, 5 March 2012

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2011**

The Bank's Headquarter Address: Doğanbey Mahallesi Atatürk Bulvarı
No: 8 06107-Altındağ/ANKARA
Phone: (312) 584 20 00
Facsimile: (312) 584 49 63
Website: www.ziraatbank.com.tr
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The unconsolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

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

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

Muharrem KARSLI
Chairman of the Board of
Directors

Hüseyin AYDIN
Member of the Board of
Directors
General Manager

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

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

Bilgehan KURU
Deputy
Assistant General Manager
Responsible for Financial
Reporting

Mehmet Şükrü TAŞCI
Head of General
Accounting
and Reporting Unit

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

Name	Administrative Function
Members of the Board of Directors	
Muharrem KARSLI	Chairman
Mehmet MUMCUOĞLU	Vice Chairman
Hüseyin AYDIN	General Manager and Board Member
Burhanettin AKTAŞ ^(*)	Member
Halil ÇELİK	Member
Hikmet Aydın SİMİT	Member
Mustafa ÇETİN	Member
Oğuz KAYHAN	Member
Dr. Umran DEMİRÖRS	Member
Members of the Audit Committee	
Halil ÇELİK	Member
Oğuz KAYHAN	Member
Assistant General Managers	
Ali TOKER	Human Resources
Alpaslan ÇAKAR	Operational Transactions
Bilgehan KURU	Treasury Management
Bilgehan KURU (Deputy)	Financial Management
Cem İNAL	Consumer Banking
Mehmet Cengiz GÖĞEBAKAN	Credit Policies
Musa ARDA	Credit Allocation and Management
Numan BEK	International Banking
Ömer Muzaffer BAKTIR	Marketing
Group Head	
Bülent YALIM	Internal Control and Risk Management
Chairman of the Internal Audit	
Ali ARAS	Chairman of the Internal Audit

(*) Resigned as of 5 January 2012.

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

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

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

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

As of 31 December 2011, Bank carries its activities with a grand total of 1.458 branches; 1.434 domestic branches including 1.373 branches, 27 bureaus, 32 private operation centers, 2 mobile branches (2010: 1.379 branches including 1.299 domestic branches, 25 bureaus, 53 private operation centers, 2 mobile branches) and 24 branches abroad including 16 branches and 8 sub branches (New York branch in United States, London branch in England, Tbilisi branch in Georgia, Baghdad and Arbil branches in Iraq, Athens, Gümülcine, İskeçe and Rodos branches in Greece, Sofia branch and Filibe/Plovdiv, Kardzhali and Varna sub branches in Bulgaria, Jeddah branch in Saudi Arabia, Lefkoşa, Girne, Güzelyurt, Gazimağusa and Gönnyeli branches with Akdoğan, Near East University, Karaoğlanoğlu, Çatalköy and İskele sub branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran. Besides, preparations for opening a sub branch in Georgia (Batumi) is still continuing.

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND 2010

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

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

I.	BALANCE SHEET	Note (Section Five I)	Current Period (31/12/2011)			Prior Period (31/12/2010)		
			TL	FC	Total	TL	FC	Total
			ASSETS					
I.	CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	6.318.336	7.954.038	14.272.374	7.652.000	2.613.064	10.265.064
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	92.992	40.604	133.596	211.577	28.012	239.589
2.1	Financial Assets Held for Trading		92.992	40.604	133.596	211.577	28.012	239.589
2.1.1	Public Sector Debt Securities		42.289	14.139	56.428	183.889	26.229	210.118
2.1.2	Securities Representing a Share in Capital		-	-	-	-	-	-
2.1.3	Derivative Financial Assets Held for Trading		50.703	26.465	77.168	27.688	1.783	29.471
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.2.1	Public Sector Debt Securities		-	-	-	-	-	-
2.2.2	Securities Representing a Share in Capital		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	(3)	61.040	1.259.419	1.320.459	44.514	4.597.596	4.642.110
IV.	MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3	Receivables From Reverse Repurchase Agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	33.842.067	4.285.716	38.127.783	35.943.019	3.781.486	39.724.505
5.1	Securities Representing a Share in Capital		123.809	93.586	217.395	118.312	46.394	164.706
5.2	Public Sector Debt Securities		33.313.947	4.145.154	37.459.101	35.618.082	3.695.037	39.313.119
5.3	Other Marketable Securities		404.311	46.976	451.287	206.625	40.055	246.680
VI.	LOANS AND RECEIVABLES	(5)	64.330.044	7.099.931	71.429.975	51.982.988	5.460.465	57.443.453
6.1	Loans and Receivables		64.073.451	7.099.809	71.173.260	51.700.885	5.460.465	57.161.350
6.1.1	Loans Granted to Risk Group of The Bank		14.193	264.996	279.189	-	206.449	206.449
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		64.059.258	6.834.813	70.894.071	51.700.885	5.254.016	56.954.901
6.2	Loans under Follow-up		850.293	12.748	863.041	844.746	10.324	855.070
6.3	Specific Provisions (-)		593.700	12.626	606.326	562.643	10.324	572.967
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD TO MATURITY (Net)	(6)	27.600.761	4.903.436	32.504.197	32.331.551	4.056.500	36.388.051
8.1	Public Sector Debt Securities		27.592.135	4.902.915	32.495.050	32.325.607	4.056.071	36.381.678
8.2	Other Marketable Securities		8.626	521	9.147	5.944	429	6.373
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	59.806	-	59.806	52.177	-	52.177
9.1	Accounted with Equity Method		-	-	-	-	-	-
9.2	Unconsolidated Associates		59.806	-	59.806	52.177	-	52.177
9.2.1	Financial Associates		53.781	-	53.781	47.123	-	47.123
9.2.2	Non-financial Associates		6.025	-	6.025	5.054	-	5.054
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	123.000	576.949	699.949	114.700	520.976	635.676
10.1	Unconsolidated Financial Subsidiaries		117.279	576.949	694.228	108.979	520.976	629.955
10.2	Unconsolidated Non-Financial Subsidiaries		5.721	-	5.721	5.721	-	5.721
XI.	ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	50.359	50.359	-	43.231	43.231
11.1	Accounted with Equity Method		-	-	-	-	-	-
11.2	Unconsolidated Entities Under Common Control		-	50.359	50.359	-	43.231	43.231
11.2.1	Financial Entities Under Common Control		-	50.359	50.359	-	43.231	43.231
11.2.2	Non Financial Entities Under Common Control		-	-	-	-	-	-
XII.	RECEIVABLE FROM LEASING TRANSACTIONS	(10)	-	-	-	-	-	-
12.1	Finance Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1	Fair Value Hedges		-	-	-	-	-	-
13.2	Cash Flow Hedges		-	-	-	-	-	-
13.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(14)	921.322	9.176	930.498	821.178	4.864	826.042
XV.	INTANGIBLE ASSETS (Net)	(15)	52.614	11.363	63.977	33.736	1.688	35.424
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		52.614	11.363	63.977	33.736	1.688	35.424
XVI.	REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-
XVII.	TAX ASSET		281.913	-	281.913	316.340	-	316.340
17.1	Current Tax Asset		211	-	211	1.504	-	1.504
17.2	Deferred Tax Asset	(16)	281.702	-	281.702	314.836	-	314.836
XVIII.	ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	51.882	-	51.882	14.945	-	14.945
18.1	Held for Sale		51.882	-	51.882	14.945	-	14.945
18.2	Held from Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS		703.217	51.157	754.374	478.769	54.332	533.101
	TOTAL ASSETS		134.438.994	26.242.148	160.681.142	129.997.494	21.162.214	151.159.708

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND 2010

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

I. BALANCE SHEET	Note (Section Five II)	Current Period (31/12/2011)			Prior Period (31/12/2010)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES AND EQUITY					
I. DEPOSITS	(1)	89.189.709	23.876.973	113.066.682	103.371.049	22.425.423	125.796.472
1.1 Deposits Held By the Risk Group of the Bank		1.066.830	108.861	1.175.691	1.395.435	131.613	1.527.048
1.2 Other		88.122.879	23.768.112	111.890.991	101.975.614	22.293.810	124.269.424
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	29.853	9.968	39.821	5.514	85	5.599
III. FUNDS BORROWED	(3)	65.526	487.956	553.482	28.679	70.084	98.763
IV. MONEY MARKET BALANCES		23.319.266	2.468.904	25.788.170	5.003.477	-	5.003.477
4.1 Interbank Money Market Borrowings		-	871.449	871.449	-	-	-
4.2 Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3 Funds Provided under Repurchase Agreements		23.319.266	1.597.455	24.916.721	5.003.477	-	5.003.477
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		3.871.136	-	3.871.136	3.525.458	-	3.525.458
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		3.871.136	-	3.871.136	3.525.458	-	3.525.458
VII. MISCELLANEOUS PAYABLES		688.700	199.156	887.856	574.576	139.130	713.706
VIII. OTHER LIABILITIES	(4)	794.385	340.473	1.134.858	626.643	297.670	924.313
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	-	-	-	1	1
10.1 Finance Lease Payables		-	-	-	-	1	1
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-	-	-	-
11.1 Fair Value Hedges		-	-	-	-	-	-
11.2 Cash Flow Hedges		-	-	-	-	-	-
11.3 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XII. PROVISIONS	(7)	1.886.463	5.973	1.892.436	1.223.040	4.990	1.228.030
12.1 General Provisions		977.551	139	977.690	254.814	31	254.845
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Employee Benefits Provisions		656.600	-	656.600	600.830	-	600.830
12.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5 Other Provisions		252.312	5.834	258.146	367.396	4.959	372.355
XIII. TAX LIABILITY	(8)	269.111	337	269.448	405.625	179	405.804
13.1 Current Tax Liability		269.111	337	269.448	405.625	179	405.804
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
14.1 Held for Sale		-	-	-	-	-	-
14.2 Held from Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(9)	13.140.811	36.442	13.177.253	13.271.440	186.645	13.458.085
16.1 Paid-in Capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2 Capital Reserves		150.032	36.442	186.474	1.302.740	186.645	1.489.385
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(410.811)	36.442	(374.369)	741.963	186.645	928.608
16.2.4 Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6 Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7 Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17.361	-	17.361	17.295	-	17.295
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other Capital Reserves		543.482	-	543.482	543.482	-	543.482
16.3 Profit Reserves		8.230.307	-	8.230.307	5.596.300	-	5.596.300
16.3.1 Legal Reserves		2.290.756	-	2.290.756	2.012.298	-	2.012.298
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		5.305.510	-	5.305.510	3.000.593	-	3.000.593
16.3.4 Other Profit Reserves		634.041	-	634.041	583.409	-	583.409
16.4 Profit or Loss		2.260.472	-	2.260.472	3.872.400	-	3.872.400
16.4.1 Prior Years Profit/Loss		159.798	-	159.798	159.798	-	159.798
16.4.2 Net Period Profit/Loss		2.100.674	-	2.100.674	3.712.602	-	3.712.602
TOTAL LIABILITIES AND EQUITY		133.254.960	27.426.182	160.681.142	128.035.501	23.124.207	151.159.708

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND 2010

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

II.	STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (31/12/2011)			Prior Period (31/12/2010)		
			TL	FC	Total	TL	FC	Total
			A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		36.255.578	21.183.840	57.439.418
I.	GUARANTEES AND WARRANTIES	(1),(3)	4.046.543	7.932.118	11.978.661	2.600.853	4.921.101	7.521.954
1.1	Letters of Guarantee		4.044.509	5.922.741	9.967.250	2.598.621	3.898.990	6.497.611
1.1.1	Guarantees Subject to State Tender Law		392.196	5.600.700	5.992.896	306.182	3.675.222	3.981.404
1.1.2	Guarantees Given for Foreign Trade Operations		2.959.563	-	2.959.563	1.782.538	-	1.782.538
1.1.3	Other Letters of Guarantee		692.750	322.041	1.014.791	509.901	223.768	733.669
1.2	Bank Acceptances		2.000	371.588	373.588	2.000	37.164	39.164
1.2.1	Import Letter of Acceptance		-	6.354	6.354	-	8.721	8.721
1.2.2	Other Bank Acceptances		2.000	365.234	367.234	2.000	28.443	30.443
1.3	Letters of Credit		34	1.637.789	1.637.823	232	984.947	985.179
1.3.1	Documentary Letters of Credit		34	1.637.789	1.637.823	232	984.947	985.179
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(1),(3)	30.945.781	8.304.720	39.250.501	17.265.250	4.282.801	21.548.051
2.1	Irrevocable Commitments		7.755.616	974.747	8.730.363	5.684.559	491.315	6.175.874
2.1.1	Asset Purchase and Sale Commitments		268.644	367.070	635.714	93.489	167.788	261.277
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		1.000	-	1.000	2.000	-	2.000
2.1.4	Loan Granting Commitments		143	-	143	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		2.461.000	-	2.461.000	2.303.845	-	2.303.845
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		3.822.106	-	3.822.106	2.673.734	-	2.673.734
2.1.10	Commitments for credit cards and banking services promotions		8.131	-	8.131	10.958	-	10.958
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		1.194.592	607.677	1.802.269	600.533	323.527	924.060
2.2	Revocable Commitments		23.190.165	7.329.973	30.520.138	11.580.691	3.791.486	15.372.177
2.2.1	Revocable Loan Granting Commitments		23.189.863	7.329.973	30.519.836	11.580.339	3.791.486	15.371.825
2.2.2	Other Revocable Commitments		302	-	302	352	-	352
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.263.254	4.947.002	6.210.256	2.052.411	2.148.669	4.201.080
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		1.263.254	4.947.002	6.210.256	2.052.411	2.148.669	4.201.080
3.2.1	Forward Foreign Currency Buy/Sell Transactions		133.195	134.512	267.707	9.352	10.353	19.705
3.2.1.1	Forward Foreign Currency Transactions-Buy		66.617	67.248	133.865	4.682	5.187	9.869
3.2.1.2	Forward Foreign Currency Transactions-Sell		66.578	67.264	133.842	4.670	5.166	9.836
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		1.130.059	4.812.490	5.942.549	2.043.059	2.138.316	4.181.375
3.2.2.1	Foreign Currency Swap-Buy		-	2.977.218	2.977.218	61.728	2.039.638	2.101.366
3.2.2.2	Foreign Currency Swap-Sell		1.130.059	1.835.272	2.965.331	1.981.331	98.678	2.080.009
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		212.862.987	14.045.181	226.908.168	144.257.120	7.326.577	151.583.697
IV.	ITEMS HELD IN CUSTODY		21.201.775	1.362.383	22.564.158	12.077.658	645.771	12.723.429
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		3.561.620	1.133.079	4.694.699	2.917.066	515.859	3.432.925
4.3	Checks Received for Collection		977.787	14.781	992.568	867.258	15.434	882.692
4.4	Commercial Notes Received for Collection		2.770.680	143.105	2.913.785	2.161.082	75.767	2.236.849
4.5	Other Assets Received for Collection		8.893	-	8.893	8.442	-	8.442
4.6	Assets Received for Public Offering		13.672.892	93	13.672.985	5.920.736	305	5.921.041
4.7	Other Items Under Custody		208.254	71.325	279.579	201.422	38.406	239.828
4.8	Custodians		1.649	-	1.649	1.652	-	1.652
V.	PLEDGES RECEIVED		191.661.212	12.598.473	204.259.685	132.179.462	6.647.063	138.826.525
5.1	Marketable Securities		264.618	38.111	302.729	261.333	13.549	274.882
5.2	Guarantee Notes		24.543.558	4.242.379	28.785.937	15.576.321	2.641.709	18.218.030
5.3	Commodity		1.249.461	14.118	1.263.579	1.227.795	25.555	1.253.350
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		154.386.204	6.685.510	161.071.714	107.084.713	3.050.964	110.135.677
5.6	Other Pledged Items		11.212.162	1.611.171	12.823.333	8.024.091	909.357	8.933.448
5.7	Pledged Items-Depository		5.209	7.184	12.393	5.209	5.929	11.138
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	84.325	84.325	-	33.743	33.743
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			249.118.565	35.229.021	284.347.586	166.175.634	18.679.148	184.854.782

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

III. STATEMENT OF INCOME			
INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period 01/01-31/12/2011	Prior Period 01/01-31/12/2010
I. INTEREST INCOME	(1)	13.706.442	12.391.498
1.1 Interest Income from Loans		7.392.119	5.776.757
1.2 Interest Income From Reserve Deposits		1.650	1.145
1.3 Interest Income from Banks		34.657	176.506
1.4 Interest Income from Money Market Placements		38	5.301
1.5 Interest Income from Marketable Securities		6.265.869	6.418.601
1.5.1 Financial Assets Held for Trading		9.571	20.312
1.5.2 Financial Assets at Fair Value through Profit and Loss		-	-
1.5.3 Financial Assets Available-for-Sale		3.202.880	2.701.743
1.5.4 Investments Held-to-Maturity		3.053.418	3.696.546
1.6 Finance Lease Income		-	-
1.7 Other Interest Income		12.109	13.188
II. INTEREST EXPENSES	(2)	8.464.864	7.035.839
2.1 Interest Expense on Deposits		7.348.651	6.554.119
2.2 Interest on Borrowings		6.583	1.892
2.3 Interest on Money Market Borrowings		1.088.513	456.102
2.4 Interest on Marketable Securities Issued		-	-
2.5 Other Interest Expense		21.117	23.726
III. NET INTEREST INCOME/EXPENSES (I - II)		5.241.578	5.355.659
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		625.613	510.581
4.1 Fees and Commissions Received		773.958	609.248
4.1.1 Non-cash Loans		45.158	27.934
4.1.2 Other		728.800	581.314
4.2 Fees and Commissions Paid		148.345	98.667
4.2.1 Non-cash Loans		12	1
4.2.2 Other		148.333	98.666
V. DIVIDEND INCOME	(3)	31.788	33.648
VI. TRADING PROFIT/LOSS (Net)	(4)	(61.453)	(13.137)
6.1 Profit/Loss from Capital Market Operations		93.140	22.348
6.2 Profit/losses on Derivative Financial Transactions	(5)	291.574	111.554
6.3 Profit/Loss from Foreign Exchanges		(446.167)	(147.039)
VII. OTHER OPERATING INCOME	(6)	372.414	976.774
VIII. TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		6.209.940	6.863.525
IX. PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)	(7)	807.997	144.505
X. OTHER OPERATING EXPENSES(-)	(8)	2.622.439	2.249.660
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		2.779.504	4.469.360
XII. GAINS RECORDED AFTER MERGER		-	-
XIII. PROFIT/LOSS ON EQUITY METHOD		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(9)	2.779.504	4.469.360
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(10)	(678.830)	(756.758)
16.1 Current Tax Provision		(314.816)	(807.390)
16.2 Deferred Tax Provision		(364.014)	50.632
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(11)	2.100.674	3.712.602
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Non-current Assets Held for Resale		-	-
18.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
18.3 Other Income From Discontinued Operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expenses for Non-current Assets Held for Resale		-	-
19.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3 Other Expenses From Discontinued Operations		-	-
XX. PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX+XXI)		-	-
XXIII. NET PROFIT/LOSSES (XVII+XXII)	(12)	2.100.674	3.712.602
Earnings/ Loss per Share		0,000840	0,001485

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011 AND 2010**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY			
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Current Period (31/12/2011)	Prior Period (31/12/2010)
I.	ADDITIONS TO THE MARKETABLE SECURITY VALUATION DIFFERENCES ON AVAILABLE FOR SALE FINANCIAL ASSETS	(320.948)	1.184.512
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(17.038)	1.756
V.	PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)	-	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS		
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	(216)	62.173
IX.	DEFERRED TAXES RELATED TO VALUATION DIFFERENCES	85.332	(211.259)
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(252.870)	1.037.182
XI.	CURRENT YEAR PROFIT/LOSS	(1.050.107)	(599.181)
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	(1.055.826)	(576.649)
11.2	Reclassification of cash flow hedge transactions and presentation of the related under income statement	-	-
11.3	Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4	Other	5.719	(22.532)
XII.	TOTAL PROFIT/LOSS FOR THE CURRENT PERIOD (X±XI)	(1.302.977)	438.001

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS AT 31 DECEMBER 2011 AND 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five)	Current Period (31/12/2011)	Prior Period (31/12/2010)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		2.826.818	3.135.587
1.1.1 Interest Received		14.662.653	12.017.169
1.1.2 Interest Paid		(8.515.062)	(6.979.212)
1.1.3 Dividend Received		31.788	38.185
1.1.4 Fees and Commissions Received		772.430	604.451
1.1.5 Other Income		692.076	173.266
1.1.6 Collections from Previously Written-off Loans and Other Receivables		823.027	635.478
1.1.7 Payments to Personnel and Service Suppliers		(2.366.768)	(2.068.396)
1.1.8 Taxes Paid		(651.052)	(911.528)
1.1.9 Other		(2.622.274)	(373.826)
1.2 Changes in Operating Assets and Liabilities		(9.835.062)	2.270.643
1.2.1 Net (Increase)/Decrease in Trading Securities		148.418	236.202
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net (Increase)/Decrease in Banks		(5.297.641)	(817.408)
1.2.4 Net (Increase)/Decrease in Loans		(13.786.911)	(20.905.224)
1.2.5 Net (Increase)/Decrease in Other Assets		(189.121)	(166.178)
1.2.6 Net Increase/(Decrease) in Bank Deposits		21.717.650	(2.264.439)
1.2.7 Net Increase/(Decrease) in Other Deposits		(13.610.193)	25.334.357
1.2.8 Net Increase/(Decrease) in Funds Borrowed		452.364	77.467
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		730.372	775.866
I. Net Cash Provided from Banking Operations		(7.008.244)	5.406.230
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		2.866.552	(5.062.108)
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(78.697)	(22.807)
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3 Fixed Assets Purchases		(181.265)	(163.745)
2.4 Fixed Assets Sales		32.217	76.915
2.5 Cash for Purchase of Financial Assets Available for Sale		(51.478.756)	(25.603.705)
2.6 Cash Obtained from Sale of financial Assets Available for Sale		50.861.760	12.806.347
2.7 Cash Paid for Purchase of Investment Securities		(4.373.548)	(2.041.461)
2.8 Cash Obtained from Sale of Investment Securities		9.003.719	9.886.348
2.9 Other		(918.878)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(1.078.596)	(1.051.175)
3.1 Cash from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Marketable Securities Issued		-	-
3.4 Dividends Paid		(1.078.595)	(1.051.175)
3.5 Payments for Finance Leases		(1)	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		606.441	192.319
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		(4.613.847)	(514.734)
VI. Cash and Cash Equivalents at the Beginning of the Period	(1)	12.301.839	12.816.573
VII. Cash and Cash Equivalents at the End of the Period	(1)	7.687.992	12.301.839

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

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AT 31 DECEMBER 2011 AND 2010

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

VII.	PROFIT APPROPRIATION STATEMENT ⁽¹⁾	Current Period (31/12/2011)	Prior Period ⁽²⁾ (31/12/2010)
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	Current Year Income	2.779.504	4.469.360
1.2	Taxes And Duties Payable (-) ⁽³⁾	678.830	807.390
1.2.1	Corporate Tax (Income tax)	(314.816)	(807.390)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(364.014)	-
A.	NET INCOME FOR THE YEAR (1.1-1.2)	2.100.674	3.661.970
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	105.034	183.099
1.5	Other Statutory Reserves (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	1.995.640	3.478.871
1.6	First Dividend To Shareholders (-)	-	125.000
1.6.1	To Owners Of Ordinary Shares	-	125.000
1.6.2	To Owners Of Privileged Shares	-	-
1.6.3	To Owners Of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.7	Dividends To Personnel (-)	-	111.898
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	841.697
1.9.1	To Owners Of Ordinary Shares	-	841.697
1.9.2	To Owners Of Privileged Shares	-	-
1.9.3	To Owners Of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	-	95.359
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	-	2.304.917
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	Appropriated Reserves	-	-
2.2	Second Legal Reserves (-)	-	-
2.3	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Privileged Shares	-	-
2.3.3	To Owners Of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.4	Dividends To Personnel (-)	-	-
2.5	Dividends To Board Of Directors (-)	-	-
III.	EARNINGS PER SHARE		
3.1	To Owners Of Ordinary Shares	0,000840	0,001485
3.2	To Owners Of Ordinary Shares (%)	-	-
3.3	To Owners Of Privileged Shares	-	-
3.4	To Owners Of Privileged Shares (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	To Owners Of Ordinary Shares	-	0,000387
4.2	To Owners Of Ordinary Shares (%)	-	-
4.3	To Owners Of Privileged Shares	-	-
4.4	To Owners Of Privileged Shares (%)	-	-

(1) Profit distribution is approved by the Ordinary General Assembly. As of the date of the preparation of financial statements, the meeting for Ordinary General Assembly has not been held.

(2) The profit distribution table belongs to prior period becomes definite with the decision of Ordinary General Assembly after the publishing of 31 December 2010 financial statement. It is rearranged in this direction.

(3) The deferred tax asset of previous period amounting to TL50.632 is not subject to profit distribution.

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

As of 31 December 2011, financial statements are presented comparatively with independently audited financial statements as of 31 December 2010.

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

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

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

Additional paragraph for convenience translation into English:

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Commission income from banking, agency, intermediary services is recognized as income on the date they are collected. Whereas, commission income from trade and agricultural cash loans and from individual loans in which the commission is in the form of interest, (depending on the amount of commission that the interest rate is changed), are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle. As of December 2011, commissions obtained from consumer loans that are not in the form of interest, are booked into the related profit/loss accounts in accordance with the matching principle on an accrual basis using the effective interest rate. Other fees and commission expenses are recorded as expense on the date they are paid.

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

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

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

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

b. Held-to-maturity financial assets:

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

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

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

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

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

c. Loans and receivables:

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

c. Loans and receivables: (Continued)

The Bank sets specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 26333 and dated 1 November 2006 on “Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. Furthermore, while allocating specific provision, minimum rates defined in the related regulation and prudence principle are taken into account without considering collaterals. Allocated provisions are deducted from the income for the period. If the receivables for which provisions were set in the previous years are collected, provision for allowances are released and recognized as income under “Other Operating Income” account. Releases of current period provisions are made by the reversal of the amount from the “Provision for Impairment of Loans and Other Receivables” account.

d. Available-for-sale financial assets:

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

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

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

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

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

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

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

Apart from special provisions, as per the relevant regulations, Banks set aside general loan provisions for its loan and other receivables. The practice in which the general provision rate was considered as 0% for newly extended cash loans excluding credit card receivables, and which was implemented starting from 6 March 2010 according to Communiqué related to provisions was terminated by the Bank as of 1 January 2011. However, in line with Note (a) of the first paragraph of Article 7 of the Communiqué related to provisions, the general provision is set aside at 1% for standard cash loans effective from 1 January 2011. In accordance with the decision taken at the Assets and Liabilities Committee (“ALCO”) meeting on 21 December 2010, the practice of applying a general and free provision rate at 3% to total loans, excluding interest loans, was terminated as of 1 January 2011. Accordingly, the existing free provision held for loans were transferred to general provision accounts. Moreover, the additional general provision resulting from the amendments to the “Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions” on 28 May 2011 and 18 June 2011 were reflected to the related accounts.

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

As of the balance sheet date, there are securities lending transactions.

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

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

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

The Bank has no discontinued operations.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

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

Estimated depreciation rates of tangible fixed assets are as follows;

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

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Financial Lease

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

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

Operational Lease

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment Termination and Vacation Benefits

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

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

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

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

b. Pension Rights

Some of the Bank’s personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund (“Fund”) which was established by 20th provisional article of Social Security Law Act numbered 506. As of 31 December 2011 the number of personnel who benefit from the Fund, excluding dependents, is 14.325 (2010: 11.625). 10.925 of these members are active while 3.400 are passive members. (2010: 8.339 active members, 3.286 passive members).

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

b. Pension Rights (Continued)

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

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

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

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

XVII. EXPLANATIONS ON TAXATION

a. Current Tax

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current Tax (Continued)

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

b. Deferred tax

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

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

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

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

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

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

XVIII. EXPLANATIONS ON BORROWINGS

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXII. CASH AND CASH EQUIVALENTS

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

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

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

XXIV. EXPLANATIONS ON OTHER MATTERS

The General Assembly for the year 2010 was carried out on 1 March 2011. In accordance with the decision taken, of the profit for the year 2010 amounting to TL3.712.602, TL278.458 is transferred to legal reserves, TL111.898 of TL116.000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL818.205 is distributed to the Undersecretariat of Treasury after deducting withholding tax of 15% (TL144.390) in cash on 30 March 2011. Besides, TL2.304.917 of the profit has been preserved and deferred tax income amounting to TL50.632 is not distributed. The remaining part of dividend reserved to be distributed to personnel (TL4.102) is transferred to the account of the Undersecretariat of Treasury as net TL3.487, after deducting withholding tax of 15% (TL615).

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SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO

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

The Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" is 15,61% (2010: 19,20%).

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

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

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

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Information related to capital adequacy ratio:

Current Period	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Credit Risk Base Amount							
Balance Sheet Items (Net)	52.351.581	-	1.775.476	16.339.203	45.821.684	1.198.149	4.847.168
Cash	1.331.212	-	66	-	-	-	-
Matured Marketable Securities	3	-	-	-	-	-	-
Central Bank of the Republic of Turkey	5.192.098	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	1.137.520	-	180.126	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	7.748.998	-	-	-	-	-	-
Loans ⁽¹⁾	5.246.346	-	396.074	16.100.257	42.047.967	1.198.149	4.847.168
Loans Under Follow-up (Net) ⁽¹⁾	-	-	-	-	102.417	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	31.823.531	-	-	-	8.884	-	-
Receivables from Forward Sale of Assets	-	-	-	-	3.231	-	-
Miscellaneous Receivables	7.571	-	73.378	-	156.844	-	-
Interest and Income Accruals	687.571	-	18.340	238.946	1.201.890	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	810.114	-	-
Fixed Assets	-	-	-	-	982.341	-	-
Other Assets	314.251	-	150.098	-	327.870	-	-
Off-Balance Sheet Items	299.575	-	373.286	-	7.770.437	-	-
Non-cash Loans and Commitments	299.575	-	287.758	-	7.769.680	-	-
Derivative Financial Instruments	-	-	85.528	-	757	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	52.651.156	-	2.148.762	16.339.203	53.592.121	1.198.149	4.847.168

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

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

Information related to capital adequacy ratio: (Continued)

Prior Period	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
Credit Risk Base Amount	-	-	-	-	-	-	-
Balance Sheet Items (Net)	51.566.459	-	4.906.371	13.127.561	41.412.283	55.855	-
Cash	1.291.045	-	129	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Central Bank of the Republic of Turkey	6.549.245	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	4.543.751	-	97.392	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	2.424.645	-	-	-	-	-	-
Loans	4.547.023	-	184.218	13.056.906	38.545.233	55.855	-
Loans Under Follow-up (Net) ⁽¹⁾	-	-	-	-	112.952	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	35.638.709	-	-	-	6.146	-	-
Receivables from Forward Sale of Assets	-	-	-	-	2.932	-	-
Miscellaneous Receivables	19.775	-	120	-	123.971	-	-
Interest and Income Accruals	753.601	-	1.722	70.655	846.303	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	731.084	-	-
Fixed Assets	-	-	-	-	840.797	-	-
Other Assets	342.416	-	176.431	-	105.473	-	-
Off-Balance Sheet Items	248.224	-	167.813	-	4.924.591	-	-
Non-cash Loans and Commitments	248.224	-	128.169	-	4.924.497	-	-
Derivative Financial Instruments	-	-	39.644	-	94	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	51.814.683	-	5.074.184	13.127.561	46.336.874	55.855	-

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

Summary information about the capital adequacy standard ratio:

	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	73.683.034	53.999.274
Market Risk Base Amount (MRBA)	6.431.913	5.526.838
Operational Risk Base Amount (ORBA)	10.895.348	10.009.066
Shareholders' Equity	14.208.686	13.350.237
Shareholders' Equity/(CRBA+MRBA+ORBA) * 100	15,61	19,20

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Information related to components of shareholders’ equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2.500.000	2.500.000
Nominal Capital	2.500.000	2.500.000
Capital Commitments (-)	-	-
Inflation Adjustment to Paid-in Capital	543.482	543.482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	2.290.756	2.012.298
I. Legal Reserves (TCC 466/1)	1.018.023	834.924
II. Legal Reserves (TCC 466/2)	1.272.733	1.177.374
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	5.939.551	3.584.002
Reserves Allocated as per the Decision held by the General Assembly	5.305.510	3.000.593
Retained Earnings	634.041	583.409
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	-	-
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	2.260.472	3.872.400
Net Profit for the Period	2.100.674	3.712.602
Retained Earnings	159.798	159.798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	140.248	275.125
Subsidiary and Associate Shares and Gains on Sale of Real Estate To Be Added To Capital	-	-
Primary Subordinated Loans (up to 15% of the Core Capital) ⁽¹⁾	-	-
Loss(-) Portion of Losses that Cannot be Covered by Reserves	-	-
Net Loss of the Period	-	-
Accumulated Loss	-	-
Leasehold Improvements (-) ⁽²⁾	34.382	16.666
Prepaid Expenses (-) ⁽³⁾	-	73.771
Intangible Assets (-)	29.595	18.758
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in 3 rd Clause 56 th Article of the Banking Act (-)	-	-
Total Core Capital	13.610.532	12.678.112

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

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

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	977.690	254.845
45% of Movable Assets Revaluation Fund	-	-
45% of Immovables Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	17.361	17.295
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Marketable Securities Revaluation Fund	(374.369)	417.874
From Subsidiaries and Associates	81.478	36.763
From Financial Assets Available for Sale	(455.847)	381.111
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	620.682	690.014
TIER-III CAPITAL	-	-
CAPITAL	14.231.214	13.368.126
DEDUCTIONS FROM CAPITAL	22.528	17.889
Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or More of whose Capital is Owned by the Bank and which are Excluded from the Consolidation	-	-
Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose Capital is Owned by the Bank and that Exceeds 10% of the Total Core Capital and Supplementary Capital	-	-
Loans to banks, Financial Institutions (Domestic/Foreign), Holders of Qualified Shares in the form of Secondary Subordinated Loan and Loan Instruments Purchased from those Parties Qualified as Primary or Secondary Subordinated Loan	21.638	17.699
Loans Granted not in Compliance with the Provisions Stated in Articles 50 and 51 of the Act	-	-
Total Net Book Value of the Bank's Real Estates in excess of 50% of the Equity and in accordance with Article 57 of the Act, Net Book Value of Real Estates and Commodities Acquired in Exchange of Loans and Receivables that should be Disposed of however; have not been Disposed for the Last 5 Years Since the Beginning of the Acquisition Date	39	190
Other	851	-
TOTAL SHAREHOLDERS' EQUITY	14.208.686	13.350.237

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON 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, 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. The bank’s credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Heads/Branches.

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

The loans 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 is 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.

The Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors’ credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Bank’s credit risk significantly declines.

On January 2011 the Bank started applying internal ratings processes as a decision support system for analysing credit worthiness and determining credit allocation for SME-Commercial-Corporate consumer loans.

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

The Bank makes provision in conformity with the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

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. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the clients

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.

In line with the Regulation on provisions, if the cash risk of a customer classified as nonperforming, the non-cash is classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 cash loans in the total cash loan portfolio is 11% (2010: 15%).

The percentage of top 100 non-cash loans in the total non-cash loan portfolio is 71% (2010:75%).

The percentage of top 100 cash and non-cash loans in the total cash and non-cash loan portfolio is 17% (2010: 17%).

General provision made by the Bank for the credit risk is TL977.690 (2010: TL254.845).

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

Credit risk by types of borrowers and geographical concentration:

	Individual and Corporate Loans		Loans to Banks and Other Financial Institutions		Marketable Securities ⁽¹⁾		Other Loans ⁽²⁾	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Sectoral distribution	70.606.088	55.799.721	567.172	1.361.629	70.688.408	76.352.145	2.223.452	5.343.781
Private Sector	19.997.218	16.685.707	364.069	648.191	-	39.243	11.746	116.591
Public Sector	713.774	470.541	7.229	709.316	70.242.580	76.118.877	207.003	31.495
Banks	-	-	195.874	4.122	228.433	29.319	2.001.471	5.192.763
Individual Customers	49.895.096	38.643.473	-	-	-	-	3.232	2.932
Equity instruments	-	-	-	-	217.395	164.706	-	-
Geographical distribution	70.606.088	55.799.721	567.172	1.361.629	70.688.408	76.352.145	2.223.452	5.343.781
Domestic	69.134.097	54.820.282	520.041	1.310.467	70.226.365	75.962.690	1.357.779	4.291.711
European Union Countries	607.742	499.488	33.341	33.136	186.806	171.281	295.560	163.041
OECD Countries ⁽³⁾	-	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	464.365	255.045	13.553	18.026	172.110	111.177	391.045	863.172
Other Countries	399.884	224.906	237	-	103.127	106.997	179.068	25.857

(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.

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Capital Expenditures	Net income
Current Period					
Domestic	156.918.237	144.555.556	11.463.481	-	2.087.239
European Union Countries	1.167.029	1.179.715	36.321	-	251
OECD Countries ⁽¹⁾	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1.031.327	1.027.202	346.918	-	3.624
Other Countries	754.435	741.416	131.941	-	9.560
Subsidiaries, Investments and Joint Ventures	-	-	-	810.114	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	159.871.028	147.503.889	11.978.661	810.114	2.100.674
Prior Period					
Domestic	147.671.930	134.973.739	7.162.786	-	3.700.049
European Union Countries	891.094	881.055	36.280	-	(292)
OECD Countries ⁽¹⁾	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1.248.830	1.249.053	312.169	-	(737)
Other Countries	616.770	597.776	10.719	-	13.582
Subsidiaries, Investments and Joint Ventures	-	-	-	731.084	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	150.428.624	137.701.623	7.521.954	731.084	3.712.602

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

(2) Assets and liabilities that could not be distributed on a consistent basis.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

Sectoral concentrations for cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	22.950.572	35,82	332.387	4,68	16.768.330	32,43	201.399	3,69
Farming and Raising Livestock	22.603.867	35,28	330.439	4,65	16.520.797	31,95	197.808	3,62
Forestry	-	-	-	-	-	-	-	-
Fishing	346.705	0,54	1.948	0,03	247.533	0,48	3.591	0,07
Manufacturing	2.181.803	3,41	2.625.475	36,98	3.598.316	6,96	2.064.530	37,81
Mining	74.693	0,12	206.479	2,91	416.967	0,81	121.208	2,22
Production	2.088.730	3,26	2.120.705	29,87	3.137.641	6,07	1.777.267	32,55
Electric, Gas and Water	18.380	0,03	298.291	4,20	43.708	0,08	166.055	3,04
Construction	1.059.939	1,65	236.591	3,33	669.062	1,29	203.967	3,74
Services	5.816.829	9,08	2.600.390	36,63	6.095.327	11,79	1.352.231	24,76
Wholesale and Retail Trade	2.205.077	3,44	304.086	4,28	1.971.802	3,81	203.845	3,73
Hotel Food and Beverage Services	369.671	0,58	266.492	3,75	311.606	0,60	214.006	3,92
Transportation and								
Telecommunication	846.469	1,32	137.949	1,94	889.433	1,72	113.043	2,07
Financial Institutions	134.304	0,21	505.678	7,12	1.237.690	2,39	123.939	2,27
Real Estate and Leasing Services	31.766	0,05	781.205	11,00	20.803	0,04	16.339	0,30
Self Employment Services	22.770	0,04	-	-	19.198	0,04	-	-
Education Services	82.528	0,13	3.908	0,06	64.166	0,12	2.171	0,04
Health and Social Services	2.124.244	3,32	601.072	8,47	1.580.629	3,06	678.888	12,43
Other ⁽¹⁾	32.064.308	50,04	1.304.966	18,38	24.569.850	47,52	1.638.338	30,00
Total	64.073.451	100,00	7.099.809	100,00	51.700.885	100,00	5.460.465	100,00

¹⁾ Consumer loans are presented under other line.

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/Loss	133.596	239.589
Banks	1.320.459	4.642.110
Interbank Money Market Placements	-	-
Available-for-sale Financial Assets	38.127.783	39.724.505
Held-to-maturity Investments	32.504.197	36.388.051
Loans	71.429.975	57.443.453
Other Assets	597.043	450.105
Total credit risk exposure of balance sheet items	144.113.053	138.887.813
Financial guarantees	11.978.661	7.521.954
Commitments	39.250.501	21.548.051
Total credit risk exposure of off-balance sheet items	51.229.162	29.070.005
Total credit risk exposure	195.342.215	167.957.818

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II. EXPLANATIONS ON CREDIT RISK (Continued)

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	1.320.459	-	1.320.459	4.642.110	-	4.642.110
Financial Assets at Fair Value Through Profit or Loss	133.596	-	133.596	239.589	-	239.589
Loans:	67.458.041	3.715.219	71.173.260	53.433.759	3.727.591	57.161.350
Corporate Loans	15.979.007	729.498	16.708.504	15.500.607	532.079	16.032.686
Consumer Loans	29.562.673	2.401.145	31.963.818	22.554.172	2.254.154	24.808.326
Specialized Loans	21.916.361	584.576	22.500.938	15.378.980	941.358	16.320.338
Available-for-sale Financial Assets	38.127.783	-	38.127.783	39.724.505	-	39.724.505
Held-to-maturity Investments	32.504.197	-	32.504.197	36.388.051	-	36.388.051

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

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Loans:	579.101	915.293
Corporate Loans	125.242	132.191
Consumer Loans	48.513	39.932
Specialized Loans	405.346	743.170
Other	-	-
Available-for-sale Financial Assets	-	-
Held-to-maturity Investments	-	-

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 1 November 2006.

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

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

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III. EXPLANATIONS ON THE MARKET RISK (Continued)

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

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

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

Information Related to Market Risk:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	396.735
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	21.056
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	96.762
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	514.553
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	6.431.913

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	400.308	406.666	396.140	252.905	367.395	193.508
Equity Share Risk	30.315	33.044	31.048	20.668	26.352	3.846
Currency Risk	73.177	94.274	49.896	31.007	47.322	19.553
Commodity Risk	1.373	2.185	1.825	890	1.078	759
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Amount Subject to Total Risk	6.314.663	6.702.113	5.986.363	3.818.375	5.526.838	2.720.825

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IV. EXPLANATIONS ON 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 personnel, 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”.

Operational Risk Management actions are conducted by Internal Control and Risk Management Department. In this context generally;

- 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, to be used in the internal control audit program by the help of operational risk indicators, operational risk database and unit/volume information for transactions identified in order to determine the risk levels of branches.
- “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 through discussions with the personnel.
- Within the scope of Information Securities and Risk Management Operations, and in coordination with the related departments of the Bank, study on the Bank Business Sustainability Plan has been carried out. The current Emergency State Plan has been revised and the “T.C. Ziraat Bankası A.Ş. Business Continuity and Emergency State Plan” has been prepared by combining two plans. Within this scope, training has been arranged for Bank personnel in order to inform them about their responsibilities and make the Plan a part of institutional culture

b) The Bank does not apply standard method.

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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, VAR is calculated for daily foreign exchange position and reported to the related departments.

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

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

None.

c) Management policy for foreign currency risk:

"Liquidity Gap Analysis", "Repricing Gap Analysis" and "Structural Liquidity Gap Analysis" which takes into account historical repricing rates of foreign currency accounts, are prepared periodically in order to define liquidity and interest rate risks at US Dollar and Euro, which are mainly used by the Bank in its operations. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders' Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
23.12.2011	1,8840	2,4544	1,9168	0,33142	0,27440	2,0161	1,8549	0,31629	2,9604	0,48865	2,4152
26.12.2011	1,8811	2,4544	1,9094	0,33057	0,27345	2,0118	1,8430	0,31589	2,9408	0,48621	2,4096
27.12.2011	1,8903	2,4645	1,9165	0,33210	0,27501	2,0223	1,8526	0,31642	2,9611	0,48840	2,4223
28.12.2011	1,9012	2,4629	1,9252	0,33178	0,27560	2,0250	1,8651	0,31620	2,9500	0,49237	2,4421
29.12.2011	1,9074	2,4575	1,9249	0,33113	0,27563	2,0238	1,8652	0,31665	2,9416	0,49264	2,4478
30.12.2011	1,8816	2,4390	1,9199	0,32834	0,27406	2,0076	1,8461	0,31466	2,9205	0,48661	2,4343

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

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
1,8609	2,4438	1,8844	0,32928	0,27179	1,9967	1,8188	0,31583	2,9047	0,48127	2,3880

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	Yen	Other FC ⁽¹⁾	Total
Assets					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	4.690.220	2.306.241	450	957.127	7.954.038
Banks	274.721	867.440	523	116.735	1.259.419
Financial Assets at Fair Value Through Profit and Loss	9.663	4.476	-	-	14.139
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	2.754.558	1.531.158	-	-	4.285.716
Loans ⁽²⁾	3.002.122	4.074.519	-	24.854	7.101.495
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	382.227	207.612	-	37.469	627.308
Investments Held-to-Maturity	1.869.951	3.033.150	-	335	4.903.436
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Fixed Assets	4.685	1.960	-	2.531	9.176
Intangible Assets	987	3.205	-	7.171	11.363
Other Assets	37.749	7.666	-	3.428	48.843
Total Assets	13.026.883	12.037.427	973	1.149.650	26.214.933
Liabilities					
Interbank Deposits	155.590	508.468	-	17.734	681.792
Foreign Currency Deposits	13.378.752	9.215.814	364	600.251	23.195.181
Money Market Borrowings	231.705	2.237.199	-	-	2.468.904
Funds Provided from Other Financial Institutions	12.860	475.096	-	-	487.956
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	171.415	27.596	-	145	199.156
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	171.121	150.061	-	25.601	346.783
Total Liabilities	14.121.443	12.614.234	364	643.731	27.379.772
Net Balance Sheet Position	(1.094.560)	(576.807)	609	505.919	(1.164.839)
Net Off-Balance Sheet Position ⁽³⁾	926.948	611.005	-	(396.023)	1.141.930
Financial Derivative Assets	956.261	1.567.061	-	521.144	3.044.466
Financial Derivative Liabilities	29.313	956.056	-	917.167	1.902.536
Non-cash Loans	2.183.920	5.457.371	-	290.827	7.932.118
Prior Period					
Total Assets	11.322.952	9.289.547	687	551.331	21.164.517
Total Liabilities	11.845.163	10.571.741	318	520.224	22.937.446
Net Balance Sheet Position	(522.211)	(1.282.194)	369	31.107	(1.772.929)
Net Off-Balance Sheet Position ⁽³⁾	580.141	1.322.538	-	38.302	1.940.981
Financial Derivative Assets	609.850	1.396.673	-	38.302	2.044.825
Financial Derivative Liabilities	29.709	74.135	-	-	103.844
Non-cash Loans	1.399.582	3.440.443	1.357	79.719	4.921.101

⁽¹⁾ Of the foreign currencies presented in the other FC column of assets 80,63% is Gold, 4,10% is GBP, 3,26% is MKD, and the remaining 12,01% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 44,30% is GBP, 33,85% is CHF, 10,20% is DKK and the remaining 11,65% is other foreign currencies.

⁽²⁾ TL1.388 equivalent of USD and TL176 equivalent of EUR loans are originated as foreign currency indexed loans (2010: TL2.745 equivalent of USD and TL2.376 equivalent of EUR).

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

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

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V. EXPLANATIONS ON THE CURRENCY RISK (Continued)

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

	Change in exchange rate in %	Effect on Profit / Loss ⁽¹⁾⁽²⁾	
		Current Period	Prior Period
USD	% 10 increase	(13.809)	(4.032)
	% 10 decrease	13.809	4.032
EUR	% 10 increase	(56.294)	(33.982)
	% 10 decrease	56.294	33.982
Other	% 10 increase	5.916	2.367
	% 10 decrease	(5.916)	(2.367)

⁽¹⁾ The effects on profit or loss and shareholders’ equity are presented before tax, in the above table.

⁽²⁾ Investments related to subsidiaries and joint ventures operating abroad in foreign currency are followed by their fair values. Since TL amount of their fair values are fixed as of the valuation date, they do not create currency risk and is not considered in the analysis above.

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 macaulay duration, convexity and repricing gap analysis are applied at the Bank. The Bank limits the interest rate exposure. Moreover, an early warning system regarding the structural interest rate risk has also been established by the Bank.

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, TL 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 below mentioned analysis is presenting the net interest income of the Bank generated within the balance sheet period.

Change in Interest Rate		Net Interest Income Effect ⁽¹⁾⁽²⁾	Net Interest Income Effect ⁽¹⁾⁽²⁾
TL	FC	Current Period	Prior Period
3 points increase	1 point increase	(685.112)	(527.263)
2 points increase	0,66 point increase	(456.383)	(351.177)
1 point increase	0,33 point increase	(228.191)	(175.607)

⁽¹⁾ Demand deposits are excluded.

⁽²⁾ Net interest income effect presented above reflects amounts before tax.

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VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Change in Interest Rate		Net Interest Income Effect ⁽¹⁾⁽²⁾	Net Interest Income Effect ⁽¹⁾⁽²⁾
TL	FC	Current Period	Prior Period
3 points decrease	1 point decrease	685.112	527.263
2 points decrease	0,66 point decrease	456.383	351.177
1 point decrease	0,33 point decrease	228.191	175.607

⁽¹⁾ Demand deposits are excluded.

⁽²⁾ 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 TL, 0.33 basis point increase in FC and 3 basis point increases in TL 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 ⁽¹⁾		Effect on Profit and Loss	Effect on Shareholders' Equity	Effect on Profit and Loss	Effect on Shareholders' Equity
TL	FC	Current Period	Current Period	Prior Period	Prior Period
3 points increase	1 point increase	(1.276)	(771.615)	(1.873)	(806.196)
1 point increase	0.33 point increase	(437)	(264.321)	(642)	(276.273)

⁽¹⁾ The effects on profit and loss and shareholders' equity in the table above present 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.

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

To eliminate the negative effects of interest rate fluctuations in the market on the balance sheet of the Bank, Assets-Liabilities Committee follows interest margin and monitors its effects on profitability on a consistent basis. The committee makes interest rate arrangements especially for sources and defines the limits for the maximum interest rates considering the interest rate risk. In order to limit the effects of change in interest rates on the Bank's financial structure; risk limit, which is approved by the Board of Directors, is periodically monitored.

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

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

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VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

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

- (1) Balances without fixed maturity are shown in the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL3.860.700 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1 - 5 Years” column. TL10.436 of fund balance is not granted as loan and is shown under the “Non-Interest Bearing” column.
- (3) Deferred tax asset is shown under the non-interest bearing column.
- (4) Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in other assets.
- (5) Total shareholders’ equity is shown under the non-interest bearing column.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments:

	EUR	USD	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	5,00
Banks	2,38	2,18	-	-
Financial Assets at Fair Value Through Profit and Loss	3,36	5,57	-	7,80
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,65	6,14	-	8,43
Loans Given ⁽²⁾	5,01	4,22	-	17,04
Investments Held-to-Maturity	6,23	7,00	-	9,51
Liabilities				
Interbank Deposits ⁽³⁾	2,94	2,90	-	11,13
Other Deposits ⁽⁴⁾	2,07	2,73	-	6,87
Money Market Borrowings	3,30	2,77	-	10,81
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3,17	1,55	-	7,46

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

⁽²⁾ Credit card loans are not included.

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

⁽⁴⁾ Related ratios include demand deposits.

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VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	24.690	-	-	-	-	10.240.374	10.265.064
Banks	3.533.936	33.971	180.042	-	-	894.161	4.642.110
Financial Assets at Fair Value Through Profit and Loss	181.302	2.897	20.710	23.735	10.945	-	239.589
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	10.841.104	6.016.715	9.710.485	10.074.915	2.715.629	365.657	39.724.505
Loans Given	17.434.103	3.636.438	13.552.569	20.019.291	2.518.949	282.103	57.443.453
Investments Held-to-Maturity	12.572.545	16.380.174	2.334.664	2.048.890	3.051.778	-	36.388.051
Other assets	-	-	-	-	-	2.456.936	2.456.936
Total assets	44.587.680	26.070.195	25.798.470	32.166.831	8.297.301	14.239.231	151.159.708
Liabilities							
Interbank Deposits	2.411.992	3.061	-	-	-	57.463	2.472.516
Other Deposits	82.014.044	16.206.916	6.023.946	147.097	-	18.931.953	123.323.956
Money Market Borrowings	5.003.477	-	-	-	-	-	5.003.477
Sundry Creditors	-	-	-	-	-	713.706	713.706
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2.027	10.268	80.421	5.942	105	-	98.763
Other Liabilities	5.441	140	18	3.180.350	-	16.361.341	19.547.290
Total Liabilities	89.436.981	16.220.385	6.104.385	3.333.389	105	36.064.463	151.159.708
Balance Sheet Long Position	-	9.849.810	19.694.085	28.833.442	8.297.196	-	66.674.533
Balance Sheet Short Position	(44.849.301)	-	-	-	-	(21.825.232)	(66.674.533)
Off Balance Sheet Long Position	20.606	227	558	-	-	-	21.391
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(44.828.695)	9.850.037	19.694.643	28.833.442	8.297.196	(21.825.232)	21.391

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

(2) TL3.180.350 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1 - 5 Years” column. TL345.108 of fund balance is not granted as loan and is shown under the “Non-Interest Bearing” column.

(3) Deferred tax asset is shown under the non-interest bearing column.

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

(5) Total shareholders’ equity is shown under the non-interest bearing column.

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VI. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Average interest rate applied to the monetary financial instruments:

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

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

⁽²⁾ Credit card loans are not included.

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

VII. EXPLANATIONS ON THE LIQUIDITY RISK

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

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

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

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.

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VII. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

According to the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 dated 1 November 2006, from 1 June 2007, at the weekly and monthly calculations of the banks, the liquidity ratio requirement is 80% for the foreign currency assets/liabilities and 100% for the total assets/liabilities at minimum. The liquidity ratios for 2011 and 2010 are as follows:

<i>Current Period</i>	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	446,14	293,62	227,38	157,38
Maximum (%)	558,04	436,26	277,85	196,57
Minimum (%)	320,63	172,03	170,36	119,83

<i>Prior Period</i>	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	590,41	458,90	285,73	204,77
Maximum (%)	718,37	573,02	362,97	228,54
Minimum (%)	446,74	381,04	259,59	182,13

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

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

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

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

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

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

Presentation of liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^{(1) (2)}	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	14.272.374	-	-	-	-	-	-	14.272.374
Banks	454.128	380.375	132.635	353.321	-	-	-	1.320.459
Financial Assets at Fair Value Through Profit and Loss	-	29.488	1.869	39.594	52.537	10.105	3	133.596
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	341.687	428.502	1.393.789	22.917.267	12.829.142	217.396	38.127.783
Loans Given	-	2.159.265	4.527.172	24.482.361	34.933.524	5.070.937	256.716	71.429.975
Investments Held-to-Maturity	-	206.620	1.913.588	1.191.401	23.511.513	5.681.075	-	32.504.197
Other Assets	590.786	-	-	211	3.232	-	2.298.529	2.892.758
Total Assets	15.317.288	3.117.435	7.003.766	27.460.677	81.418.073	23.591.259	2.772.644	160.681.142
Liabilities								
Interbank Deposits	84.707	3.318.766	-	2.000	-	-	-	3.405.473
Other Deposits	19.813.389	69.995.785	12.596.492	7.000.667	254.876	-	-	109.661.209
Funds Provided from Other Financial Instruments	-	2.793	16.375	100.819	170.977	262.518	-	553.482
Money Market Borrowings	-	25.314.528	-	473.642	-	-	-	25.788.170
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	535.116	352.740	-	-	-	-	-	887.856
Other liabilities ⁽³⁾	1.141.578	200.663	118.949	93	3.860.700	656.600	14.406.369	20.384.952
Total liabilities	21.574.790	99.185.275	12.731.816	7.577.221	4.286.553	919.118	14.406.369	160.681.142
Liquidity Gap	(6.257.502)	(96.067.840)	(5.728.050)	19.883.456	77.131.520	22.672.141	(11.633.725)	-
Prior Period								
Total Assets	11.601.845	12.846.917	5.986.673	30.850.070	68.140.930	19.276.584	2.456.689	151.159.708
Total Liabilities	20.397.863	90.170.278	16.473.522	6.042.640	3.333.895	662.625	14.078.885	151.159.708
Liquidity Gap	(8.796.018)	(77.323.361)	(10.486.849)	24.807.430	64.807.035	18.613.959	(11.622.196)	-

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

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

(3) TL3.860.700 of the funds balance, whose risk is not born by the Bank, is included in other liabilities and shown under the "1-5 year" column, fund balance amounted to TL10.436 is not granted as loan and is included under "Up to One Month" column.

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VII. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

Presentation of liabilities according to their remaining maturities:

Current Period⁽¹⁾	Demand and up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank Deposits	3.408.222	-	2.184	-	-	3.410.406
Other Deposits	90.031.718	12.725.613	7.157.453	268.281	-	110.183.065
Funds borrowed from other financial institutions	2.657	16.649	102.422	177.550	315.531	614.809
Funds borrowed from Interbank money market	25.335.087	-	476.485	-	-	25.811.572
Total	118.777.684	12.742.262	7.738.544	445.831	315.531	140.019.852
Prior Period⁽¹⁾						
Bank deposits	2.470.954	3.083	-	-	-	2.474.037
Other deposits	101.164.383	16.401.176	6.146.017	156.721	-	123.868.297
Funds borrowed from other financial institutions	2.013	9.722	30.211	6.872	61.588	110.406
Funds borrowed from Interbank money market	5.005.959	-	-	-	-	5.005.959
Total	108.643.309	16.413.981	6.176.228	163.593	61.588	131.458.699

⁽¹⁾ Amounts related with the fund balances are not included in the table since decomposition on the basis of their remaining maturities could not be performed.

VIII. EXPLANATIONS ON OPERATING SEGMENTS

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

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

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

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

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

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VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

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

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

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

As of 31 December 2011, explanations on segment reporting as shown below are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

Table for Segment Reporting:

	Retail Banking	Commercial and SME Banking ⁽¹⁾	Specialized Banking ⁽²⁾	Investment Banking	International Banking	Total Operations of the Bank
Current Period						
Total Operating Income/Expense ⁽³⁾	1.825.562	663.779	761.156	2.919.150	40.293	6.209.940
Net Operating Profit	807.757	293.703	336.789	1.291.638	17.829	2.747.716
Income from Subsidiaries ⁽⁴⁾	-	-	-	-	-	31.788
Income Before Taxes	-	-	-	-	-	2.779.504
Tax Provision	-	-	-	-	-	(678.830)
Net Profit for the Period	-	-	-	-	-	2.100.674
Segment Assets-net ⁽³⁾	32.135.208	15.530.268	22.857.553	84.312.608	2.952.747	157.788.384
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	810.114
Undistributed Assets ⁽⁵⁾	-	-	-	-	-	2.082.644
Total Assets						160.681.142
Segment Liabilities - net ⁽³⁾	23.141.676	11.183.884	20.331.651	85.161.273	2.947.325	142.765.809
Undistributed Liabilities ⁽⁵⁾	-	-	-	-	-	4.738.080
Shareholders' Equity	-	-	-	-	-	13.177.253
Total Liabilities	-	-	-	-	-	160.681.142
Other Segment Items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	72.111
Restructuring Costs	-	-	-	-	-	-

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

(2) Current period for Specialized Banking column shows agricultural loans with interest and commission income related to these loans.

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

(4) “Dividend income”, a part of operating income of the Bank, is included in the “Income from Subsidiaries” row since it could not be decomposed to segments.

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

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VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting: (Continued)

	Retail Banking	Trade and Corporate Banking ⁽¹⁾	Specialized Banking ⁽²⁾	Investment Banking	International Banking	Total Operations of the Bank
Prior Period						
Total Operating Income/Expense ⁽³⁾	1.845.329	524.373	811.026	3.651.272	31.525	6.863.525
Net Operating Profit	1.192.587	338.888	524.149	2.359.719	20.369	4.435.712
Income from Subsidiaries ⁽⁴⁾	-	-	-	-	-	33.648
Income Before Taxes	-	-	-	-	-	4.469.360
Tax Provision	-	-	-	-	-	(756.758)
Net Profit for the Period	-	-	-	-	-	3.712.602
Segment Assets-net ⁽³⁾	24.929.058	15.306.196	16.685.924	89.147.122	2.634.472	148.702.772
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	731.084
Undistributed Assets ⁽⁵⁾	-	-	-	-	-	1.725.852
Total Assets	-	-	-	-	-	151.159.708
Segment Liabilities – net ⁽³⁾	21.283.066	13.067.593	17.770.987	79.567.149	2.642.211	134.331.006
Undistributed Liabilities ⁽⁵⁾	-	-	-	-	-	3.370.617
Shareholders' Equity	-	-	-	-	-	13.458.085
Total Liabilities	-	-	-	-	-	151.159.708
Other Segment Items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	53.559
Restructuring Costs	-	-	-	-	-	-

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

(2) Current period for Specialized Banking column shows agricultural loans with interest and commission income related to these loans.

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

(4) “Dividend income”, a part of operating income of the Bank, is included in the “Income from Subsidiaries” row since it could not be decomposed to segments.

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IX. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	143.382.414	138.198.119	143.892.376	138.941.089
Due From Interbank Money Market	-	-	-	-
Banks	1.320.459	4.642.110	1.320.459	4.642.110
Available-for-sale Financial Assets	38.127.783	39.724.505	38.127.783	39.724.505
Held-to-maturity Investments	32.504.197	36.388.051	33.014.159	37.131.021
Loans	71.429.975	57.443.453	71.429.975	57.443.453
Financial Liabilities	114.508.020	126.608.941	114.508.020	126.608.941
Bank Deposits	3.405.473	2.472.516	3.405.473	2.472.516
Other Deposits	109.661.209	123.323.956	109.661.209	123.323.956
Funds Borrowed From Other Financial Institutions	553.482	98.763	553.482	98.763
Issued Marketable Securities	-	-	-	-
Miscellaneous Payables	887.856	713.706	887.856	713.706

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

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, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

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

According to TFRS 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:

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IX. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued)

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	56.428	77.168	-	133.596
Government Debt Securities	56.428	-	-	56.428
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	77.168	-	77.168
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets (Net)	37.599.117	511.281	-	38.110.398
Equity Securities ⁽¹⁾	94.218	105.792	-	200.010
Government Debt Securities	37.459.101	-	-	37.459.101
Other Marketable Securities	45.798	405.489	-	451.287
Total Assets	37.655.545	588.449	-	38.243.994
Trading Derivative Financial Liabilities	-	39.821	-	39.821
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	39.821	-	39.821

⁽¹⁾ Since equity securities under the heading of financial assets available for sale amounting to TL17.385 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.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	210.118	29.471	-	239.589
Government Debt Securities	210.118	-	-	210.118
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	29.471	-	29.471
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets (Net)	39.606.210	101.206	-	39.707.416
Equity Securities ⁽¹⁾	47.415	100.202	-	147.617
Government Debt Securities	39.313.119	-	-	39.313.119
Other Marketable Securities	245.676	1.004	-	246.680
Total Assets	39.816.328	130.677	-	39.947.005
Trading Derivative Financial Liabilities	-	5.599	-	5.599
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	5.599	-	5.599

⁽¹⁾ Since equity securities under the heading of financial assets available for sale amounting to TL17.089 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.

X. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

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 FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1.094.841	225.692	1.078.065	206.992
Central Bank of the Republic of Turkey	5.223.495	7.717.601	6.573.935	2.399.955
Other	-	10.745	-	6.117
Total	6.318.336	7.954.038	7.652.000	2.613.064

1.a.1) Information on Required Reserves:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to 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, the deposits accepted on behalf of foreign branches from Turkey and loans obtained by the banks but followed under foreign branches constitute the required reserves liabilities.

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	5.192.098	-	6.549.245	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves ⁽¹⁾⁽²⁾	31.397	7.717.601	24.690	2.399.955
Total	5.223.495	7.717.601	6.573.935	2.399.955

⁽¹⁾ Required reserve of branches abroad amounting to TL40.505 is presented in this line (2010: TL30.582).

⁽²⁾ TL4.917.924 of the current period’s FC required reserve is the part of the TL required reserves that is held in FC.

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

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

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

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

Derivative Financial Assets Held-for-Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	982	6	253	21
Swap Transactions	49.721	26.459	27.435	1.762
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	50.703	26.465	27.688	1.783

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	-	49.179	-	1.520.551
Foreign Banks	61.040	1.210.240	44.514	3.077.045
Foreign Head Office and Branches	-	-	-	-
Total	61.040	1.259.419	44.514	4.597.596

b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	761.463	2.117.889	-	-
USA, Canada	330.826	816.108	-	-
OECD Countries ⁽¹⁾	22.491	86.143	-	-
Off-shore Banking Regions	-	-	-	-
Other	156.500	101.419	-	-
Total	1.271.280	3.121.559	-	-

⁽¹⁾ OECD countries except EU countries, USA and Canada.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	17.061	-
Assets Blocked/Given as Collateral	2.602	280
Total	19.663	280

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	38.354.836	39.570.457
Quoted in Stock Exchange	37.949.347	39.569.453
Not Quoted in Stock Exchange	405.489	1.004
Share Certificates	219.828	165.345
Quoted in Stock Exchange	94.717	47.519
Not Quoted	125.111	117.826
Provision for Impairment (-)	446.881	11.297
Total	38.127.783	39.724.505

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	244.850	-	209.595	-
Total	244.850	-	209.595	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-Specialized Loans	45.350.251	42.539	3.031.031	99.612
Discount Notes	1.884	-	114	-
Export Loans	1.273.996	-	1.360	324
Import Loans	-	-	-	-
Loans Given to Financial Sector	518.554	-	-	-
International Loans	1.003.557	95	38	-
Consumer Loans	26.433.235	10.658	2.314.212	18.238
Credit Cards	1.597.623	497	68.695	-
Precious Metals Loans	-	-	-	-
Other ⁽¹⁾	14.521.402	31.289	646.612	81.050
Specialized Lending ⁽²⁾	20.286.015	310.126	547.488	37.088
Other Receivables	-	-	-	-
Interest Income Accruals	1.469.110	-	-	-
Total	67.105.376	352.665	3.578.519	136.700

⁽¹⁾ Decomposition of rediscount of restructured or rescheduled loans and loans and other receivables under close monitoring could not be obtained from existing data processing system.

⁽²⁾ Agricultural loans originated from funds are shown under Specialized Lending.

c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled ⁽¹⁾	Loans and Other Receivables ⁽¹⁾	Restructured or Rescheduled ⁽¹⁾
Short-term Loans	19.109.329	27.276	502.226	12.699
Non-specialized Loans	7.377.010	2.581	251.648	4.670
Specialized Loans	11.732.319	24.695	250.578	8.029
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	47.996.047	325.389	3.076.293	124.001
Non-specialized Loans ⁽²⁾	38.379.498	39.958	2.779.383	94.942
Specialized Loans	9.616.549	285.431	296.910	29.059
Other Receivables	-	-	-	-

⁽¹⁾ Decomposition of rediscount of restructured or rescheduled loans and loans and other receivables under close monitoring could not be obtained from existing data processing system.

⁽²⁾ Agricultural loans originated from funds are shown under Specialized Lending.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	423.967	28.030.751	28.454.718
Real Estate Loans	2.597	7.928.815	7.931.412
Vehicle Loans	1.978	319.839	321.817
Consumer Loans	416.893	19.616.400	20.033.293
Abroad ⁽²⁾	2.499	165.697	168.196
Other	-	-	-
Consumer Loans- Indexed to FC	-	17	17
Real Estate Loans	-	17	17
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	15	532	547
Real Estate Loans	-	55	55
Vehicle Loans	-	-	-
Consumer Loans	15	477	492
Other	-	-	-
Individual Credit Cards-TL	1.509.037	888	1.509.925
With Installment	511.765	807	512.572
Without Installment	997.272	81	997.353
Individual Credit Cards-FC	2.205	-	2.205
With Installment	-	-	-
Without Installment	2.205	-	2.205
Personnel Loans-TL	19.225	154.405	173.630
Real Estate Loans	-	980	980
Vehicle Loans	-	-	-
Consumer Loans	6.001	152.615	158.616
Abroad ⁽²⁾	22	810	832
Other	13.202	-	13.202
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	68.198	24	68.222
With Installment	26.577	20	26.597
Without Installment	41.621	4	41.625
Personnel Credit Cards-FC	113	-	113
With Installment	-	-	-
Without Installment	113	-	113
Overdraft Accounts-TL (Real Person)	316.458	-	316.458
Overdraft Accounts-FC (Real Person)	-	-	-
Total	2.339.218	28.186.617	30.525.835

⁽¹⁾ TL239.521 of interest income accrual could not be decomposed therefore accruals are not included in the table above.

⁽²⁾ TL832 of consumer loans used by the personnel abroad and TL168.196 of consumer loans have been shown under “International Loans” of 5-b Table.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	259.925	4.455.794	4.715.719
Business Loans	108	130.763	130.871
Vehicle Loans	2.908	385.134	388.042
Consumer Loans	235.339	3.576.483	3.811.822
Other	21.570	363.414	384.984
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	-	1.863	1.863
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	1.863	1.863
Other	-	-	-
Corporate Credit Cards-TL	85.848	214	86.062
With Installment	142	200	342
Without Installment	85.706	14	85.720
Corporate Credit Cards-FC	288	-	288
With Installment	-	-	-
Without Installment	288	-	288
Overdraft Account-TL (Legal Entity)	15.165	-	15.165
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	361.226	4.457.871	4.819.097

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

f) Loans according to types of borrowers:

	Current Period	Prior Period
Public	835.725	1.161.099
Private	68.868.425	55.076.685
Interest Income Accruals of Loans	1.469.110	923.566
Total	71.173.260	57.161.350

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	68.700.460	55.656.522
Foreign Loans	1.003.690	581.262
Interest Income Accruals of Loans	1.469.110	923.566
Total	71.173.260	57.161.350

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

h) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	279.189	206.449
Indirect loans granted to subsidiaries and investments	-	-
Total ⁽¹⁾	279.189	206.449

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

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	12.202	14.730
Loans and other receivables with doubtful collectability	104.637	101.888
Uncollectible loans and other receivables	489.487	456.349
Total	606.326	572.967

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: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current period	2.981	23.208	63.547
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	2.981	23.208	63.547
Rescheduled loans and other receivables	-	-	-
Prior period	1.581	10.616	36.394
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	1.581	10.616	36.394
Rescheduled loans and other receivables	-	-	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Prior Period Ending Balance	76.792	166.397	611.881
Additions (+)	537.499	84.518	208.981
Transfers from other Categories of Loans under Follow-Up (+)	-	395.467	378.200
Transfers to other categories of Loans under Follow-Up (-)	395.467	378.200	-
Collections (-) ⁽¹⁾	155.127	102.004	565.896
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance ⁽²⁾	63.697	166.178	633.166
Specific Provision (-)	12.202	104.637	489.487
Net Balance on Balance Sheet ⁽²⁾	51.495	61.541	143.679

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

⁽²⁾ Includes the loans originated from funds amounting to TL154.205 whose risk does not belong to the Bank.

3) Information on foreign currency non-performing loans:

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	-	6.126	6.622
Specific Provision (-)	-	6.004	6.622
Net Balance on Balance Sheet	-	122	-
Prior Period:			
Period Ending Balance	-	4.838	5.486
Specific Provision (-)	-	4.838	5.486
Net Balance on Balance Sheet	-	-	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period (Net)	51.495	61.541	143.679
Loans to Real Persons and Legal Entities (Gross)	63.697	115.121	633.166
Specific Provisions (-)	12.202	53.580	489.487
Loans to Real Persons and Legal Entities (Net)	51.495	61.541	143.679
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	51.057	-
Specific Provisions (-)	-	51.057	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	62.062	64.509	155.532
Loans to Real Persons and Legal Entities (Gross)	76.792	118.843	611.881
Specific Provisions (-)	14.730	54.334	456.349
Loans to Real Persons and Legal Entities (Net)	62.062	64.509	155.532
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	47.554	-
Specific Provisions (-)	-	47.554	-
Other Loans and Receivables (Net)	-	-	-

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.

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.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

m) Other explanations and disclosures:

Current Period	Commercial ⁽²⁾	SME	Consumer ⁽¹⁾	Agricultural ⁽¹⁾	Total
Neither Past Due nor Impaired Loans	9.032.999	6.946.008	29.562.673	21.916.361	67.458.041
Past Due but not Impaired Loans	729.498	-	2.401.145	584.576	3.715.219
Impaired Loans	104.207	156.204	247.051	355.579	863.041
Total	9.866.704	7.102.212	32.210.869	22.856.516	72.036.301
Specific Provisions of Impaired Loans(-)	97.445	130.272	200.211	178.398	606.326
Net Loan Amount	9.769.259	6.971.940	32.010.658	22.678.118	71.429.975

(1) TL1.198.462 consumer, TL2.507.770 agricultural, and TL168 commercial loans originated from funds whose risk does not belong to the Bank, are shown under Neither Past Due nor Impaired Loans.

(2) Because the overdue but not-impaired commercial and SME loans could not be decomposed, the whole amount has been shown under the Commercial column.

Prior Period	Commercial ⁽²⁾	SBL	Consumer ⁽¹⁾	Agricultural ⁽¹⁾	Total
Neither Past Due nor Impaired	10.115.343	5.385.264	22.554.172	15.378.980	53.433.759
Past Due but not Impaired Loans	532.079	-	2.254.154	941.358	3.727.591
Impaired Loans	97.428	151.382	226.623	379.637	855.070
Total	10.744.850	5.536.646	25.034.949	16.699.975	58.016.420
Specific Provisions of Impaired Loans(-)	96.475	128.096	185.401	162.995	572.967
Net Loan Amount	10.648.375	5.408.550	24.849.548	16.536.980	57.443.453

(1) TL1.153.742 consumer, TL2.093.805 agricultural, and TL168 commercial loans originated from funds whose risk does not belong to the Bank, are shown under Neither Past Due nor Impaired Loans.

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

With respect to the classes of loans, the aging analysis of the loans that are past due but not impaired are as follows:

Current Period	Up to 1 month	1-2 month	2-3 month	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	117.513	25.137	10.087	-	152.737
Consumer Loans	42.638	15.672	5.264	-	63.574
Agricultural Loans	112.600	28.416	8.624	-	149.640
Total	272.751	69.225	23.975	-	365.951

(1) The amounts at the table are the total of the overdue installments for the loans with installments and overdue principals for other loans; the remaining principal amount of loans with installments equals to TL3.349.268.

Prior Period	Up to 1 month	1-2 month	2-3 month	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	64.982	17.074	8.160	-	90.216
Consumer Loans	37.724	16.457	5.641	-	59.822
Agricultural Loans	90.830	40.815	1.205	-	132.850
Total	193.536	74.346	15.006	-	282.888

(1) The amounts at the table are the total of the overdue installments for the loans with installments and overdue principals for other loans; the remaining principal amount of loans with installments equals to TL3.444.703.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information on held-to-maturity investments:

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	6.920.200	1.638.210	4.960.309	-
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	6.920.200	1.638.210	4.960.309	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	9.241.832	1.023.067	5.301.398	-
Other	-	-	-	-
Total	9.241.832	1.023.067	5.301.398	-

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

	Current Period	Prior Period
Government Bonds	32.495.050	36.381.678
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	32.495.050	36.381.678

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	32.504.197	36.388.051
Quoted in a Stock Exchange	30.174.631	34.064.577
Not Quoted in a Stock Exchange	2.329.566	2.323.474
Provision for Impairment (-)	-	-
Total	32.504.197	36.388.051

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	36.388.051	44.843.796
Foreign Currency Differences on Monetary Assets	817.735	(17.236)
Purchases During the Year	4.302.130	1.447.839
Disposals through Sales and Redemptions	(9.003.719)	(9.886.348)
Provision for Impairment (-)	-	-
Period End Balance	32.504.197	36.388.051

Within the year 2008, the Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TL23.630.115, EUR717.616 thousand and USD1.483.317 thousand to held-to-maturity portfolio with fair values of TL22.971.669, EUR702.950 thousand and USD1.562.742 thousand respectively which have been taken into consideration as book values after reclassification. The Bank has also reclassified securities previously classified in financial assets at fair value through profit and loss portfolio with nominal values of EUR37.951 thousand and USD45.501 thousand to held-to-maturity portfolio with fair values of EUR37.178 thousand and USD62.311 thousand respectively which have been taken into consideration as book values after reclassification in accordance with TAS 39 “Turkish Accounting Standard for Financial Instruments: Recognition and Measurement” published in the Official Gazette No. 27040 dated 31 October 2008 by TASB.

Revaluation differences of reclassified available for sale securities before deferred tax are TL68.984, EURO(23.067) thousand and USD(15.207) thousand respectively and are recorded under shareholders’ equity. These balances will be amortized until the redemption date of related securities using straight-line method and recorded as interest income or expense. As of balance sheet date, positive revaluation difference, which is accounted under shareholders’ equity, is TL4.225, negative revaluation differences which are accounted under shareholders’ equity are USD14.017 thousand and EUR11.511 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR39.287 thousand and USD69.560 thousand respectively.

If the reclassification from the held for trading securities portfolio to the held-to-maturity portfolio had not been performed, income accrual amounting to TL17.682 would have been recorded. As of 31 December 2011, the reclassification from held for trading securities to held-to-maturity investments has an income impact of TL(9.892).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information about associates (net):

a) 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	Banklararası Kart Merkezi A.Ş.	İstanbul/TURKEY	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	11,11	9,09

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	24.961	18.559	10.345	967	-	2.694	1.465	-
2	44.844	33.989	2.465	2.634	4	18.340	14.132	-

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

⁽²⁾ Current period information of associates has been provided from unaudited financial statements as of 31 December 2011. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2010.

⁽³⁾ Total non-current assets include property and equipment.

b) 1) Explanation regarding consolidated associates:

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

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	3.012.586	353.977	25.087	56.317	27.770	48.095	23.669	-

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

⁽²⁾ Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 December 2011. Prior period profit/loss information of ArapTürk Bankası A.Ş. have been provided from audited financial statements as of 31 December 2010

⁽³⁾ The shareholding right of the Arap Türk Bankası A.Ş. which is 62,37%, excluding dividends, was transferred to the Savings Deposit Insurance Fund with Council of Ministers Decree No. 2011/2001, was promulgated in Official Gazette No. 27982, dated 2 July 2011. Hikmet Aydın Simit and Oğuz Kayhan, who were members of the Executive Board of the Bank, have been appointed as the executive board members of Arap Türk Bankası A.Ş. by the Saving Deposit Insurance Fund.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

2) Information about consolidated associates:

	Current Period	Prior Period
Beginning Balance	47.123	74.147
Movement During the Period	6.658	(27.024)
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation ⁽¹⁾	-	47.123
Transfer ⁽¹⁾	-	(74.147)
Sales	-	-
Revaluation	6.658	-
Impairment Provision	-	-
Ending Balance	53.781	47.123
Capital Commitments	-	-
Period Ending Share of Capital Participation	15,43	15,43

(1) The transfer of TL74.147 during the prior period results from the transfer of the capital amount of Axa Sigorta A.Ş. which was previously classified under the “Associate” account to the “Available for Sale Securities” account. In addition, Arap Türk Bank was included in the scope of consolidation in the prior period.

3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	53.781	47.123
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

4) Consolidated associates quoted to a stock exchange:

None (2010: None).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Information on subsidiaries (net):

a) 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	Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	İstanbul / TURKEY	62,50	52,54
2	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara / TURKEY	62,50	64,61

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	23.203	12.659	3.955	909	-	2.474	4.571	-
2	10.672	4.795	74	243	118	569	345	-

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

⁽²⁾ Current period information of subsidiaries have been provided from unaudited financial statements as of 31 December 2011. Prior period profit/loss information have been provided from audited financial statements as of 31 December 2010

b) 1) Information about consolidated subsidiaries:

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

	Description	Address (City/ Country)	The Bank’s Share Percentage-if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	İstanbul / TURKEY	100,00	99,98
2	Ziraat Sigorta A.Ş.	İstanbul / TURKEY	100,00	99,98
3	Ziraat Finansal Kiralama A.Ş.	İstanbul / TURKEY	100,00	50,25
4	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / TURKEY	100,00	63,06
5	Ziraat Portföy Yönetimi A.Ş.	İstanbul / TURKEY	60,00	65,70
6	Ziraat Bank International A.G.	Frankfurt / GERMANY	100,00	100,00
7	Turkish Ziraat Bank Bosnia dd	Sarajevo / BOSNIA HERZEGOVINA	100,00	100,00
8	Ziraat Bank (Moscow) CJSC	Moscow / RUSSIA	100,00	99,91
9	Kazakhstan Ziraat Int. Bank	Almaty / KAZAKHSTAN	100,00	99,36
10	Ziraat Banka Ad Skopje	Skopje / MACEDONIA	100,00	100,00

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

b) 1) Information about consolidated subsidiaries: (Continued)

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾	Interest Income ⁽³⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽³⁾	Prior Period Profit / Loss ⁽³⁾	Fair Value ⁽¹⁾
1	900.164	120.234	1.258	-	69.137	51.829	48.521	-
2	198.452	74.690	806	-	11.365	41.656	13.738	-
3	558.655	126.928	779	279	-	17.230	14.540	-
4	90.342	75.225	853	29.769	1.532.276	14.740	12.473	-
5	9.811	9.539	25	861	3.272	1.607	1.904	-
6	2.208.109	379.914	3.274	42.841	5.545	7.104	4.438	323.328
7	200.473	87.272	9.032	8.588	436	1.096	468	48.632
8	100.480	53.071	4.020	5.538	105	2.698	1.530	43.477
9	214.878	146.432	8.749	5.466	948	3.494	1.037	124.043
10	101.534	44.951	3.523	2.921	1.745	513	1.448	37.469

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

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

⁽³⁾ Information on subsidiaries shown in the above table have been provided from the audited financial statements as of 31 December 2011, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2010.

2) Information about consolidated subsidiaries:

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

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

	Current Period	Prior Period
Banks	576.949	520.975
Insurance Companies	39.984	39.984
Factoring Companies	-	-
Leasing Companies	57.443	49.860
Financing Companies	-	-
Other Financial Subsidiaries	19.852	19.136

c) Subsidiaries which are quoted on a stock exchange:

None (2010: None)

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

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share ⁽²⁾	Group's Share	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	8.075	8.075	91.275	17.167	6.788	10.393	5.559
Uzbekistan- Turkish Bank	20.173	20.181	210.924	2.929	3.203	7.175	5.159
Azer Türk Bank ASC	13.840	15.044	78.471	76.865	568	35.039	32.761
Total	42.088	43.300	380.670	96.961	10.559	52.607	43.479

⁽¹⁾ Information on entities under joint control is provided from the unaudited financial statements as of 31 December 2011.

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

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

10. Information on finance lease receivables (net):

The Bank has no finance lease receivables.

11. Information on derivative financial assets for hedging purposes:

The Bank has no derivative financial assets for hedging purposes.

12. Information on investment property:

None (2010: None).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

The Bank’s total immovables acquired amount to TL52.304 consisting of TL656 due to consumer loans, TL50.559 due to commercial loans and TL1.089 due to agricultural loans. Total depreciation expense is TL422 for these held for sale assets.

14. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End:					
Cost	1.354.014	52.906	24.582	199.460	1.630.962
Accumulated Depreciation (-)	606.743	46.895	10.337	140.945	804.920
Net Book Value	747.271	6.011	14.245	58.515	826.042
Current Period End:					
Net Book Value at the Beginning of the Period	747.271	6.011	14.245	58.515	826.042
Change During the Period (Net)	35.028	(87)	473	108.878	144.292
Depreciation – net (-)	13.760	2.044	3.250	16.876	35.930
Impairment	3.906	-	-	-	3.906
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	1.385.136	52.819	25.055	308.338	1.771.348
Accumulated Depreciation at Period End (-)	620.503	48.939	13.587	157.821	840.850
Closing Net Book Value	764.633	3.880	11.468	150.517	930.498

15. Explanations on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	48.758	14.376	34.382	21.067	4.402	16.666
Establishment Costs	4.631	2.267	2.364	3.686	2.156	1.530
Goodwill	-	-	-	-	-	-
Intangible Rights	37.564	10.333	27.231	25.318	8.090	17.228
Total	90.953	26.976	63.977	50.071	14.648	35.424

16. Information on deferred tax asset:

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.

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 net off in the financial statements.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

16. Information on deferred tax asset: (Continued)

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	290.053	329.755
Deferred Tax Liabilities	8.351	14.919
Net Deferred Tax Assets	281.702	314.836
Net Deferred Tax Income / (Expense)	(364.014)	50.632

	Current Period	Prior Period
Reserve for Employment Termination Benefits	106.220	97.940
Short Term Employee Benefits	25.100	22.226
Other Provisions	16.646	16.645
Valuation of Financial Assets	131.731	174.330
Other	2.005	3.695
Net Deferred Tax Assets	281.702	314.836

	Current Period	Prior Period
As of 1 January	314.836	344.819
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax (Expense) / Income	(364.014)	50.632
Deferred Tax Expenses (Net)	(364.014)	50.632
Deferred Tax recognized Under Shareholders' Equity	330.880	(80.615)
Deferred Tax Assets	281.702	314.836

17. Information on other assets:

As of 31 December 2011 and 2010, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

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

1) For deposit banks:

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	6.303.548	-	3.428.901	39.648.178	4.902.631	567.637	917.048	-	55.767.943
Foreign Currency Deposits	3.783.284	-	3.713.836	8.421.222	2.058.980	604.386	4.618.697	-	23.200.405
Residents in Turkey	3.443.111	-	3.473.509	7.619.551	1.888.306	493.256	4.126.789	-	21.044.522
Residents Abroad	340.173	-	240.327	801.671	170.674	111.130	491.908	-	2.155.883
Public Sector Deposits	5.681.968	-	2.131.409	4.862.490	217.595	78.515	14.151	-	12.986.128
Commercial Inst. Deposits	2.231.012	-	2.855.185	3.260.719	713.601	944.841	26.536	-	10.031.894
Other Inst. Deposits	1.813.577	-	644.007	2.861.162	2.164.509	116.823	74.761	-	7.674.839
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	84.706	-	3.245.496	73.271	-	-	2.000	-	3.405.473
CBRT	1.936	-	376	-	-	-	-	-	2.312
Domestic Banks	28.456	-	3.044.061	-	-	-	2.000	-	3.074.517
Foreign Banks	32.962	-	201.059	73.271	-	-	-	-	307.292
Participation Banks	21.352	-	-	-	-	-	-	-	21.352
Other	-	-	-	-	-	-	-	-	-
Total	19.898.095	-	16.018.834	59.127.042	10.057.316	2.312.202	5.653.193	-	113.066.682

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

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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 ⁽²⁾	30.206.627	30.298.251	25.297.249	28.090.165
Foreign Currency Saving Deposits ⁽²⁾	7.404.412	6.883.869	9.275.852	7.051.300
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	412.909	287.445	42.243	22.157
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

⁽¹⁾ In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL17.026 and TL5.792 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2010: Bulgaria and Greece, TL6.730 and TL4.802, respectively).

⁽²⁾ Related deposit balances do not include foreign branches

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL3.253 of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş..

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the Banks. As total of capital amount and interest expense accruals of saving deposits up to TL50 attributable to a real person is covered by the insurance, TL377.859 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 7 November 2006 and numbered 26339.

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

The Bank's head office is located in Turkey.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. b) Information on saving deposits: (Continued)

3) Amounts which are not covered by deposit insurance:

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

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	4.436	33.935
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors and Their Close Families	1.199	2.038
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Information on derivative financial liabilities held for trading:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	943	28	241	-
Swap Transactions	28.910	9.940	5.273	85
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	29.853	9.968	5.514	85

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	65.526	43.778	28.679	8.073
Foreign Banks, Institutions and Funds	-	444.178	-	62.011
Total	65.526	487.956	28.679	70.084

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	63.631	63.384	27.090	7.397
Medium and Long-Term	1.895	424.572	1.589	62.687
Total	65.526	487.956	28.679	70.084

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

70,37% of the Bank's liabilities consist of deposits. Deposits are having a diversified base and have steady structures. The Bank's liabilities are not subject to a significant concentration risk.

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

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

5. Information on finance lease payables (net):

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

Information on finance lease payables:

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

6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes.

7. Explanations on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions	977.690	254.845
Allocated for Group-I Loans and Receivables	820.567	114.210
Allocated for Group-II Loans and Receivables	93.766	74.552
Allocated for Non-cash Loans	38.354	24.858
Other	25.003	41.225

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

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

i) Rescheduled loans and other receivables that are standard:

31 December 2011	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Total
Number of rescheduled loan agreements	326	612	6.831	5.322	-	13.091
Risk Amount	3.825	14.275	222.762	252.905	-	493.767

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

31 December 2011	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Total
Number of rescheduled loan agreements	207	56	319	692	-	1.274
Risk Amount	4.564	3.394	15.990	37.579	-	61.527

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

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

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL2.747.

d) Information on other provisions:

1) Information on general provisions for possible risks:

Apart from special provisions, as per the relevant regulations, Banks set aside general loan provisions for its loan and other receivables. The practice in which the general provision rate was considered as 0% for newly extended cash loans excluding credit card receivables, and which was implemented starting from 6 March 2010 according to Temporary Article 4 of the Regulation on Provisions, was terminated by the Bank as of 1 January 2011. However, in line with Note (a) of the first paragraph of Article 7 of the Communiqué related to provisions, the general provision is set aside at 1% for standard cash loans effective from 1 January 2011. In accordance with the decision taken at the Assets and Liabilities Committee (“ALCO”) meeting on 21 December 2010, the practice of applying a general and free provision rate at 3% to total loans, excluding interest loans, was terminated as of 1 January 2011. Accordingly, the existing free provisions of TL266.330 held for loans were transferred to general provision accounts.

These financial statements include a free provision amounting to TL130.000 provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. This provision amount was charged to the income statement as an expense in the current period. Moreover, the provision of TL10.000 is due to the cash transfers made by Bank officials and there exists other provision amounting to TL248.

	Current Period	Prior Period
General provisions for possible risks	140.248	275.125

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

Since the Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, based on the information provided by the legal department, lawsuits against the Bank over TL100 amounts to TL59.817. Full provision has been provided in the accompanying financial statements for law suits ended against the Bank but not finalized yet, amounting to TL9.059. In addition to these, for the interest expenses calculated for the lawsuits against the Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, general provision equal to TL62.933 has been provided.

Furthermore, based on the decision of the Bank management, provision amounting to TL20.000 is allocated for the consumer loans of loan customers (without taking into consideration the guarantees) who has outstanding balances in the non performing loan portfolio of the Bank, in line with the conservatism principle and in accordance with the "Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions", published in Official Gazette numbered 26333, dated 1 November 2006, and whose consumer loans are followed under the standart loan portfolio due to the Act on Preservation of Consumers numbered 4077.

The Bank also provided provisions amounting to TL2.747 for unindemnified non-cash loans, TL15.424 for previously unconfirmed current account recordings and TL7.984 for other provisions. As a result, in addition to the provisions mentioned above, the other provision balance on the Bank's balance sheet amounts to TL258.146 (2010: TL372.355).

e) Liabilities on reserve for employee termination benefits:

1) Employment termination benefits and unused vacation rights

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

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
As of 1 January	489.700	429.000
Payments in the period	(47.300)	(43.139)
Charge for the period	88.700	103.839
Total	531.100	489.700

As of 31 December 2011, unpaid vacation liability amounted to TL125.500 (2010: TL111.130) is presented under the "Employee Benefits Provision" in the financial statements.

2) Pension Rights

The technical balance sheet report as of 31 December 2011 which is prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2011 and 2010.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

e) Liabilities on reserve for employee termination benefits: (Continued)

2) Pension Rights (Continued)

The liability related to Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

According to related Actuary Report, the Fund's surplus is TL810.181 (2010: TL633.381) as of 31 December 2011.

	Current Period	Prior Period
Present value of funded obligations	181	(121.619)
-Pension benefits transferable to SSI	(266.243)	(316.767)
-Post employment medical benefits transferable to SSI	266.415	195.148
Fair value of plan assets	810.000	755.000
Actuarial Surplus	810.181	633.381

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	%9,80	9,80%
- Post employment medical benefits transferable to SSI	%9,80	9,80%

To represent mortality rates both before and after retirement, CSO 1980 Female/Male mortality table is used.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Bank Placements	612.231	76	583.664	77
Property and Equipment	160.771	20	160.323	21
Marketable Securities	26.498	3	5.972	1
Other	10.500	1	5.041	1
Total	810.000	100	755.000	100

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of 31 December 2011, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL85.187 (2010: TL252.667).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on tax liability: (Continued)

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	85.187	252.667
Taxation on Income From Securities	108.145	90.373
Property Tax	840	747
Banking Insurance Transactions Tax (BITT)	40.014	30.390
Foreign Exchange Transactions Tax	4	4
Value Added Tax Payable	1.266	1.141
Other	24.590	29.582
Total	260.046	404.904

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	22	17
Social Security Premiums - Employer	31	26
Bank Social Aid Pension Fund Premium - Employee	3.263	110
Bank Social Aid Pension Fund Premium - Employer	4.598	192
Pension Fund Membership Fees and Provisions - Employee	7	6
Pension Fund Membership Fees and Provisions - Employer	17	16
Unemployment Insurance - Employee	485	164
Unemployment Insurance - Employer	973	357
Other	6	12
Total	9.402	900

b) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TL8.351 (2010: TL14.919). However, this amount is netted off against the deferred tax asset and accordingly deferred tax asset amounting to TL281.702 (2010: TL314.836) is presented in the financial statements.

9. Information on shareholders' equity:

a) Presentation on paid-in capital:

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

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

The Bank does not have a registered capital system.

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

There is no share capital increase and increased capital shares.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Information on shareholders' equity: (Continued)

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

There is no increase from capital reserves.

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

The Bank has no capital commitments.

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

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

g) Information on preferred shares:

The Bank has no preferred shares.

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under common control	-	81.479	-	81.694
Revaluation Difference	-	81.479	-	81.694
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	(410.811)	(45.037)	741.963	104.951
Revaluation Difference	(545.156)	(45.037)	938.119	104.951
Deferred Tax Effect	134.345	-	(196.156)	-
Foreign Exchange Differences	-	-	-	-
Total	(410.811)	36.442	741.963	186.645

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	2.461.000	2.303.845
Asset Purchase Commitments	635.714	261.277
Commitments for Credit Card Expenditure Limits	3.822.106	2.673.734
Loan Granting Commitments	143	-
Other Irrevocable Commitments	1.802.269	924.060
Subsidiaries and Associates Capital Contribution Commitments	1.000	2.000
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	8.131	10.958
Total	8.730.363	6.175.874

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

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

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

1. Information on off-balance sheet liabilities: (Continued)

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

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

	Current Period	Prior Period
Guarantee Letters	9.967.250	6.497.611
Bank Acceptances	373.588	39.164
Letter of Credits	1.637.823	985.179
Total	11.978.661	7.521.954

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

	Current Period	Prior Period
Letter of Temporary Guarantees	416.997	199.701
Letter of Certain Guarantees	5.421.564	3.384.045
Letters of Advance Guarantees	3.113.897	2.180.191
Letters of Guarantees given to Customs Offices	100.080	113.707
Other Letters of Guarantees	914.712	619.967
Total	9.967.250	6.497.611

c) 1) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	257.133	593.228
With Original Maturity of One Year or Less	86.156	38.589
With Original Maturity of More than One Year	170.977	554.639
Other Non-Cash Loans	11.721.528	6.928.726
Total	11.978.661	7.521.954

c) 2) Information on sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	71.486	1,77	51.560	0,65	53.810	2,07	63.253	1,29
Farming and Raising livestock	70.540	1,74	50.671	0,64	52.446	2,02	62.556	1,27
Forestry	-	-	-	-	-	-	-	-
Fishing	946	0,02	889	0,01	1.364	0,05	697	0,01
Manufacturing	1.056.482	26,11	4.948.404	62,38	684.400	26,31	3.219.081	65,41
Mining	259.156	6,40	488.577	6,16	151.356	5,82	308.275	6,26
Production	638.665	15,78	4.337.959	54,69	431.248	16,58	2.848.904	57,89
Electric, Gas and Water	158.661	3,92	121.868	1,54	101.796	3,91	61.902	1,26
Construction	649.232	16,04	661.891	8,34	305.715	11,75	190.022	3,86
Services	2.146.153	53,04	1.202.170	15,16	1.453.929	55,90	766.485	15,58
Wholesale and Retail Trade	452.642	11,19	188.019	2,37	255.478	9,82	64.555	1,31
Hotel, Food and Beverage Services	15.650	0,39	23.783	0,30	8.996	0,35	1.995	0,04
Transportation and Telecommunication	387.899	9,59	122.255	1,54	338.884	13,03	80.686	1,64
Financial Institutions	818.616	20,23	238.855	3,01	525.096	20,19	215.123	4,37
Real Estate and Leasing Services	4.725	0,12	10.679	0,13	1.105	0,04	4	-
Self-employment Services	5.533	0,14	-	-	5.038	0,19	-	-
Education Services	10.592	0,26	6.099	0,08	5.636	0,22	13.688	0,28
Health and Social Services	450.496	11,13	612.480	7,72	313.696	12,06	390.434	7,93
Other	123.190	3,04	1.068.093	13,47	102.999	3,96	682.260	13,86
Total	4.046.543	100,00	7.932.118	100,00	2.600.853	100,00	4.921.101	100,00

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

1. Information on off-balance sheet liabilities: (Continued)

c) 3) Information on the non-cash loans classified under Group I and Group II:

	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash loans	3.999.961	7.928.718	46.582	3.400
Letters of Guarantee	3.997.927	5.919.341	46.582	3.400
Bank Acceptances	2.000	371.587	-	-
Letters of Credit	34	1.637.790	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

2. Explanations on derivative transactions:

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	6.210.256	4.201.080
Forward Transactions	267.707	19.705
Swap Transactions	5.942.549	4.181.375
Futures Transactions	-	-
Option Transactions	-	-
Interest Related Derivative Transactions (II)	-	-
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	-	-
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	6.210.256	4.201.080
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions (4)	-	-
Total Derivative Transactions (A+B)	6.210.256	4.201.080

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

2. Explanations on derivative transactions: (Continued)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	16.332	(36.371)	269	31.680	-	11.910
- Outflow	1.927.325	590.375	28.903	564.480	-	3.111.083
- Inflow	(1.910.993)	(626.746)	(28.634)	(532.800)	-	(3.099.173)
Interest rate derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Total outflow	1.927.325	590.375	28.903	564.480	-	3.111.083
Total inflow	(1.910.993)	(626.746)	(28.634)	(532.800)	-	(3.099.173)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	20.606	226	558	-	-	21.390
- Outflow	2.081.265	10.837	19.133	-	-	2.111.235
- Inflow	(2.060.659)	(10.611)	(18.575)	-	-	(2.089.845)
Interest rate derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
Total outflow	2.081.265	10.837	19.133	-	-	2.111.235
Total inflow	(2.060.659)	(10.611)	(18.575)	-	-	(2.089.845)

3. Explanations on contingent assets and liabilities:

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 TL2.461.000 (2010: TL2.303.845)

The Competition Board started an investigation into some banks and financial institutions, including T.C. Ziraat Bankası A.Ş., with a decision dated 2 November 2011, No. 11-55/1438 – M. The investigation, which is still ongoing and is not expected to have an effect on the financial statements, is to determine if these institutions have carried out any of the actions stated in the 4th decree of the Preservation of Competition Law (Law No. 4054), in relation with the restrictive trade agreements, concerted practices and accord of attempt.

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

4. Explanations on services in the name 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.

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	7.104.203	287.916	5.651.965	124.792
Short Term Loans	1.921.473	60.766	1.775.750	38.660
Medium and Long Term Loans	5.079.534	227.142	3.769.368	86.131
Interest on Non-Performing Loans	103.196	8	106.847	1
Premiums from Resource Utilization Support Fund	-	-	-	-

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

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	8.604	-	157.476	-
Domestic Banks	74	858	124	675
Foreign Banks	2.569	22.552	704	17.527
Head Office and Branches	-	-	-	-
Total	11.247	23.410	158.304	18.202

c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	6.297	3.274	18.893	1.419
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	2.999.546	203.334	2.524.817	176.926
From Held-to-maturity Investments	2.757.847	295.571	3.440.266	256.280
Total	5.763.690	502.179	5.983.976	434.625

d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	9.976	3.734

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	3.976	2.607	1.609	283
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	3.958	574	1.599	162
Foreign Banks	18	2.033	10	121
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	3.976	2.607	1.609	283

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

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

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	118.028	70.302

c) Information on interest given on securities issued:

The bank has no securities issued.

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

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	138.041	-	-	-	-	-	138.041
Saving Deposit	25	345.359	3.370.690	435.039	47.035	63.035	-	4.261.183
Public Sector Deposit	351	76.000	378.778	45.916	3.945	1.137	-	506.127
Commercial Deposit	154	153.702	702.105	185.014	63.795	4.142	-	1.108.912
Other Deposit	69	36.060	509.333	319.179	11.268	4.089	-	879.998
Deposit With 7 Days Notification	-	-	-	-	-	-	-	-
Total	599	749.162	4.960.906	985.148	126.043	72.403	-	6.894.261
FC								
Foreign Currency Deposit	1.318	78.849	192.209	56.899	13.622	107.040	-	449.937
Bank Deposit	4.453	-	-	-	-	-	-	4.453
Deposit With 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	-	-	-	-	-	-	-
Total	5.771	78.849	192.209	56.899	13.622	107.040	-	454.390
Grand Total	6.370	828.011	5.153.115	1.042.047	139.665	179.443	-	7.348.651

2. Explanations on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	18.658	24.979
Other ⁽¹⁾	13.130	8.669
Total	31.788	33.648

⁽¹⁾ Shows the Bank's dividend income from equity investments, subsidiaries, associates and entities under common control.

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

	Current Period	Prior Period
Profit	3.537.224	1.439.587
Profit from the Capital Market Transactions	94.480	22.429
Profit on Derivative Financial Instruments	1.533.252	492.924
Foreign Exchange Gains	1.909.492	924.234
Loss (-)	3.598.677	1.452.724
Loss from the Capital Market Transactions	1.340	81
Loss on Derivative Financial Instruments	1.241.678	381.370
Foreign Exchange Loss	2.355.659	1.071.273

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

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

	Current Period	Prior Period
Effect of the change in exchange rates on profit/loss	(978.210)	72.619
Effect of the change in interest rates on profit/loss	1.269.784	38.935
Total	291.574	111.554

6. Information on other operating income:

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

There are no significant matters covering the recent developments which have significant effect on the Bank’s income. Main component of the Bank’s other operating income consists of reversals from prior period provisions amounting to TL(244.869).

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	188.374	139.723
Group III Loans and Receivables	14.828	15.692
Group IV Loans and Receivables	55.729	55.618
Group V Loans and Receivables	117.817	68.413
General Provision Expenses ⁽²⁾	464.703	1.174
Provision Expenses for the Possible Losses	131.535	1.200
Marketable Securities Impairment Expense	2.916	218
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	2.916	218
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	41	1.636
Associates	41	-
Subsidiaries	-	1.636
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	-
Other ⁽³⁾	20.428	554
Total	807.997	144.505

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL155.015 are presented in other operating income (2010: TL249.590).

⁽²⁾ The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL8.189 are presented in other operating income (2010: TL512.797).

⁽³⁾ Based on the decision of the Bank management, provision amounting to TL20.000 is allocated for the consumer loans of loan customers (without taking into consideration the guarantees) who has outstanding balances in the non performing loan portfolio of the Bank, in line with the conservatism principle and in accordance with the “Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”, published in Official Gazette numbered 26333, dated 1 November 2006, and whose consumer loans are followed under the standart loan portfolio due to the Act on Preservation of Consumers numbered 4077.

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

8. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1.312.835	1.234.914
Reserve for Employee Termination Benefits	88.700	103.839
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	58.011	46.206
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	13.815	7.353
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	285	182
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	632.713	443.513
Operational Leasing Expenses	75.269	51.877
Maintenance Expenses	40.086	31.613
Advertisement Expenses	36.455	20.782
Other Expenses	480.903	339.241
Loss on Sales of Assets	1.624	405
Other ⁽¹⁾	514.456	413.248
Total	2.622.439	2.249.660

⁽¹⁾ TL209.381 (2010: TL159.153) of other item consists of Saving Deposit Insurance Fund accrual expense while TL199.880 (2010: TL176.299) consists of taxes, duties and charges expense.

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

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

	Current Period	Prior Period
Net Interest Income	5.241.578	5.355.659
Net Fees and Commissions Income	625.613	510.581
Dividend Income	31.788	33.648
Trading Income/Expense (Net)	(61.453)	(13.137)
Other Operating Income	372.414	976.774
Provision for Loan or Other Receivables Losses (-)	807.997	144.505
Other Operating Expenses (-)	2.622.439	2.249.660
Income / (Loss) From Continuing Operations	2.779.504	4.469.360

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

10. Information on tax provision for continued and discontinued operations

As of 31 December 2011, TL314.816 (2010: TL807.390) of the Bank's total tax provision expense amounting to TL678.830 (2010: TL756.758), consists of current tax expense while the rest amounting to TL364.014 (2010: TL50.632) consists of deferred tax expense (2010: income).

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

The Bank's net operating income after tax amounts to TL2.100.674 (2010: TL3.712.602).

12. Information on net profit/loss:

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

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

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

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (2010: None).

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

As of 31 December 2011, the Bank's other fee and commission income amounting to TL728.800 (2010: TL581.314) consists of TL193.991 (2010: TL143.277) of credit card fees and commission income, TL169.191 (2010: TL114.945) of insurance commission and the remaining TL365.618 (2010: TL323.092) of money order, account management fee and other commission income.

V. EXPLANATIONS AND NOTES RELATED TO 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 28 April 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 1 January 2005 in accordance with the BRSA' decree numbered 1623 on 21 April 2005.

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V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY (Continued)

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: (Continued)

b) Explanations on profit distribution:

The General Assembly for the year 2010 was carried out on 1 March 2011. In accordance with the decision taken, of the profit for the year 2010 amounting to TL3.712.602, TL278.458 is transferred to legal reserves, TL111.898 of TL116.000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL818.205 is distributed to the Undersecretariat of Treasury after deducting withholding tax of 15% (TL144.390) in cash on 30 March 2011. Besides, TL2.304.917 of the profit has been preserved and deferred tax income amounting to TL50.632 is not distributed. The remaining part of dividend reserved to be distributed to personnel (TL4.102) is transferred to the account of the Undersecretariat of Treasury as net TL3.487, after deducting withholding tax of 15% (TL615).

Bank is planning to distribute its 2011 profit in accordance with its articles of association. However, as of the report date, there is no decision taken regarding the profit distribution.

c) 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.

d) Profit Reserves:

As of the balance sheet date, legal reserves amount to TL2.290.756, extraordinary reserves amount to TL5.305.510 and other profit reserves amount to TL634.041.

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

1. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

"Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL2.684.671 is composed mainly from interest received from loans and securities amounting to TL14.662.653 and interest paid to deposit and money market operations which is amounting to TL8.515.062. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of change in foreign exchange rate on cash and cash equivalents is determined, approximately, as TL606.441 as of 31 December 2011 (2010: TL192.319).

Cash in TL, 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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VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS (Continued)

1. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents: (Continued)

Period opening and end cash and cash equivalents balance:

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	1.291.174	1.029.744
Central Bank of the Republic of Turkey and Other Banks	11.010.665	11.786.829
Money Market Operations	-	-
Total Cash and Cash Equivalents	12.301.839	12.816.573

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	1.331.278	1.291.174
Central Bank of the Republic of Turkey and Other Banks	6.356.714	11.010.665
Money Market Operations	-	-
Total Cash and Cash Equivalents	7.687.992	12.301.839

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

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

a) Current Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash ⁽²⁾	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	1.239.818	351.271	-	-	-	-
Closing Balance	1.812.188	675.435	-	-	-	-
Interest and Commissions Income	9.976	-	-	-	-	-

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

⁽²⁾ Placements to foreign banks in the risk group amounting to TL722.884 are included in the cash loans.

b) Prior Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash ⁽²⁾	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	811.676	305.249	-	-	-	-
Closing Balance	1.239.818	351.271	-	-	-	-
Interest and Commissions Income	3.734	-	-	-	-	-

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

⁽²⁾ Placements to foreign banks in the risk group amounting to TL302.285 are included in the cash loans.

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

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

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	1.527.048	100.952	-	-	-	-
Closing Balance	1.175.691	1.527.048	-	-	-	-
Interest expense on deposits	118.028	70.302	-	-	-	-

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	12.768	-	-	-	-
Closing Balance	7.402	-	-	-	-	-
Total Profit/Loss	(359)	(228)	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

Fees paid to the Bank’s key management amount to TL9.082 (2010: TL10.059).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

- With the Bank’s Board of Directors’ Decision No. 4, dated 11 January 2012, the whole equity share of the Bank in Ziraat Bank AD Skopje will be transferred to Halk Bank A.D. Skopje, Joint Venture of T. Halk Bankası A.Ş., considering the legislation of Turkey and Macedonia within the scope of Decision No. 2002/3555 by the Council of Ministers. The transfer process is expected to be completed by October 2012.
- The Board of Directors, on 15 June 2011 with the decision no: 12/163, has authorised the Head Office to issue domestic bank bills and/or bonds in different types and maturities up to TL4 billion. The Bank applied to ISE on 29 September 2011 to trade bills and bonds on the market. In the context of this application, the approval of Banking Supervision and Regulation Agency has been sent to Bank and these bills and/or bonds have been recorded by the Capital Markets Board. Subsequently, the issue process for bank bills with a nominal value of TL750 million was approved by the Capital Markets Board on 8 February 2012 and the issue amount may be increased up to TL1 billion depending on demand. The issuance procedure is expected to be completed after the book-building process during 13-14-15 February 2011.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK

Information on the Bank’s domestic and foreign branches and foreign representatives of the Bank:

	Number	Number of Employees			
Domestic Branch ⁽¹⁾	1.434	20.181			
				Country of Incorporation	
Foreign Representation Office	1	1	1- Iran		
					Total Assets
					Statutory Share Capital
Foreign branch ⁽²⁾	1	3	1- USA	1.031.327	221.022
	1	3	2- England	801.445	99.913
	4	4	3- Bulgaria	66.902	34.562
	1	4	4- Georgia	27.051	17.128
	2	6	5- Iraq	58.147	26.342
	4	5	6- Greece	296.446	43.902
	1	3	7- Saudi Arabia	38.328	28.224
	10	29	8-T.R. of Northern Cyprus	691.466	38.422
Off-shore Banking Region Branches	-	-			

⁽¹⁾ Includes the employees of the domestic branches, excluding the employees of head office and districts’ head offices.

⁽²⁾ Excluding the local employees of the foreign branches.

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

As of 31 December 2011, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor’s Report dated 5 March 2012 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.