

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

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



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

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

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") at 30 September 2012 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

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

As mentioned in Section II. Note 7.d1 of Explanations and Notes to the Unconsolidated Financial Statements; as of the balance sheet date, the accompanying financial statements include a general reserve amounting to TL695.500 thousand (TL565.500 thousand of this reserve amount was charged to the income statement as an expense in the current period), provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions.

Based on our review except for the effect of the matter on the financial statements described in the paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 30 September 2012 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

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

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

Haluk Yalçın, SMMM
Partner

Istanbul, 7 November 2012

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

**THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 SEPTEMBER 2012**

The Bank's Headquarter Address: Doğanbey Mahallesi Atatürk Bulvarı
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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 REVIEW REPORT

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

| | | |
|--|--|--|
| Muharrem KARSLI Chairman of the Board of Directors, Member of the Audit Committee | Hüseyin AYDIN Member of the Board of Directors, General Manager | Feyzi ÇUTUR Member of the Board of Directors, Member of the Audit Committee |
|--|--|--|

| | |
|---|--|
| Osman ARSLAN Assistant General Manager Responsible for Financial Reporting | Atakan BEKTAŞ General Accounting and Reporting Unit Manager |
|---|--|

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

Name/Title : Atakan BEKTAŞ / Financial Statements Unit Manager
Telephone Number : 0312 584 43 05

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

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

(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 Treasury.

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

The sole shareholder of the Bank is the Treasury.

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

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

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

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 |
|------------------------|------------------------|------------------------------|-----------------------|----------------------|
| Treasury | 2.500.000 | 100 | 2.500.000 | - |

The sole shareholder of the Bank is the Treasury.

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

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

(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 30 September 2012, Bank carries its activities with a grand total of 1.510 branches; 1.486 domestic branches including 5 corporate branches, 27 commercial branches, 73 enterprising branches, 1.317 branches, 31 bureaus, 31 private operation centers, 2 mobile branches (31 December 2011: 1.434 domestic branches including 1.373 branches, 27 bureaus, 32 private operation centers, 2 mobile branches) and 24 branches abroad including 16 branches and 8 sub branches (New York branch in United States, London branch in England, Tbilisi branch in Georgia, Baghdad and Arbil branches in Iraq, Athens, Gümülçine, İskeçe and Rhodos branches in Greece, Sofia branch and Filibe/Plovdiv, Kardzhali and Varna sub branches in Bulgaria, Jeddah branch in Saudi Arabia, Lefkoşa, Girne, Güzelyurt, Gazimağusa and Gönyeli branches with Akdoğan, Near East University, Karaoğlanoğlu, Çatalköy and İskele sub branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran.

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

Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Bank can enable the usage of agricultural loan limits associated with the Başakkart for the loans under TL 25 thousand and in line with the demands of the customers for the loans higher than TL 25 thousand. All limits of loan accounts assigned to the Başakkart can be used via POS machines of the Bank in Başakkart Member Business points for the purchase of agricultural inputs (feed, grain, fuel, etc.). According to preferences of customers, maximum 75% of cash limits of loan accounts can be used through the branches/ATMs of the Bank. Repayments regarding the transactions with Başakkart can be made through the branches of the Bank. Agricultural products/services obtained by using Başakkart are repaid without any interest charge within the time periods defined by the Bank.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012 AND 31 DECEMBER
2011**

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

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

| I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) | Note (Section Five I) | Current Period (30/09/2012) | | | Prior Period (31/12/2011) | | |
|---|-----------------------------|--------------------------------|-------------------|--------------------|------------------------------|-------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| | | | | | | | |
| ASSETS | | | | | | | |
| I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY | (1) | 3.551.893 | 12.167.764 | 15.719.657 | 6.318.336 | 7.954.038 | 14.272.374 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net) | (2) | 48.361 | 6.416 | 54.777 | 92.992 | 40.604 | 133.596 |
| 2.1 Financial Assets Held for Trading | | 48.361 | 6.416 | 54.777 | 92.992 | 40.604 | 133.596 |
| 2.1.1 Public Sector Debt Securities | | 25.387 | 4.410 | 29.797 | 42.289 | 14.139 | 56.428 |
| 2.1.2 Securities Representing a Share in Capital | | - | - | - | - | - | - |
| 2.1.3 Derivative Financial Assets Held for Trading | | 22.974 | 2.006 | 24.980 | 50.703 | 26.465 | 77.168 |
| 2.1.4 Other Marketable Securities | | - | - | - | - | - | - |
| 2.2 Financial Assets at Fair Value Through Profit or Loss | | - | - | - | - | - | - |
| 2.2.1 Public Sector Debt Securities | | - | - | - | - | - | - |
| 2.2.2 Securities Representing a Share in Capital | | - | - | - | - | - | - |
| 2.2.3 Loans | | - | - | - | - | - | - |
| 2.2.4 Other Marketable Securities | | - | - | - | - | - | - |
| III. BANKS | (3) | 25.005 | 1.213.685 | 1.238.690 | 61.040 | 1.259.419 | 1.320.459 |
| 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) | 32.652.500 | 4.183.058 | 36.835.558 | 33.842.067 | 4.285.716 | 38.127.783 |
| 5.1 Securities Representing a Share in Capital | | 133.235 | 109.031 | 242.266 | 123.809 | 93.586 | 217.395 |
| 5.2 Public Sector Debt Securities | | 32.519.265 | 3.926.935 | 36.446.200 | 33.718.258 | 4.020.659 | 37.738.917 |
| 5.3 Other Marketable Securities | | - | 147.092 | 147.092 | - | 171.471 | 171.471 |
| VI. LOANS AND RECEIVABLES | (5) | 61.671.362 | 6.719.053 | 68.390.415 | 64.330.044 | 7.099.931 | 71.429.975 |
| 6.1 Loans and Receivables | | 60.912.517 | 6.717.878 | 67.630.395 | 64.073.451 | 7.099.809 | 71.173.260 |
| 6.1.1 Loans Granted to Risk Group of The Bank | | 7.349 | 203.111 | 210.460 | 14.193 | 264.996 | 279.189 |
| 6.1.2 Public Sector Debt Securities | | - | - | - | - | - | - |
| 6.1.3 Other | | 60.905.168 | 6.514.767 | 67.419.935 | 64.059.258 | 6.834.813 | 70.894.071 |
| 6.2 Loans under Follow-up | | 1.805.422 | 14.608 | 1.820.030 | 850.293 | 12.748 | 863.041 |
| 6.3 Specific Provisions (-) | | 1.046.577 | 13.433 | 1.060.010 | 593.700 | 12.626 | 606.326 |
| VII. FACTORING RECEIVABLES | | | | | | | |
| VIII. INVESTMENTS HELD TO MATURITY (Net) | (6) | 25.350.467 | 4.167.859 | 29.518.326 | 27.600.761 | 4.903.436 | 32.504.197 |
| 8.1 Public Sector Debt Securities | | 25.341.277 | 4.167.348 | 29.508.625 | 27.592.135 | 4.902.915 | 32.495.050 |
| 8.2 Other Marketable Securities | | 9.190 | 511 | 9.701 | 8.626 | 521 | 9.147 |
| IX. INVESTMENTS IN ASSOCIATES (Net) | (7) | 65.452 | | 65.452 | 59.806 | | 59.806 |
| 9.1 Accounted with Equity Method | | - | - | - | - | - | - |
| 9.2 Unconsolidated Associates | | 65.452 | - | 65.452 | 59.806 | - | 59.806 |
| 9.2.1 Financial Associates | | 59.386 | - | 59.386 | 53.781 | - | 53.781 |
| 9.2.2 Non-financial Associates | | 6.066 | - | 6.066 | 6.025 | - | 6.025 |
| X. INVESTMENTS IN SUBSIDIARIES (Net) | (8) | 123.000 | 599.156 | 722.156 | 123.000 | 576.949 | 699.949 |
| 10.1 Unconsolidated Financial Subsidiaries | | 117.279 | 599.156 | 716.435 | 117.279 | 576.949 | 694.228 |
| 10.2 Unconsolidated Non-Financial Subsidiaries | | 5.721 | - | 5.721 | 5.721 | - | 5.721 |
| XI. ENTITIES UNDER COMMON CONTROL (Net) | (9) | | 51.258 | 51.258 | | 50.359 | 50.359 |
| 11.1 Accounted with Equity Method | | - | - | - | - | - | - |
| 11.2 Unconsolidated Entities Under Common Control | | - | 51.258 | 51.258 | - | 50.359 | 50.359 |
| 11.2.1 Financial Entities Under Common Control | | - | 51.258 | 51.258 | - | 50.359 | 50.359 |
| 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) | | 926.560 | 8.403 | 934.963 | 921.322 | 9.176 | 930.498 |
| XV. INTANGIBLE ASSETS (Net) | | 55.012 | 8.679 | 63.691 | 52.614 | 11.363 | 63.977 |
| 15.1 Goodwill | | - | - | - | - | - | - |
| 15.2 Other | | 55.012 | 8.679 | 63.691 | 52.614 | 11.363 | 63.977 |
| XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net) | (12) | | | | | | |
| XVII. TAX ASSET | | 223.329 | | 223.329 | 281.913 | | 281.913 |
| 17.1 Current Tax Asset | | 229 | - | 229 | 211 | - | 211 |
| 17.2 Deferred Tax Asset | | 223.100 | - | 223.100 | 281.702 | - | 281.702 |
| XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net) | (13) | 61.103 | 37.469 | 98.572 | 51.882 | | 51.882 |
| 18.1 Held for Sale | | 61.103 | 37.469 | 98.572 | 51.882 | - | 51.882 |
| 18.2 Held from Discontinued Operations | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | | 756.488 | 68.963 | 825.451 | 703.217 | 51.157 | 754.374 |
| TOTAL ASSETS | | 125.510.532 | 29.231.763 | 154.742.295 | 134.438.994 | 26.242.148 | 160.681.142 |

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012 AND 31 DECEMBER
2011**

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

| I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) | Note (Section Five II) | Current Period (30/09/2012) | | | Prior Period (31/12/2011) | | |
|--|------------------------------|--------------------------------|-------------------|--------------------|------------------------------|-------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| | | LIABILITIES AND EQUITY | | | | | |
| I. DEPOSITS | (1) | 82.694.811 | 25.378.720 | 108.073.531 | 89.189.709 | 23.876.973 | 113.066.682 |
| 1.1 Deposits Held By the Risk Group of the Bank | | 793.766 | 104.008 | 897.774 | 1.066.830 | 108.861 | 1.175.691 |
| 1.2 Other | | 81.901.045 | 25.274.712 | 107.175.757 | 88.122.879 | 23.768.112 | 111.890.991 |
| II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING | (2) | 26.779 | 44.791 | 71.570 | 29.853 | 9.968 | 39.821 |
| III. FUNDS BORROWED | (3) | 787.081 | 1.544.472 | 2.331.553 | 65.526 | 487.956 | 553.482 |
| IV. MONEY MARKET BALANCES | | 12.443.840 | 4.434.910 | 16.878.750 | 23.319.266 | 2.468.904 | 25.788.170 |
| 4.1 Interbank Money Market Borrowings | | - | 35.776 | 35.776 | - | 871.449 | 871.449 |
| 4.2 Istanbul Stock Exchange Takasbank Borrowings | | - | - | - | - | - | - |
| 4.3 Funds Provided under Repurchase Agreements | | 12.443.840 | 4.399.134 | 16.842.974 | 23.319.266 | 1.597.455 | 24.916.721 |
| V. MARKETABLE SECURITIES ISSUED (Net) | | 2.017.821 | | 2.017.821 | | | |
| 5.1 Bills | | 1.834.984 | - | 1.834.984 | - | - | - |
| 5.2 Asset-backed Securities | | - | - | - | - | - | - |
| 5.3 Bonds | | 182.837 | - | 182.837 | - | - | - |
| VI. FUNDS | | 4.111.987 | | 4.111.987 | 3.871.136 | | 3.871.136 |
| 6.1 Borrower Funds | | - | - | - | - | - | - |
| 6.2 Other | | 4.111.987 | - | 4.111.987 | 3.871.136 | - | 3.871.136 |
| VII. MISCELLANEOUS PAYABLES | | 770.325 | 330.476 | 1.100.801 | 688.700 | 199.156 | 887.856 |
| VIII. OTHER LIABILITIES | (4) | 824.093 | 338.985 | 1.163.078 | 794.385 | 340.473 | 1.134.858 |
| IX. FACTORING PAYABLES | | | | | | | |
| X. PAYABLES FROM LEASING TRANSACTIONS | (5) | | | | | | |
| 10.1 Finance Lease Payables | | - | - | - | - | - | - |
| 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) | 2.711.363 | 5.644 | 2.717.007 | 1.886.463 | 5.973 | 1.892.436 |
| 12.1 General Provisions | | 1.100.480 | 600 | 1.101.080 | 977.551 | 139 | 977.690 |
| 12.2 Restructuring Provisions | | - | - | - | - | - | - |
| 12.3 Employee Benefits Provisions | | 688.100 | - | 688.100 | 656.600 | - | 656.600 |
| 12.4 Insurance Technical Reserves (Net) | | - | - | - | - | - | - |
| 12.5 Other Provisions | | 922.783 | 5.044 | 927.827 | 252.312 | 5.834 | 258.146 |
| XIII. TAX LIABILITY | (8) | 457.842 | 163 | 458.005 | 269.111 | 337 | 269.448 |
| 13.1 Current Tax Liability | | 457.842 | 163 | 458.005 | 269.111 | 337 | 269.448 |
| 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) | 15.342.624 | 475.568 | 15.818.192 | 13.140.811 | 36.442 | 13.177.253 |
| 16.1 Paid-in Capital | | 2.500.000 | - | 2.500.000 | 2.500.000 | - | 2.500.000 |
| 16.2 Capital Reserves | | 717.489 | 475.568 | 1.193.057 | 150.032 | 36.442 | 186.474 |
| 16.2.1 Share Premium | | - | - | - | - | - | - |
| 16.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 Marketable Securities Valuation Differences | | 156.638 | 471.35 | 627.989 | (410.811) | 36.442 | (374.369) |
| 16.2.4 Tangible Assets Revaluation Reserves | | - | - | - | - | - | - |
| 16.2.5 Intangible Assets Revaluation Reserves | | - | - | - | - | - | - |
| 16.2.6 Revaluation Reserves of Real Estates for Investment Purpose | | - | - | - | - | - | - |
| 16.2.7 Bonus Shares of Subsidiaries, Associates and Entities Under Common Control | | 17.369 | - | 17.369 | 17.361 | - | 17.361 |
| 16.2.8 Hedging Funds (Effective Portion) | | - | - | - | - | - | - |
| 16.2.9 Value Increase on Assets Held for Sale | | - | 4.217 | 4.217 | - | - | - |
| 16.2.10 Other Capital Reserves | | 543.482 | - | 543.482 | 543.482 | - | 543.482 |
| 16.3 Profit Reserves | | 10.078.981 | - | 10.078.981 | 8.230.307 | - | 8.230.307 |
| 16.3.1 Legal Reserves | | 2.408.490 | - | 2.408.490 | 2.290.756 | - | 2.290.756 |
| 16.3.2 Statutory Reserves | | - | - | - | - | - | - |
| 16.3.3 Extraordinary Reserves | | 7.036.450 | - | 7.036.450 | 5.305.510 | - | 5.305.510 |
| 16.3.4 Other Profit Reserves | | 634.041 | - | 634.041 | 634.041 | - | 634.041 |
| 16.4 Profit or Loss | | 2.046.154 | - | 2.046.154 | 2.260.472 | - | 2.260.472 |
| 16.4.1 Prior Years Profit/Loss | | 159.798 | - | 159.798 | 159.798 | - | 159.798 |
| 16.4.2 Net Period Profit/Loss | | 1.886.356 | - | 1.886.356 | 2.100.674 | - | 2.100.674 |
| TOTAL LIABILITIES AND EQUITY | | 122.188.566 | 32.553.729 | 154.742.295 | 133.254.960 | 27.426.182 | 160.681.142 |

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012
AND 31 DECEMBER 2011**

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

| II. | OFF-BALANCE SHEET COMMITMENTS | Note (Section Five III) | Current Period (30/09/2012) | | | Prior Period (31/12/2011) | | |
|--|--|-------------------------------|--------------------------------|---|--------------------|------------------------------|-------------------|--------------------|
| | | | TL | FC | Total | TL | FC | Total |
| | | | A | OFF-BALANCE SHEET COMMITMENTS (I+II+III) | (1) | 44.876.738 | 33.673.796 | 78.550.534 |
| I. | GUARANTEES AND WARRANTIES | | 4.728.335 | 8.754.996 | 13.483.331 | 4.046.543 | 7.932.118 | 11.978.661 |
| 1.1 | Letters of Guarantee | | 4.717.793 | 6.037.118 | 10.754.911 | 4.044.509 | 5.922.741 | 9.967.250 |
| 1.1.1 | Guarantees Subject to State Tender Law | | 346.174 | 5.645.015 | 5.991.189 | 392.196 | 5.600.700 | 5.992.896 |
| 1.1.2 | Guarantees Given for Foreign Trade Operations | | 3.546.101 | - | 3.546.101 | 2.959.563 | - | 2.959.563 |
| 1.1.3 | Other Letters of Guarantee | | 825.518 | 392.103 | 1.217.621 | 692.750 | 322.041 | 1.014.791 |
| 1.2 | Bank Acceptances | | 10.376 | 892.587 | 902.963 | 2.000 | 371.588 | 373.588 |
| 1.2.1 | Import Letter of Acceptance | | 10.376 | 868.207 | 878.583 | - | 6.354 | 6.354 |
| 1.2.2 | Other Bank Acceptances | | - | 24.380 | 24.380 | 2.000 | 365.234 | 367.234 |
| 1.3 | Letters of Credit | | 166 | 1.825.291 | 1.825.457 | 34 | 1.637.789 | 1.637.823 |
| 1.3.1 | Documentary Letters of Credit | | 166 | 1.807.403 | 1.807.569 | 34 | 1.637.789 | 1.637.823 |
| 1.3.2 | Other Letters of Credit | | - | 17.888 | 17.888 | - | - | - |
| 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) | 37.058.785 | 15.135.716 | 52.194.501 | 30.945.781 | 8.304.720 | 39.250.501 |
| 2.1 | Irrevocable Commitments | | 8.164.104 | 597.870 | 8.761.974 | 7.755.616 | 974.747 | 8.730.363 |
| 2.1.1 | Asset Purchase and Sale Commitments | | 128.648 | 340.707 | 469.355 | 268.644 | 367.070 | 635.714 |
| 2.1.2 | Deposit Purchase and Sales Commitments | | - | - | - | - | - | - |
| 2.1.3 | Share Capital Commitments to Associates and Subsidiaries | | - | - | - | 1.000 | - | 1.000 |
| 2.1.4 | Loan Granting Commitments | | 19 | - | 19 | 143 | - | 143 |
| 2.1.5 | Securities Issue Brokerage Commitments | | - | - | - | - | - | - |
| 2.1.6 | Commitments for Reserve Deposit Requirements | | - | - | - | - | - | - |
| 2.1.7 | Commitments for Cheques | | 2.474.144 | - | 2.474.144 | 2.461.000 | - | 2.461.000 |
| 2.1.8 | Tax and Fund Liabilities from Export Commitments | | - | - | - | - | - | - |
| 2.1.9 | Commitments for Credit Card Limits | | 3.846.795 | - | 3.846.795 | 3.822.106 | - | 3.822.106 |
| 2.1.10 | Commitments for credit cards and banking services promotions | | 10.479 | - | 10.479 | 8.131 | - | 8.131 |
| 2.1.11 | Receivables from short sale commitments of marketable securities | | - | - | - | - | - | - |
| 2.1.12 | Payables for short sale commitments of marketable securities | | - | - | - | - | - | - |
| 2.1.13 | Other irrevocable commitments | | 1.704.019 | 257.163 | 1.961.182 | 1.194.592 | 607.677 | 1.802.269 |
| 2.2 | Revocable Commitments | | 28.894.681 | 14.537.846 | 43.432.527 | 23.190.165 | 7.329.973 | 30.520.138 |
| 2.2.1 | Revocable Loan Granting Commitments | | 28.894.379 | 14.537.846 | 43.432.225 | 23.189.865 | 7.329.973 | 30.519.836 |
| 2.2.2 | Other Revocable Commitments | | 302 | - | 302 | 302 | - | 302 |
| III. | DERIVATIVE FINANCIAL INSTRUMENTS | | 3.089.618 | 9.783.084 | 12.872.702 | 1.263.254 | 4.947.002 | 6.210.256 |
| 3.1 | Hedging Derivative Financial Instruments | | - | - | - | - | - | - |
| 3.1.1 | Transactions for Fair Value Hedge | | - | - | - | - | - | - |
| 3.1.2 | Transactions for Cash Flow Hedge | | - | - | - | - | - | - |
| 3.1.3 | Transactions for Foreign Net Investment Hedge | | - | - | - | - | - | - |
| 3.2 | Trading Transactions | | 3.089.618 | 9.783.084 | 12.872.702 | 1.263.254 | 4.947.002 | 6.210.256 |
| 3.2.1 | Forward Foreign Currency Buy/Sell Transactions | | 20.011 | 108.853 | 128.864 | 133.195 | 134.512 | 267.707 |
| 3.2.1.1 | Forward Foreign Currency Transactions-Buy | | 10.010 | 54.443 | 64.453 | 66.617 | 67.248 | 133.865 |
| 3.2.1.2 | Forward Foreign Currency Transactions-Sell | | 10.001 | 54.410 | 64.411 | 66.578 | 67.264 | 133.842 |
| 3.2.2 | Swap Transactions Related to Foreign Currency and Interest Rates | | 3.069.607 | 9.674.231 | 12.743.838 | 1.130.059 | 4.812.490 | 5.942.549 |
| 3.2.2.1 | Foreign Currency Swap-Buy | | - | 6.350.127 | 6.350.127 | - | 2.977.218 | 2.977.218 |
| 3.2.2.2 | Foreign Currency Swap-Sell | | 3.069.607 | 3.324.104 | 6.393.711 | 1.130.059 | 1.835.272 | 2.965.331 |
| 3.2.2.3 | Interest Rate Swap-Buy | | - | - | - | - | - | - |
| 3.2.2.4 | Interest Rate Swap-Sell | | - | - | - | - | - | - |
| 3.2.3 | Foreign Currency, Interest rate and Securities Options | | - | - | - | - | - | - |
| 3.2.3.1 | Foreign Currency Options-Buy | | - | - | - | - | - | - |
| 3.2.3.2 | Foreign Currency Options-Sell | | - | - | - | - | - | - |
| 3.2.3.3 | Interest Rate Options-Buy | | - | - | - | - | - | - |
| 3.2.3.4 | Interest Rate Options-Sell | | - | - | - | - | - | - |
| 3.2.3.5 | Securities Options-Buy | | - | - | - | - | - | - |
| 3.2.3.6 | Securities Options-Sell | | - | - | - | - | - | - |
| 3.2.4 | Foreign Currency Futures | | - | - | - | - | - | - |
| 3.2.4.1 | Foreign Currency Futures-Buy | | - | - | - | - | - | - |
| 3.2.4.2 | Foreign Currency Futures-Sell | | - | - | - | - | - | - |
| 3.2.5 | Interest Rate Futures | | - | - | - | - | - | - |
| 3.2.5.1 | Interest Rate Futures-Buy | | - | - | - | - | - | - |
| 3.2.5.2 | Interest Rate Futures-Sell | | - | - | - | - | - | - |
| 3.2.6 | Other | | - | - | - | - | - | - |
| B. | CUSTODY AND PLEDGES RECEIVED (IV+V+VI) | | 211.023.344 | 12.565.864 | 223.589.208 | 212.862.987 | 14.045.181 | 226.908.168 |
| IV. | ITEMS HELD IN CUSTODY | | 25.070.871 | 2.433.899 | 27.504.770 | 21.201.775 | 1.362.383 | 22.564.158 |
| 4.1 | Customer Fund and Portfolio Balances | | - | - | - | - | - | - |
| 4.2 | Investment Securities Held in Custody | | 7.365.147 | 1.267.456 | 8.632.603 | 3.561.620 | 1.133.079 | 4.694.699 |
| 4.3 | Checks Received for Collection | | 1.110.870 | 20.623 | 1.131.493 | 977.787 | 14.781 | 992.568 |
| 4.4 | Commercial Notes Received for Collection | | 2.654.795 | 121.145 | 2.775.940 | 2.770.680 | 143.105 | 2.913.785 |
| 4.5 | Other Assets Received for Collection | | 8.891 | - | 8.891 | 8.893 | - | 8.893 |
| 4.6 | Assets Received for Public Offering | | 13.709.166 | 88 | 13.709.254 | 13.672.892 | 93 | 13.672.985 |
| 4.7 | Other Items Under Custody | | 220.353 | 1.024.587 | 1.244.940 | 208.254 | 71.325 | 279.579 |
| 4.8 | Custodians | | 1.649 | - | 1.649 | - | - | 1.649 |
| V. | PLEDGES RECEIVED | | 185.943.022 | 9.651.843 | 195.594.865 | 191.661.212 | 12.598.473 | 204.259.685 |
| 5.1 | Marketable Securities | | 508.389 | 15.620 | 524.009 | 264.618 | 38.111 | 302.729 |
| 5.2 | Guarantee Notes | | 7.700.782 | 311.297 | 8.012.079 | 24.543.558 | 4.242.379 | 28.785.937 |
| 5.3 | Commodity | | 1.249.257 | 13.313 | 1.262.570 | 1.249.461 | 14.118 | 1.263.579 |
| 5.4 | Warranty | | - | - | - | - | - | - |
| 5.5 | Immovable | | 164.228.350 | 7.594.492 | 171.822.842 | 154.386.204 | 6.685.510 | 161.071.714 |
| 5.6 | Other Pledged Items | | 12.251.035 | 1.710.306 | 13.961.341 | 11.212.162 | 1.611.171 | 12.823.333 |
| 5.7 | Pledged Items-Depository | | 5.209 | 6.815 | 12.024 | 5.209 | 7.184 | 12.393 |
| VI. | ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | 9.451 | 480.122 | 489.573 | 84.325 | 84.325 | 84.325 |
| TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B) | | | 255.900.082 | 46.239.660 | 302.139.742 | 249.118.565 | 35.229.021 | 284.347.586 |

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012 AND 2011**

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

| III. INCOME STATEMENT | | | | | |
|---|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| INCOME AND EXPENSE ITEMS | Note (Section Five IV) | Current Period | Prior Period | Current Period | Prior Period |
| | | 1/1-30/09/2012 | 1/1-30/09/2011 | 1/7-30/09/2012 | 1/7-30/09/2011 |
| I. INTEREST INCOME | (1) | 11.193.808 | 9.956.462 | 3.605.299 | 3.529.304 |
| 1.1 Interest Income from Loans | | 6.492.754 | 5.341.323 | 2.196.709 | 1.964.910 |
| 1.2 Interest Income From Reserve Deposits | | 1.286 | 1.203 | 395 | 444 |
| 1.3 Interest Income from Banks | | 17.616 | 28.433 | 5.715 | 7.830 |
| 1.4 Interest Income from Money Market Placements | | 4 | 36 | 1 | 2 |
| 1.5 Interest Income from Marketable Securities | | 4.674.075 | 4.577.344 | 1.401.379 | 1.554.805 |
| 1.5.1 Financial Assets Held for Trading | | 2.517 | 8.143 | 687 | 3.732 |
| 1.5.2 Financial Assets at Fair Value through Profit and Loss | | - | - | - | - |
| 1.5.3 Financial Assets Available-for-Sale | | 2.404.915 | 2.331.167 | 740.124 | 776.479 |
| 1.5.4 Investments Held-to-Maturity | | 2.266.643 | 2.238.034 | 660.568 | 774.594 |
| 1.6 Finance Lease Income | | - | - | - | - |
| 1.7 Other Interest Income | | 8.073 | 8.123 | 1.100 | 1.313 |
| II. INTEREST EXPENSES | (2) | 6.244.985 | 6.251.525 | 1.873.519 | 2.289.058 |
| 2.1 Interest Expense on Deposits | | 4.824.359 | 5.623.524 | 1.543.017 | 1.969.736 |
| 2.2 Interest on Borrowings | | 51.270 | 4.359 | 23.163 | 2.171 |
| 2.3 Interest on Money Market Borrowings | | 1.260.632 | 603.654 | 256.360 | 313.587 |
| 2.4 Interest on Marketable Securities Issued | | 95.850 | - | 46.098 | - |
| 2.5 Other Interest Expense | | 12.874 | 19.988 | 4.881 | 3.564 |
| III. NET INTEREST INCOME/EXPENSES (I - II) | | 4.948.823 | 3.704.937 | 1.731.780 | 1.240.246 |
| IV. NET FEES AND COMMISSIONS INCOME/EXPENSES | | 557.885 | 471.282 | 183.299 | 131.440 |
| 4.1 Fees and Commissions Received | | 698.098 | 578.348 | 228.023 | 172.257 |
| 4.1.1 Non-cash Loans | | 45.964 | 31.385 | 15.438 | 13.239 |
| 4.1.2 Other | | 652.134 | 546.963 | 212.585 | 159.018 |
| 4.2 Fees and Commissions Paid | | 140.213 | 107.066 | 44.724 | 40.817 |
| 4.2.1 Non-cash Loans | | 18 | 3 | 6 | 3 |
| 4.2.2 Other | | 140.195 | 107.063 | 44.718 | 40.814 |
| V. DIVIDEND INCOME | | 89.293 | 31.751 | 961 | 608 |
| VI. TRADING PROFIT/LOSS (Net) | (3) | (33.086) | (93.774) | (28.376) | (22.211) |
| 6.1 Profit/Loss from Capital Market Operations | | 44.744 | 86.219 | 15.306 | 62.973 |
| 6.2 Profit/losses on Derivative Financial Transactions | (4) | (179.119) | 308.027 | (94.716) | 165.074 |
| 6.3 Profit/Loss from Foreign Exchanges | | 101.289 | (488.020) | 51.034 | (250.258) |
| VII. OTHER OPERATING INCOME | (5) | 321.250 | 303.290 | 71.068 | 94.252 |
| VIII. TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII) | | 5.884.165 | 4.417.486 | 1.958.732 | 1.444.335 |
| IX. PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-) | (6) | 1.379.063 | 508.821 | 523.679 | 139.235 |
| X. OTHER OPERATING EXPENSES(-) | (7) | 2.000.504 | 1.960.043 | 626.311 | 691.089 |
| XI. NET OPERATING PROFIT/LOSS (VIII-IX-X) | | 2.504.598 | 1.948.622 | 808.742 | 614.011 |
| XII. GAINS RECORDED AFTER MERGER | | - | - | - | - |
| XIII. PROFIT/LOSS ON EQUITY METHOD | | - | - | - | - |
| XIV. GAIN/LOSS ON NET MONETARY POSITION | | - | - | - | - |
| XV. INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV) | (8) | 2.504.598 | 1.948.622 | 808.742 | 614.011 |
| XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±) | (9) | (618.242) | (459.449) | (194.275) | (143.484) |
| 16.1 Current Tax Provision | | (797.683) | (228.184) | (301.675) | (81.798) |
| 16.2 Deferred Tax Provision | | 179.441 | (231.265) | 107.400 | (61.686) |
| XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI) | (10) | 1.886.356 | 1.489.173 | 614.467 | 470.527 |
| 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) | (11) | 1.886.356 | 1.489.173 | 614.467 | 470.527 |
| Earnings/Loss per Share (TL) | | 0,755 | 0,596 | 0,246 | 0,189 |

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012 AND 2011**

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

| IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY | | |
|--|--|--------------------------------------|
| PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY | Current Period (30/09/2012) | Prior Period (30/09/2011) |
| I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS | 1.909.400 | 341.374 |
| II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES | - | - |
| III. INTANGIBLE ASSETS REVALUATION DIFFERENCES | - | - |
| IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS | (12.978) | (18.060) |
| 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) |
| IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES | (238.042) | (5.409) |
| X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX) | 1.658.380 | 317.689 |
| XI. CURRENT YEAR PROFIT/LOSS | (651.805) | (1.046.195) |
| 11.1 Net change in fair value of marketable securities (transfer to profit-loss) | (661.784) | (1.048.057) |
| 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 | 9.979 | 1.862 |
| XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI) | 1.006.575 | (728.506) |

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2011**

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

| V. CHANGES IN SHAREHOLDERS' EQUITY | | | | | | | | | | | | | | | | | | |
|------------------------------------|---|---------------------------|--------------------|-------------------------------------|------------------|----------------------------|-------------------|-----------------------|---------------------------|-------------------|--|--------------------------------------|---|---|-------------------------------------|------------------|--|-----------------|
| 30 September 2011 | | Note (Section Five) | Paid-in Capital | Adjustment to Paid-in Capital | Share Premium | Share Cancel Profits | Legal Reserves | Statutory Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Profit/(Loss) | Prior Period Net Profit/(Loss) | Marketable Sec. Valuation Differences | Rev. Diff. in Tangible and Intang. Assets | Bonus Shares from Investments | Hedging Funds | Rev. Diff. in Tangible Held for Sale/Disc. Operat. | Total Equity |
| I. | Prior Period End Balance | | 2.500.000 | 543.482 | - | - | 2.012.298 | - | 3.000.593 | 583.409 | - | 3.872.400 | 928.608 | - | 17.295 | - | - | 13.458.085 |
| | Changes in the Period | | | | | | | | | | | | | | | | | |
| II. | Increase/Decrease Related to Merger | | | | | | | | | | | | | | | | | |
| III. | Marketable Securities Valuation Differences | | | | | | | | | | | | (710.446) | | | | | (710.446) |
| IV. | Hedging Funds (Active Part) | | | | | | | | | | | | | | | | | |
| 4.1 | Cash-Flow Hedge | | | | | | | | | | | | | | | | | |
| 4.2 | Hedges for Investments Made in Foreign Countries | | | | | | | | | | | | | | | | | |
| V. | Revaluation Differences of Tangible Assets | | | | | | | | | | | | | | | | | |
| VI. | Revaluation Differences of Intangible Assets | | | | | | | | | | | | | | | | | |
| VII. | Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners) | | | | | | | | | | | | | | 66 | | | 66 |
| VIII. | Foreign Exchange Differences | | | | | | | | | | | | (18.060) | | | | | (18.060) |
| IX. | Changes Resulted from Disposal of Assets | | | | | | | | | | | | | | | | | |
| X. | Changes Resulted from Reclassification of Assets | | | | | | | | | | | | | | | | | |
| XI. | Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity | | | | | | | | | | | | | | | | | |
| XII. | Increase in Capital | | | | | | | | | | | | | | | | | |
| 12.1 | Cash | | | | | | | | | | | | | | | | | |
| 12.2 | From Internal Resources | | | | | | | | | | | | | | | | | |
| XIII. | Issuance of Share Certificates | | | | | | | | | | | | | | | | | |
| XIV. | Share Cancellation Profits | | | | | | | | | | | | | | | | | |
| XV. | Adjustment to Paid-in Capital | | | | | | | | | | | | | | | | | |
| XVI. | Other | | | | | | | | | | | | | | | | | |
| XVII. | Net Profit or Losses | | | | | | | | | | 1.489.173 | | | | | | | 1.489.173 |
| XVIII. | Profit Distribution | | | | | | 278.458 | | 2.304.917 | 50.632 | | (3.712.602) | | | | | | (1.078.595) |
| 18.1 | Dividend Distributed | | | | | | | | | | | (1.078.595) | | | | | | (1.078.595) |
| 18.2 | Transfers to Legal Reserves | | | | | | 278.458 | | 2.304.917 | 50.632 | | (2.634.007) | | | | | | |
| 18.3 | Other | | | | | | | | | | | | | | | | | |
| | Closing Balance | | 2.500.000 | 543.482 | - | - | 2.290.756 | - | 5.305.510 | 634.041 | 1.489.173 | 159.798 | 200.102 | - | 17.361 | - | - | 13.140.223 |
| | (I+II+III+.....+XVI+XVII+XVIII) | | | | | | | | | | | | | | | | | |

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2012**

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

| V. CHANGES IN SHAREHOLDERS' EQUITY | | | | | | | | | | | | | | | | | | |
|--|---------------------------|--------------------|-------------------------------------|------------------|-----------------------------|-------------------|-----------------------|---------------------------|-------------------|---|--------------------------------------|---|---|-------------------------------------|------------------|---|-----------------|------------|
| 30 September 2012 | Note (Section Five) | Paid-in Capital | Adjustment to Paid-in Capital | Share Premium | Share Cancel- Profits | Legal Reserves | Statutory Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Profit/(Loss) | Prior Period Net Profit/(Loss) | Marketable Sec. Valuation Differences | Rev. Diff. in Tangible and Intang. Assets | Bonus Shares from Investments | Hedging Funds | Rev. Diff. in Tangible Held for Sale/Disc. Operat. | Total Equity | |
| I. Prior Period End Balance | | | | | | | | | | | | | | | | | | |
| Changes in the Period | | 2.500.000 | 543.482 | - | - | 2.290.756 | - | 5.305.510 | 634.041 | - | 2.260.472 | (374.369) | - | 17.361 | - | - | - | 13.177.253 |
| II. Increase/Decrease Related to Merger | | | | | | | | | | | | | | | | | | |
| III. Marketable Securities Valuation Differences | | | | | | | | | | | | | | | | | | |
| IV. Hedging Funds (Active Part) | | | | | | | | | | | | 1.015.336 | | | | | | 1.015.336 |
| 4.1 Cash-Flow Hedge | | | | | | | | | | | | | | | | | | |
| 4.2 Hedges for Investments Made in Foreign Countries | | | | | | | | | | | | | | | | | | |
| V. Revaluation Differences of Tangible Assets | | | | | | | | | | | | | | | | | | |
| VI. Revaluation Differences of Intangible Assets | | | | | | | | | | | | | | | | | | |
| VII. Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners) | | | | | | | | | | | | | | | | | | |
| VIII. Foreign Exchange Differences | | | | | | | | | | | | | | | | | | |
| IX. Changes Resulted from Disposal of Assets | | | | | | | | | | | | (12.978) | | | | | | (12.978) |
| X. Changes Resulted from Reclassification of Assets | | | | | | | | | | | | | | | | | | |
| XI. Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity | | | | | | | | | | | | | | | | | | 4.217 |
| XII. Increase in Capital | | | | | | | | | | | | | | | | | | |
| 12.1 Cash | | | | | | | | | | | | | | | | | | |
| 12.2 From Internal Resources | | | | | | | | | | | | | | | | | | |
| XIII. Issuance of Share Certificates | | | | | | | | | | | | | | | | | | |
| XIV. Share Cancellation Profits | | | | | | | | | | | | | | | | | | |
| XV. Adjustment to Paid-in Capital | | | | | | | | | | | | | | | | | | |
| XVI. Other | | | | | | | | | | | | | | | | | | |
| XVII. Net Profit or Losses | | | | | | | | | | | | | | | | | | |
| XVIII. Profit Distribution | | | | | | | | | | 1.886.356 | | | | | | | | 1.886.356 |
| 18.1 Dividend Distributed | | | | | | 117.734 | | 1.730.940 | | | (2.100.674) | | | | | | | (252.000) |
| 18.2 Transfers to Legal Reserves | | | | | | | | | | | (252.000) | | | | | | | (252.000) |
| 18.3 Other | | | | | | 117.734 | | 1.730.940 | | | (1.848.674) | | | | | | | |
| Closing Balance | | | | | | | | | | | | | | | | | | |
| (I+II+III+.....+XVI+XVII+XVIII) | | 2.500.000 | 543.482 | - | - | 2.408.490 | - | 7.036.450 | 634.041 | 1.886.356 | 159.798 | 627.989 | - | 17.369 | - | 4.217 | - | 15.818.192 |

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

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

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

| VI. STATEMENT OF CASH FLOWS | | | |
|---|---------------------------|------------------------------------|----------------------------------|
| | Note (Section Five) | Current Period 1/1 - 30/09/2012 | Prior Period 1/1 - 30/09/2011 |
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating Profit Before Changes in Operating Assets and Liabilities | | 2.959.935 | 1.603.608 |
| 1.1.1 Interest Received | | 10.317.625 | 10.805.514 |
| 1.1.2 Interest Paid | | (6.289.639) | (6.259.596) |
| 1.1.3 Dividend Received | | 89.293 | 31.751 |
| 1.1.4 Fees and Commissions Received | | 697.877 | 578.743 |
| 1.1.5 Other Income | | 618.051 | 490.614 |
| 1.1.6 Collections from Previously Written-off Loans and Other Receivables | | 481.186 | 593.790 |
| 1.1.7 Payments to Personnel and Service Suppliers | | (1.028.817) | (1.043.451) |
| 1.1.8 Taxes Paid | | (766.396) | (528.585) |
| 1.1.9 Other | | (1.159.245) | (3.065.172) |
| 1.2 Changes in Operating Assets and Liabilities | | (12.998.950) | (532.847) |
| 1.2.1 Net Decrease/(Increase) in Trading Securities | | 27.120 | 122.804 |
| 1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets | | - | - |
| 1.2.3 Net Decrease in Banks | | (4.319.374) | (1.283.982) |
| 1.2.4 Net (Increase) in Loans | | 2.863.702 | (12.381.824) |
| 1.2.5 Net (Increase) in Other Assets | | (22.568) | (185.492) |
| 1.2.6 Net Increase/(Decrease) in Bank Deposits | | (5.463.376) | 18.557.094 |
| 1.2.7 Net (Decrease)/Increase in Other Deposits | | (8.378.855) | (6.277.490) |
| 1.2.8 Net (Decrease)/Increase in Funds Borrowed | | 1.762.385 | 292.410 |
| 1.2.9 Net Increase/(Decrease) in Payables | | - | - |
| 1.2.10 Net (Decrease)/Increase in Other Liabilities | | 532.016 | 623.633 |
| I. Net Cash Provided from Banking Operations | | (10.039.015) | 1.070.761 |
| B. CASH FLOWS FROM INVESTMENT ACTIVITIES | | | |
| II. Net Cash Provided from Investing Activities | | 5.515.391 | 3.284.121 |
| 2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control | | (6.545) | (74.675) |
| 2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control | | - | - |
| 2.3 Fixed Assets Purchases | | (49.529) | (149.505) |
| 2.4 Fixed Assets Sales | | 32.602 | 18.065 |
| 2.5 Cash Paid for Purchase of Financial Assets Available for Sale | | (6.325.198) | (33.622.809) |
| 2.6 Cash Obtained from Sale of financial Assets Available for Sale | | 8.439.366 | 32.593.420 |
| 2.7 Cash Paid for Purchase of Investment Securities | | (283.393) | (4.302.130) |
| 2.8 Cash Obtained from sale of Investment Securities | | 3.012.921 | 9.087.613 |
| 2.9 Other | | 695.167 | (265.858) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net Cash Provided from Financing Activities | | 1.735.527 | (1.078.596) |
| 3.1 Cash Obtained from Funds Borrowed and Securities Issued | | - | - |
| 3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued | | - | - |
| 3.3 Marketable Securities Issued | | 1.987.527 | - |
| 3.4 Dividends Paid | | (252.000) | (1.078.595) |
| 3.5 Payments for Finance Leases | | - | (1) |
| 3.6 Other | | - | - |
| IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents | | (168.714) | 598.856 |
| V. Net Increase in Cash and Cash Equivalents (I+II+III+IV) | | (2.956.811) | 3.875.142 |
| VI. Cash and Cash Equivalents at the Beginning of the Period | | 7.687.992 | 12.301.841 |
| VII. Cash and Cash Equivalents at the End of the Period | | 4.731.181 | 16.176.983 |

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

Balance sheet and statement of off-balance sheet accounts as of 30 September 2012 are presented comparatively with balances as of 31 December 2011 while, statements of income, cash flows and changes in shareholders’ equity are presented comparatively with balances as of 30 September 2011.

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

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

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

Additional paragraph for convenience translation into English:

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

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

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

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

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

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

b. Held-to-maturity financial assets:

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

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

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

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

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

c. Loans and receivables:

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

c. Loans and receivables: (Continued)

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

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

d. Available-for-sale financial assets:

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

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

In accordance with the provision of the related legislation, the Bank provides general loan loss provision for loans and other receivables in addition to specific provisions. Moreover, the amendments dated 28 May 2011 and 18 June 2011 to the Regulation on the Amendment of the Regulation on the Procedures and Principles Determining the Characteristics of Loans and Other Receivables by Banks and the Reserves that Set Aside for Them were considered in relation to the additional and general provision amount.

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

As of the balance sheet date, there is no security of the bank subject to lending transactions.

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

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

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

The Bank has no discontinued operations.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

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

Applied depreciation rates are as follows;

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

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Financial Lease

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

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

Operational Lease

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment Termination and Vacation Benefits

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

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

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

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

b. Pension Rights

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

b. Pension Rights: (Continued)

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

In accordance with 58th article and 7th temporary 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.

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

The technical balance sheet report as of 30 September 2012 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

XVII. EXPLANATIONS ON TAXATION

a. Current Tax

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current Tax (Continued)

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

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

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

b. Deferred tax

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

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

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

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

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

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

XVIII. EXPLANATIONS ON BORROWINGS

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON BORROWINGS (Continued)

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXII. CASH AND CASH EQUIVALENTS

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

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

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

XXIV. EXPLANATIONS ON OTHER MATTERS

- a. The General Assembly for the year 2011 was carried out on 18 April 2012. In accordance with the decision taken, of the profit for the year 2011 amounting to TL2.100.674, TL105.034 is transferred to legal reserves and TL12.700 is transferred to second legal reserve , TL127.000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL106.250 is distributed to Treasury after deducting withholding tax of 15% (TL18.750) in cash. In this context, TL1.730.940 of the profit is preserved and of the dividend decided to be paid to personnel, TL122.197 dividend is paid.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON OTHER MATTERS (Continued)

b. Overview of Changes in Accounting Estimates:

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

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SECTION FOUR

EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO

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

The Bank's unconsolidated capital adequacy ratio calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 18,00 % (31 December 2011: 13,81%).

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 28 June 2012 and numbered 28337 and legally reported to BRSA as of 1 July 2012.

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.

Clients in portfolio are separated on the basis of risk classes according to the Appendix-1 of the Communiqué, by considering risk reducing technics, credit risk weighted amount is calculated by multiplying with the related risk weighted amount.

Non-cash loans and commitments are included to the conversion ratios and calculations of credit risk weighted amount set forth under Article 5 of the Regulation after deducting the special provision. Assets subject to depreciation and impairment are calculated over their net book values after deducting the relative depreciations and provisions. Amounts deducted from the capital in the calculation of shareholders' equity are not considered in the calculation of credit risk-weighted assets.

Calculations regarding counter parties credit risks are made with method of basic financial collateral for banking accounts, and for purchase-sale accounts are made with method of extensive collateral.

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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:

| | Risk Weights | | | | | | | | | |
|--|-------------------|-----|------------------|---------------------------------|------------------|-------------------|-------------------|------------------|------------------|-------|
| | Bank Only | | | | | | | | | |
| | 0% | 10% | 20% | %50 Real Est. Mort. Coll. | 50% | 75% | 100% | 150% | 200% | 1250% |
| Credit Risk Based Amount | 88.987.843 | - | 2.546.247 | 7.483.672 | 3.335.106 | 35.844.716 | 26.700.424 | 2.156.081 | 7.754.438 | - |
| Risk Classes | | | | | | | | | | |
| Conditional and unconditional receivables from central governments or central banks | 72.332.012 | - | - | - | 6.963 | - | 6.763.013 | - | - | - |
| Conditional and unconditional receivables from regional or local governments | 40.463 | - | 56.588 | - | - | - | 52 | - | - | - |
| Conditional and unconditional receivables from administrative units and non-commercial enterprises | 621.400 | - | 808 | - | - | - | 146.060 | - | - | - |
| Conditional and unconditional receivables from multilateral development banks | - | - | - | - | - | - | - | - | - | - |
| Conditional and unconditional receivables from international organisations | - | - | - | - | - | - | - | - | - | - |
| Conditional and unconditional receivables from banks and brokerage houses | 2.593.198 | - | 2.420.203 | - | 3.328.143 | - | 1.250.678 | - | - | - |
| Conditional and unconditional receivables from corporate | 7.737.172 | - | 26.835 | - | - | - | 15.773.974 | - | - | - |
| Conditional and unconditional retail Receivables | 314.643 | - | 40.510 | - | - | 35.844.716 | - | - | - | - |
| Conditional and unconditional receivables secured by mortgages | 10.957 | - | 1.008 | 7.483.672 | - | - | 20.448 | - | - | - |
| Past due receivables | - | - | - | - | - | - | 569.523 | - | - | - |
| Receivables defined in high risk category by BRSA | - | - | - | - | - | - | - | 2.156.081 | 7.754.438 | - |
| Securities collateralised by mortgages | - | - | - | - | - | - | - | - | - | - |
| Securitisation positions | - | - | - | - | - | - | - | - | - | - |
| Short-term receivables from banks, brokerage houses and corporate | - | - | - | - | - | - | - | - | - | - |
| Investments similar to collective investment funds | - | - | - | - | - | - | - | - | - | - |
| Other receivables ⁽¹⁾ | 5.337.998 | - | 295 | - | - | - | 2.176.676 | - | - | - |

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Information related to capital adequacy ratio : (Continued)

| Prior Period | Risk Weights | | | | | | | | | |
|--|-------------------|-----|----------------|------------------|----------------|-------------------|-------------------|------------------|------------------|-------|
| | Bank Only | | | | | | | | | |
| | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 200% | 1250% |
| Credit Risk Based Amount | 47.055.492 | - | 457.956 | 7.898.307 | 360.988 | 44.228.331 | 33.360.386 | 1.198.417 | 4.847.168 | - |
| Risk Classes | | | | | | | | | | |
| Conditional and unconditional receivables from central governments or central banks | 39.684.559 | - | 8.751 | - | - | - | 14.004.171 | - | - | - |
| Conditional and unconditional receivables from regional or local governments | 24.808 | - | - | - | - | - | 61.522 | - | - | - |
| Conditional and unconditional receivables from administrative units and non-commercial enterprises | 20.404 | - | - | - | - | - | 108.374 | - | - | - |
| Conditional and unconditional receivables from multilateral development banks | - | - | - | - | - | - | - | - | - | - |
| Conditional and unconditional receivables from international organisations | - | - | - | - | - | - | - | - | - | - |
| Conditional and unconditional receivables from banks and brokerage houses | 1.495.258 | - | 369.344 | - | 228.700 | - | 4.068.968 | 188 | - | - |
| Conditional and unconditional receivables from corporate | 170.629 | - | 28.027 | - | - | - | 12.871.152 | - | - | - |
| Conditional and unconditional retail Receivables | 458.995 | - | 50.941 | - | - | 44.228.331 | - | - | - | - |
| Conditional and unconditional receivables secured by mortgages | 8.926 | - | 824 | 7.898.307 | 132.288 | - | 125.234 | - | - | - |
| Past due receivables | - | - | - | - | - | - | 102.337 | 80 | - | - |
| Receivables defined in high risk category by BRSA | - | - | - | - | - | - | - | 1.198.149 | 4.847.168 | - |
| Securities collateralised by mortgages | - | - | - | - | - | - | - | - | - | - |
| Securitisation positions | - | - | - | - | - | - | - | - | - | - |
| Short-term receivables from banks, brokerage houses and corporate | - | - | - | - | - | - | - | - | - | - |
| Investments similar to collective investment funds | - | - | - | - | - | - | - | - | - | - |
| Other receivables ⁽¹⁾ | 5.191.913 | - | 69 | - | - | - | 2.018.628 | - | - | - |

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Summary Information Related To The Capital Adequacy Ratio:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR) | 6.259.648 | 6.484.807 |
| Capital Requirement for Market Risk (CRMV) | 454.016 | 875.697 |
| Capital Requirement for Operational Risk (CROR) | 910.851 | 868.654 |
| Shareholders' Equity | 17.157.191 | 14.208.686 |
| Shareholders' Equity / ((CRCR+CRMV+CROR)*12.5*100) | 18,00 | 13,81 |

Information Related To The 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 | - | - |
| Reserves | 10.078.981 | 8.230.307 |
| Inflation Adjustments to Reserves | - | - |
| Profit | 2.046.154 | 2.260.472 |
| Current Period's Profit | 1.886.356 | 2.100.674 |
| Prior Period's Profit | 159.798 | 159.798 |
| Provision for Possible Losses (upto 25% of Core Capital) | 705.600 | 140.248 |
| Income on Sale of Equity Shares and Real Estates | - | - |
| Primary Subordinated Debts(upto 15% of Core Capital) ⁽¹⁾ | - | - |
| Loss (in excess of Reserves) (-) | - | - |
| Current Period's Losses | - | - |
| Prior Period's Losses | - | - |
| Leasehold Improvements on Operational Leases (-) | 33.397 | 34.382 |
| Intangible Assets (-) | 30.295 | 29.595 |
| 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 | 15.810.525 | 13.610.532 |

(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”.

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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 | 1.101.080 | 977.690 |
| 45% of Movable Assets Revaluation Fund | - | - |
| 45% of Immovables Revaluation Fund | - | - |
| Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) | 17.369 | 17.361 |
| Primary Subordinated Loans Excluding the Portion included in the Core Capital | - | - |
| Secondary Subordinated Loan | - | - |
| 45% of Value increase amount of Available for Sale Securities and Subsidiaries and Associates | 284.493 | (374.369) |
| 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 | 1.402.942 | 620.682 |
| CAPITAL | 17.213.467 | 14.231.214 |
| DEDUCTIONS FROM CAPITAL | 56.276 | 22.528 |
| Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or More of whose Capital is Owned by the Bank and which are Excluded from the Consolidation | 37.469 | - |
| Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose Capital is Owned by the Bank and that Exceeds 10% of the Total Core Capital and Supplementary Capital | - | - |
| Loans to banks, Financial Institutions (Domestic/Foreign), Holders of Qualified Shares in the form of Secondary Subordinated Loan and Loan Instruments Purchased from those Parties Qualified as Primary or Secondary Subordinated Loan | 17.888 | 21.638 |
| Loans Granted not in Compliance with the Provisions Stated in Articles 50 and 51 of the Act | - | - |
| Total Net Book Value of the Bank’s Real Estates in excess of 50% of the Equity and in accordance with Article 57 of the Act, Net Book Value of Real Estates and Commodities Acquired in Exchange of Loans and Receivables that should be Disposed of however; have not been Disposed for the Last 5 Years Since the Beginning of the Acquisition Date | 389 | 39 |
| Other | 530 | 851 |
| TOTAL SHAREHOLDERS’ EQUITY | 17.157.191 | 14.208.686 |

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON THE MARKET RISK

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

The Bank has established market risk management operations and taken the necessary measures in order to hedge market risk within its financial risk management purposes, in accordance with “Measurement and Assessment of the Capital Adequacy of Banks” issued in the Official Gazette numbered 28337 and dated 28 June 2012.

Market risk management strategy policy and implementation procedures of the Bank are determined within the context of “Regulation for Market Risks Management” which is approved by the Board of Directors..

In order to manage the market risk, the Bank performs monitoring, limiting, stress testing and scenario analysis activities suitable to its position structure and complexity, and periodically reports the results. New products and services are evaluated from the point of market risk.

The Draft Communiqué Appendix – 3 related to Measurement and Assessment of Capital Adequacy of Banks and the expression located in the previous application: “if marketable securities available for sale exceed ten percent of the share in the total share of securities in the bank's balance sheet, the marketable securities available for sale account is accepted as trading account and in determination of the amount subject to the total market risk, and for related general market risk and specific risk, the capital requirement is calculated.” are removed and instead of these phrases it is indicated that “A written trading strategy approved by senior management and clearly defined policies and implementation procedures” will be established. In this context, the amount subject to the total market risk calculations is independent from separation of Securities designated as accounting policy like “Held for Trading”, "Available for Sale" and "Held-to-maturity". Therefore, this calculation carried out on a trading portfolio which is defined by the Bank's Treasury Management and is only within the scope of Regulation and exclusively on account of capital adequacy.

The amount subject to the total market risk in the Bank is calculated 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.

Excluding Standard Method, Daily Value at Risk (“VAR”) forecasts are made for the purchase – sell accounts and is reported to the related units. Historical Simulation Method is used in daily reportings and limit allocation. VaR results, calculated with Parametric and Monte Carlo Methods, are used for monitoring. Backward testing is performed in order to measure performance of used model. Besides, Bank performs daily and monthly stress tests and scenario analysis in order to observe the effect of excessive market fluctuations that are not covered by models over the Bank’s financial position.

Bank limits market risk exposure by VAR based limit (interest rate and currency risk limit) within the context of “Regulation for Market Risk Management”. Excluding VaR limits, related to purchase – sell portfolio, there is position limit application approved by the Board of Directors.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON THE MARKET RISK (Continued)

- 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: (Continued)**

Information Related to Market Risk:

| | Amount |
|--|------------------|
| (I) Capital Requirement Calculated For General Market Risk - Standard Method | 170.660 |
| (II) Capital Requirement Calculated For Specific Risk - Standard Method | 185.704 |
| Capital requirement Calculated For Specific Risks of Securitisation Positions- Standard Method | |
| (III) Capital Requirement Calculated For Currency Risk - Standard Method | 80.660 |
| (IV) Capital Requirement Calculated For Commodity Risk - Standard Method | |
| (V) Capital Requirement Calculated For Exchange Risk - Standard Method | |
| (VI) Capital Requirement Calculated For Market Risk Resulting From Options - Standard Method | |
| (VII) Capital requirement Calculated For the Counterparty Credit Risks - Standard Method | 16.992 |
| (VIII) Capital Requirement Calculated For Market Risk of Banks Using Risk Measurement Model | |
| (IX) Total Capital Requirement Calculated For Market Risk (I+II+III+IV+V+VI) | 454.016 |
| (X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX) | 5.675.200 |

III. EXPLANATIONS ON THE CURRENCY RISK

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

The Bank’s policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, VAR is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit is also daily followed which was approved by Board of Directors.

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

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

None.

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

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

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

| | USD | EUR | AUD | DKK | SEK | CHF | CAD | NOK | GBP | SAR | 100JPY |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| 24.09.2012 | 1,7893 | 2,3042 | 1,8630 | 0,30983 | 0,27257 | 1,9092 | 1,8263 | 0,31074 | 2,8972 | 0,47714 | 2,2975 |
| 25.09.2012 | 1,7798 | 2,3004 | 1,8599 | 0,30930 | 0,27245 | 1,9056 | 1,8225 | 0,31167 | 2,8922 | 0,47462 | 2,2862 |
| 26.09.2012 | 1,7838 | 2,2853 | 1,8459 | 0,30739 | 0,26972 | 1,8954 | 1,8141 | 0,30928 | 2,8842 | 0,47568 | 2,2940 |
| 27.09.2012 | 1,7808 | 2,2844 | 1,8542 | 0,30720 | 0,27171 | 1,8961 | 1,8103 | 0,31065 | 2,8865 | 0,47488 | 2,2928 |
| 28.09.2012 | 1,7888 | 2,3000 | 1,8582 | 0,30857 | 0,27317 | 1,9015 | 1,8177 | 0,31256 | 2,8867 | 0,47700 | 2,3004 |
| 30.09.2012 | 1,7888 | 2,3000 | 1,8582 | 0,30857 | 0,27317 | 1,9015 | 1,8177 | 0,31256 | 2,8867 | 0,47700 | 2,3004 |

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

| USD | EUR | AUD | DKK | SEK | CHF | CAD | NOK | GBP | SAR | 100JPY |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| 1,7918 | 2,3008 | 1,8646 | 0,30937 | 0,27200 | 1,9074 | 1,8309 | 0,31208 | 2,8855 | 0,47781 | 2,2934 |

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. EXPLANATIONS ON THE CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

| | EUR | USD | Other FC ⁽¹⁾ | Total |
|--|--------------------|--------------------|-------------------------|--------------------|
| Current Period | | | | |
| Assets | | | | |
| Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey | 6.317.845 | 3.155.639 | 2.694.280 | 12.167.764 |
| Banks | 285.405 | 767.876 | 160.404 | 1.213.685 |
| Financial Assets at Fair Value Through Profit and Loss | - | 4.410 | - | 4.410 |
| Money Market Placements | - | - | - | - |
| Financial Assets Available-for-Sale | 2.732.227 | 1.450.831 | - | 4.183.058 |
| Loans ⁽²⁾ | 2.184.478 | 4.512.332 | 22.609 | 6.719.419 |
| Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾ | 383.126 | 267.288 | - | 650.414 |
| Investments Held-to-Maturity | 1.312.198 | 2.855.327 | 334 | 4.167.859 |
| Derivative Financial Assets for Hedging Purposes | - | - | - | - |
| Tangible Fixed Assets | 4.402 | 2.078 | 1.923 | 8.403 |
| Intangible Assets | 1.323 | 3.034 | 4.322 | 8.679 |
| Other Assets | 50.173 | 13.792 | 40.321 | 104.286 |
| Total Assets | 13.271.177 | 13.032.607 | 2.924.193 | 29.227.977 |
| Liabilities | | | | |
| Interbank Deposits | 971.253 | 2.194.278 | 22.099 | 3.187.630 |
| Foreign Currency Deposits | 14.015.624 | 6.988.930 | 1.186.536 | 22.191.090 |
| Money Market Borrowings | 722.876 | 3.712.034 | - | 4.434.910 |
| Funds Provided from Other Financial Institutions | 75.403 | 1.469.069 | - | 1.544.472 |
| Issued Marketable Securities | - | - | - | - |
| Sundry Creditors | 311.703 | 18.262 | 511 | 330.476 |
| Derivative Financial Liabilities for Hedging Purposes | - | - | - | - |
| Other Liabilities | 204.526 | 111.825 | 28.441 | 344.792 |
| Total Liabilities | 16.301.385 | 14.494.398 | 1.237.587 | 32.033.370 |
| Net Balance Sheet Position | (3.030.208) | (1.461.791) | 1.686.606 | (2.805.393) |
| Net Off-Balance Sheet Position ⁽³⁾ | 2.975.687 | 1.617.580 | (1.567.211) | 3.026.056 |
| Assets on Derivative Instruments | 3.021.325 | 2.856.960 | 526.285 | 6.404.570 |
| Liabilities on Derivative Instruments | 45.638 | 1.239.380 | 2.093.496 | 3.378.514 |
| Non-cash Loans | 2.181.747 | 6.205.243 | 368.006 | 8.754.996 |
| Prior Period | | | | |
| Total Assets | 13.026.883 | 12.037.427 | 1.150.623 | 26.214.933 |
| Total Liabilities | 14.121.443 | 12.614.234 | 644.095 | 27.379.772 |
| Net Balance Sheet Position | (1.094.560) | (576.807) | 506.528 | (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 |

(1) Of the foreign currencies presented in the other FC column of assets 91,05% is Gold, 2,06% is IQD, 1,40% is SAR, 1,28% is MKD and the remaining 4,21% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 44,91% is Gold, 24,45% is GBP, 13,68% is CHF, 5,69% is DKK and the remaining 11,27% is other foreign currencies.

(2) TL351 equivalent of USD and TL15 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2011: TL1.388 equivalent of USD and TL176 equivalent of EUR).

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

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

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IV. EXPLANATIONS ON THE INTEREST RATE RISK

a) Measurement of 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 | 27.932 | - | - | - | - | 15.691.725 | 15.719.657 |
| Banks | 445.559 | 331.113 | 320.023 | - | - | 141.995 | 1.238.690 |
| Financial Assets at Fair Value Through Profit and Loss | 79 | 17.086 | 1.285 | 1.947 | 9.400 | 24.980 | 54.777 |
| Money Market Placements | - | - | - | - | - | - | - |
| Financial Assets Available-for-Sale | 13.143.552 | 3.052.614 | 7.373.793 | 8.674.939 | 4.159.968 | 430.692 | 36.835.558 |
| Loans Given | 18.739.521 | 7.824.646 | 14.655.918 | 23.707.529 | 2.702.781 | 760.020 | 68.390.415 |
| Investments Held-to-Maturity | 7.909.467 | 13.940.883 | 2.580.250 | 2.862.512 | 2.225.214 | - | 29.518.326 |
| Other Assets | - | - | - | - | - | 2.984.872 | 2.984.872 |
| Total Assets | 40.266.110 | 25.166.342 | 24.931.269 | 35.246.927 | 9.097.363 | 20.034.284 | 154.742.295 |
| Liabilities | | | | | | | |
| Interbank Deposits | 5.489.210 | 1.170.258 | 27.597 | - | - | 164.453 | 6.851.518 |
| Other Deposits | 62.069.512 | 12.041.649 | 6.848.208 | 239.629 | - | 20.023.015 | 101.222.013 |
| Money Market Borrowings | 14.021.272 | 1.844.661 | 1.012.817 | - | - | - | 16.878.750 |
| Sundry Creditors | - | - | - | - | - | 1.100.801 | 1.100.801 |
| Issued Marketable Securities | 975.702 | - | 1.042.119 | - | - | - | 2.017.821 |
| Funds provided from Other Financial Institutions | 483.479 | 515.715 | 973.646 | 4.618 | 354.095 | - | 2.331.553 |
| Other Liabilities | 30.157 | 16.163 | - | 4.119.730 | - | 20.173.789 | 24.339.839 |
| Total Liabilities | 83.069.332 | 15.588.446 | 9.904.387 | 4.363.977 | 354.095 | 41.462.058 | 154.742.295 |
| Balance Sheet Long Position | - | 9.577.896 | 15.026.882 | 30.882.950 | 8.743.268 | - | 64.230.996 |
| Balance Sheet Short Position | (42.803.222) | - | - | - | - | (21.427.774) | (64.230.996) |
| Off-Balance Sheet Long Position | 149.174 | 701.708 | 23 | - | - | - | 850.905 |
| Off-Balance Sheet Short Position | - | - | - | (894.447) | - | - | (894.447) |
| Total Position | (42.654.048) | 10.279.604 | 15.026.905 | 29.988.503 | 8.743.268 | (21.427.774) | (43.542) |

- (1) Balances without fixed maturity are shown in the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL4.096.208 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1-5 Years” column. TL15.779 of fund balance is not granted as loan and is shown under the “Non-Interest Bearing” column.
- (3) Deferred tax asset is shown under the “Non-Interest Bearing” column.
- (4) Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in other assets.
- (5) Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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 | 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 under the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL3.860.700 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1-5 Years” column. TL10.436 of fund balance is not granted as loan and is shown under the “Non-Interest Bearing” column.
- (3) Deferred tax asset is shown under the “Non-Interest Bearing” column.
- (4) Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in other assets.
- (5) Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

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IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments:

| | EUR | USD | JPY | TL |
|---|------|------|-----|-------|
| Current Period | | | | |
| Assets | | | | |
| Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾ | - | - | - | 5,00 |
| Banks | 1,99 | 1,96 | - | 7,23 |
| Financial Assets at Fair Value Through Profit and Loss | - | 5,58 | - | 7,74 |
| Money Market Placements | - | - | - | - |
| Financial Assets Available-for-Sale | 4,68 | 6,39 | - | 9,20 |
| Loans Given ⁽²⁾ | 4,84 | 5,04 | - | 16,28 |
| Investments Held-to-Maturity | 6,36 | 7,00 | - | 9,37 |
| Liabilities | | | | |
| Interbank Deposits ⁽³⁾ | 0,63 | 1,52 | - | 7,47 |
| Other Deposits ⁽⁴⁾ | 2,17 | 1,94 | - | 6,67 |
| Money Market Borrowings | 0,76 | 1,18 | - | 7,18 |
| Sundry Creditors | - | - | - | - |
| Issued Marketable Securities | - | - | - | 8,71 |
| Funds Provided from Other Financial Institutions | 2,08 | 2,37 | - | 7,08 |

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

(2) Does not include credit card loans.

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

(4) Related ratios include demand deposits.

Average interest rates applied to monetary financial instruments:

| | EUR | USD | JPY | 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 | 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 Turkish Republic of Northern Cyprus.

(2) Does not include credit card loans.

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

(4) Related ratios include demand deposits.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

A) Interest rate risk on banking accounts:

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of “Regulation for Interest Rate Risk on Banking Accounts”.

Banks provide to perform scenario analysis with measurements that are suitable for structure and complexity of positions related to the market risk management, limiting, scenario analysis and stress test and also provide to report the findings cyclically. Banks perform analysis related to interest rate risks for the entire own balance sheet. New products and services are also evaluated from the point of interest rate risk that are originated from banking accounts.

In risk management as a minimum requirement, monitoring the rate between the funds with fixed and floating interest rates and utilizations and maturity mismatches, possible downward and upward ordinary and extraordinary interest rate changes, analysis of the effect of interest margin on the current values of the assets and liabilities, analyzing and following up the contractual maturities of the assets and liabilities and the behavioral maturities, following up the TL and FC money interest margins, monitoring the effects of the interest rate fluctuations on the Banks economic value and its capital need, calculation and determination of the size of interest rate shock in banks internal practices, monitoring the yield curve, base risk and option risk are carried out. Besides, in order to limit the effects of the fluctuations of the interest rates on the banks financial structure, the interest rate risk resulted from banking accounts which is approved by the Board of the Directors is monthly monitored.

Interest rate risk on banking accounts:

| Type of Currency | Shock Applied (+/- x basis point) | Gains/ (Losses) | Gains/Equity– (Losses)/Equity |
|-----------------------------------|--------------------------------------|--------------------|----------------------------------|
| 1. TRY | (+) 300bp | (1.407.177) | (8,20)% |
| 2. TRY | (-) 300bp | 1.578.897 | 9,20% |
| 3. EUR | (+) 100bp | (2.896) | (0,02)% |
| 4. EUR | (-) 100bp | 6.351 | 0,04% |
| 5. USD | (+) 100bp | (223.858) | (1,30)% |
| 6. USD | (-) 100bp | 251.216 | 1,46% |
| Total (of negative shocks) | | 1.836.464 | 10,70% |
| Total (of positive shocks) | | (1.633.931) | (9,52)% |

Equity share position risk in banking accounts

| Equity Share Investments | Comparison | | |
|---------------------------------|---------------------------|----------------|-----------------|
| | Balance Sheet Value | Fair Value | Market Value |
| 1. Stock Investment Group A | - | - | - |
| Stock Exchange Securities | - | - | - |
| 2. Stock Investment Group B | - | - | - |
| Stock Exchange Securities | - | - | - |
| 3. Stock Investment Group C | - | - | - |
| Stock Exchange Securities | - | - | - |
| 4. Stock Investment Other Group | - | - | - |
| Other | 132.218 | 132.218 | - |

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE LIQUIDITY RISK

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of "Liquidity Risk and Liquidity and Financial Emergency Situation 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 above the sub-limit determined in the mentioned regulation.

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

The Bank's source of funds are mainly composed 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 "Liquidity Risk and Liquidity and Financial Emergency Situation 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 are 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 are longer when compared to the maturity of deposits, securities with coupon payments are 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 long term financial transactions.

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

The Bank's major source of funds are deposits, funds are utilized as securities portfolio, other banks and loan placements. Since the most significant cash inflows are originated from securities portfolio and systematical cash inflows from these assets are regular, it is accepted as a liquidity risk reducing factor. Furthermore, periodical collections on loans have a role to cover the Bank's need for funds.

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V. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

Presentation of assets and 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 | 15.719.657 | - | - | - | - | - | - | 15.719.657 |
| Banks | 141.995 | 445.559 | 331.113 | 320.023 | - | - | - | 1.238.690 |
| Financial Assets at Fair Value Through Profit and Loss | - | 3.647 | 18.368 | 1.261 | 4.676 | 26.825 | - | 54.777 |
| Money Market Placements | - | - | - | - | - | - | - | - |
| Financial Assets Available-for-Sale | - | 527.872 | 333.273 | 3.240.995 | 24.219.542 | 8.271.610 | 242.266 | 36.835.558 |
| Loans Given | - | 2.635.397 | 6.097.843 | 23.451.607 | 31.421.124 | 4.024.424 | 760.020 | 68.390.415 |
| Investments Held-to-Maturity | - | 251.822 | 110.696 | 5.815.893 | 19.081.509 | 4.258.406 | - | 29.518.326 |
| Other Assets | 634.453 | - | - | 229 | 2.498 | - | 2.347.692 | 2.984.872 |
| Total Assets | 16.496.105 | 3.864.297 | 6.891.293 | 32.830.008 | 74.729.349 | 16.581.265 | 3.349.978 | 154.742.295 |
| Liabilities | | | | | | | | |
| Interbank Deposits | 164.453 | 5.489.210 | 1.170.258 | 27.597 | - | - | - | 6.851.518 |
| Other Deposits | 20.023.015 | 62.069.512 | 12.041.649 | 6.848.208 | 239.629 | - | - | 101.222.013 |
| Funds Provided from Other Financial Instruments | - | 61.324 | 120.577 | 1.152.840 | 19.509 | 977.303 | - | 2.331.553 |
| Money Market Borrowings | - | 14.021.272 | 1.844.661 | 1.012.817 | - | - | - | 16.878.750 |
| Issued Marketable Securities | - | 795.487 | - | 1.042.119 | 180.215 | - | - | 2.017.821 |
| Sundry Creditors | 642.705 | 458.096 | - | - | - | - | - | 1.100.801 |
| Other liabilities (3) | 1.170.948 | 201.604 | 320.228 | - | 4.119.730 | 688.100 | 17.839.229 | 24.339.839 |
| Total liabilities | 22.001.121 | 83.096.505 | 15.497.373 | 10.083.581 | 4.559.083 | 1.665.403 | 17.839.229 | 154.742.295 |
| Liquidity Gap | (5.505.016) | (79.232.208) | (8.606.080) | 22.746.427 | 70.170.266 | 14.915.862 | (14.489.251) | - |
| Prior Period | | | | | | | | |
| Total Assets | 15.317.288 | 3.117.435 | 7.003.766 | 27.460.677 | 81.418.073 | 23.591.259 | 2.772.644 | 160.681.142 |
| Total Liabilities | 21.574.790 | 99.185.275 | 12.731.816 | 7.577.221 | 4.286.553 | 919.118 | 14.406.369 | 160.681.142 |
| Liquidity Gap | (6.257.502) | (96.067.840) | (5.728.050) | 19.883.456 | 77.131.520 | 22.672.141 | (11.633.725) | - |

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

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

(3) TL4.096.208 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 TL15.779 is not granted as loan and is included under "Up to 1 Month" column.

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V. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

e) Credit Risk Mitigation Techniques:

Bank makes credit risk reduction by using simple financial collateral method in accordance with the Article 33 of Communiqué on Credit Risk Reduction Methods.

Bank does not perform net-off of balance sheet and off-balance sheet items in credit risk mitigation.

Financial collaterals considered as funded credit safe guards in bank are; treasury bills, government bonds, cash, mortgage on deposit and gold. Financial collaterals considered as unfunded credit safe guards in bank are; guarantees and counter guarantees.

Financial collaterals are valuated daily in bank. Credibilities of guarantors are monitored and evaluated in the scope of maturity.

Collaterals in terms of Risk Categories

| Exposure classifications | Amount | Financial Collaterals | Other/Physical Collaterals | Guarantees and Credit Derivatives |
|--|--------------------|------------------------------|-----------------------------------|--|
| Conditional and unconditional receivables from central governments or central banks | 74.796.097 | 4.284.203 | - | - |
| Conditional and unconditional receivables from regional or local governments | 56.587 | 40.487 | - | - |
| Conditional and unconditional receivables from administrative units and non-commercial enterprises | 146.060 | 622.316 | - | - |
| Conditional and unconditional receivables from multilateral development banks | - | - | - | - |
| Conditional and unconditional receivables from international organizations | - | - | - | - |
| Conditional and unconditional receivables from banks and brokerage houses | 5.306.009 | 3.764.315 | - | - |
| Conditional and unconditional corporate receivables | 15.773.974 | 7.781.218 | - | 464.705 |
| Conditional and unconditional retail receivables | 35.868.775 | 335.540 | - | 52.198 |
| Conditional and unconditional secured mortgage receivables | 7.504.121 | 12.000 | - | 5.049 |
| Non-performing loan | 569.523 | - | - | - |
| Receivables in high risk category defined by BRSA | 9.910.520 | - | - | - |
| Securities collateralised by mortgages | - | - | - | - |
| Securitisation positions | - | - | - | - |
| Short-term receivables from banks, stockbrokers and corporates | - | - | - | - |
| Investments of natured collective investment enterprise | - | - | - | - |
| Other receivables | 7.514.969 | - | - | - |
| Total | 157.446.635 | 16.840.079 | - | 521.952 |

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VI. RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Strategies and Practices on Risk Management:

The Bank, manages the interest and credit risks occurred from the exposed market, liquidity and banking accounts, within the scope of BRSA regulations and by considering the best practices suitable to the volume of operations, qualification and complexity.

b) Structure and Organization of Risk Management

Risk Management Operations are conducted in accordance with the Regulation for Banks’ Internal Systems issued in the Official Gazette numbered 28337 and dated 28 June 2012 by Banking Regulation and Supervising Agency and within the scope of “Regulation for Risk Management” approved by the Bank’s Board of Directors’ Decision No. 7/101, dated 21 March 2012.

As of 30 September 2012, Risk Management organization is composed of operation and market risk management, credit risk management and balance sheet risks management units.

c) Risk Reporting and Scope and Qualification of the Measurement Systems

In order to put forward the potential risks which may be encountered by the Bank, it is essential to consider the results of risk measurement and monitoring activities in the process of Banks’ strategic decisions. In the buy – sell strategy context, the analyses presented below are performed regarding the measurement and monitoring of the whole balance sheet and portfolios determined by the Bank.

Liquidity Risk

In order to put forward the liquidity risk of the Bank, measurement, monitoring, limiting, stress tests and scenario analyses suitable to positions structures and complexity are carried out and the results are periodically reported.

For the purpose of liquidity measuring and monitoring activities the Bank performs “Liquidity Gap Analysis” and “Deposit Analysis”. Liquidity Gap Analysis is performed based on time to maturity of assets and liabilities. Deposit Analysis is applied separately for both time and demand deposits. In order to measure the Banks liquidity creation capacity, the Bank calculates the possible liquidity need by usage of expected cash flow ratios regarding the consideration of each product and position (discount rates) and performs liquidity risk stress test. The Bank prepares weekly legal reports regarding the liquidity risk.

Interest Rate Risk On Banking Accounts:

In order to put forward the interest rate risk resulted from the banking operations, the Bank conducts measurement, monitoring, limiting, stress testing and scenario analysis activities suitable with its position structure and complexity and reports the results periodically.

In order to measure and monitor the interest rate risks resulted from Banking operations, Repricing Gap Analysis, Net Interest Margin/ Income Analysis and Duration Analysis are conducted based on the whole balance sheet and Banks economic capital adequacy is considered. The Repricing Gap Analysis is performed based on the assets and liabilities maturity to repricing date. Net Interest Margin/ Income Analysis is performed based on the interest sensitive balance sheet items maturity to repricing date. Duration Analysis is performed by weighting the durations, which is calculated by the effective duration method applied to the assets and liabilities. Effect of fluctuations of currencies, prices and interest rates are incorporated into stress tests conducted on the interest rate risks resulted from Banking accounts. Besides, Bank prepares monthly legal reports regarding the interest rate risks resulted from banking accounts.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Risk Reporting and Scope and Qualification of the Measurement Systems (Continued)

Market Risk

In order to put forward the possible interest risks resulted from the banking accounts, the bank carries out measurement, monitoring, limiting, stress testing and scenario analyses in accordance with the position structure and complexity of the operations and reports the results periodically.

Bank, market risk based amount is calculated monthly by using Standard Method as within the context of legal reporting. This amount is included in Bank’s Standard Capital Adequacy Ratio.

Excluding Standard Method, Daily Value at Risk (“VAR”) forecasts are made as per daily period for buy - sell accounts and is reported to the related units. Backward testing is performed so as to measure performance of used model. Also, Bank performs as per daily and monthly periods stress tests and scenario analysis so as to observe the effect of excessive market fluctuations that are not covered by models over the Bank’s financial position.

Market risk exposure is limited with VAR based limit (interest rate and currency risk limit) within the context of “Regulation for Market Risk Management”. These limits are daily monitored.

Operational Risks

Bank calculates the potential loss amount subject to operational risk with Basic Indicator Approach within the frame of “ Regulation for Measurement and Assessment of Capital Adequacy of Banks” in order for stocking adequate equity capital toward losses that occur due to operational risks and annually reports to BRSA.

Under the title of Risk Management, operational risk is modeled with using Advanced Measurement Methods. Using the lost data in Operational Risk Loss database, Operational Value at Risk (VAR) is calculated using the Loss Distribution Method.

Operational risk profile of the bank is analyzed with effective methods. By using an integrated system to Bank structure that is suitable to current accounting system; examining the operational risks can be maintained by using the Operational Risk Loss Database which is categorized by Basel Bank Observation and Audit Committee’s missing case type and fields of operation. Risks about Information Technologies are tracked via separate database. “Self Assessment Practice” is applied in the determination of operational risks.

Bank analyses the risk level of branches and determines the risk condensations in the frame of risk based audit. In this context, branches operational risk profile level indicators are used.

The Bank prepares Risk Analysis Report regarding the risks arised from support services that are taken by the Bank and management of these risks, evaluation of expected utility and costs. This report is presented to Audit Committee. According to the related Regulation, a Risk Management Program is constituted related to support services.

Credit Risk

As of 1 July 2012, Basel II legal reporting process based on Standard Method is started in calculation of Credit Risk legal capital need.

In the context of centralazation of the credit risks, rating systems developed for Corporate, Commercial and Entrepreneur customers, and scoring models developed for retail customers. Validations regarding the said models are carried out independently by the Internal Control and Risk Management Group Presidency. The analyses regarding the performance and accuracy measurement of these models are carried out by statistical methods.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Risk Reporting and Scope and Qualification of the Measurement Systems (Continued)

Customer segment based, risk limits are determined at credit risk weighted assets and are monitored monthly based.

Based on general and sub accounts, credit portfolios' improvement tracking portfolio's improvement and loans under follow-up are analysed periodically. Also, vintage analyses made for real estate, vehicle, consumer, commercial, agricultural and SME loans in order to monitor and compare past performances.

d) Procedures On Risk Management And Risk Mitigation Policies With Regular Control Of Their Effectiveness

In order to prevent the negations, the Bank limits the risk limits with the related risk profile and risk toleration.

Risk limits are determined and approved by the Board of Directors by taking General Manager, Audit Committee and Executives' offers.

Risk limits are determined compatible with risk levels, operations, size of products and services and complexness of the Bank. Limits are reviewed regularly, adapted according to changes in market conditions, Bank strategy and risk appetite and monitored cyclically.

In addition, derivative transactions are made by the Bank, in order to obtain long term liabilities and limit the interest risks occurred from liquidity and banking accounts.

Bank reduces its risks according to basic financial method, and financial commitments are daily assessed. Credibilities of guarantors are monitored and assessed as part of credit revision maturities.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON OPERATING SEGMENTS

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

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

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

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

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

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

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting:

| | Consumer Banking | Commercial and SME Banking ⁽¹⁾ | Specialized Banking ⁽²⁾ | Investment Banking | International Banking | Total Operations of the Bank |
|---|---------------------|---|---------------------------------------|-----------------------|--------------------------|---------------------------------|
| Current Period | | | | | | |
| Total Operating Income/Expense ⁽³⁾ | 1.847.891 | 664.620 | 738.707 | 2.592.624 | 40.323 | 5.884.165 |
| Net Operating Profit | 758.514 | 272.810 | 303.221 | 1.064.208 | 16.552 | 2.415.305 |
| Income from Subsidiaries ⁽⁴⁾ | - | - | - | - | - | 89.293 |
| Income Before Taxes | - | - | - | - | - | 2.504.598 |
| Tax Provision | - | - | - | - | - | (618.242) |
| Net Profit for the Period | - | - | - | - | - | 1.886.356 |
| Segment Assets-net ⁽³⁾ | 30.433.156 | 14.320.758 | 22.826.433 | 81.617.760 | 2.559.316 | 151.757.423 |
| Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) | - | - | - | - | - | 838.866 |
| Undistributed Assets ⁽⁵⁾ | - | - | - | - | - | 2.146.006 |
| Total Assets | - | - | - | - | - | 154.742.295 |
| Segment Liabilities – net ⁽³⁾ | 21.868.190 | 10.290.390 | 20.511.161 | 75.963.392 | 2.520.526 | 131.153.659 |
| Undistributed Liabilities ⁽⁵⁾ | - | - | - | - | - | 7.770.444 |
| Shareholders' Equity | - | - | - | - | - | 15.818.192 |
| Total Liabilities | - | - | - | - | - | 154.742.295 |
| Other Segment Items | | | | | | |
| Capital Investment | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | 54.191 |
| Restructuring Costs | - | - | - | - | - | - |

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting: (Continued)

| | Consumer Banking | Commercial and SME Banking ⁽¹⁾ | Specialized Banking ⁽²⁾ | Investment Banking | International Banking | Total Operations of the Bank |
|--|---------------------|---|---------------------------------------|-----------------------|--------------------------|------------------------------------|
| Prior Period – 30 September 2011 | | | | | | |
| Total Operating Income/Expense ⁽³⁾ | 1.287.434 | 465.736 | 558.265 | 2.077.606 | 28.445 | 4.417.486 |
| Net Operating Profit | 558.653 | 202.096 | 242.247 | 901.532 | 12.343 | 1.916.871 |
| Income from Subsidiaries ⁽⁴⁾ | - | - | - | - | - | 31.751 |
| Income Before Taxes | - | - | - | - | - | 1.948.622 |
| Tax Provision | - | - | - | - | - | (459.449) |
| Net Profit for the Period | - | - | - | - | - | 1.489.173 |
| 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 – 31 December 2011 | - | - | - | - | - | 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 – 31 December 2011 | - | - | - | - | - | 160.681.142 |
| Other Segment Items | | | | | | |
| Capital Investment | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | 47.442 |
| Restructuring Costs | - | - | - | - | - | - |

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

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

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

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

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

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

| | Current Period | | Prior Period | |
|--|------------------|-------------------|------------------|------------------|
| | TL | FC | TL | FC |
| Cash in TL/Foreign Currency | 930.074 | 279.834 | 1.094.841 | 225.692 |
| Central Bank of the Republic of Turkey | 2.621.819 | 11.855.777 | 5.223.495 | 7.717.601 |
| Other | - | 32.153 | - | 10.745 |
| Total | 3.551.893 | 12.167.764 | 6.318.336 | 7.954.038 |

1.a.1) Information on Required Reserves:

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

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

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

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

| | Current Period | | Prior Period | |
|-------------------------------------|------------------|-------------------|------------------|------------------|
| | TL | FC | TL | FC |
| Unrestricted Demand Deposit | 2.592.636 | - | 5.192.098 | - |
| Unrestricted Time Deposit | - | - | - | - |
| Restricted Time Deposit | - | - | - | - |
| Required Reserves ⁽¹⁾⁽²⁾ | 29.183 | 11.855.777 | 31.397 | 7.717.601 |
| Total | 2.621.819 | 11.855.777 | 5.223.495 | 7.717.601 |

⁽¹⁾ Required reserve of branches abroad amounting to TL38.724 is presented in this line (31 December 2011: TL40.505).

⁽²⁾ TL8.683.141 in FC required reserves is the part of TL required reserves kept as FC (31 December 2011: TL4.917.924).

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

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

a.2) Bank has no financial assets at fair value through profit and loss given or blocked as collateral.

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

| Derivative Financial Assets Held-for-Trading | Current Period | | Prior Period | |
|--|----------------|--------------|---------------|---------------|
| | TL | FC | TL | FC |
| Forward Transactions | 751 | 236 | 982 | 6 |
| Swap Transactions | 22.223 | 1.770 | 49.721 | 26.459 |
| Futures Transactions | - | - | - | - |
| Options | - | - | - | - |
| Other | - | - | - | - |
| Total | 22.974 | 2.006 | 50.703 | 26.465 |

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

| Banks | Current Period | | Prior Period | |
|----------------------------------|----------------|------------------|---------------|------------------|
| | TL | FC | TL | FC |
| Domestic Banks | 18.153 | 243.325 | - | 49.179 |
| Foreign Banks | 6.852 | 970.360 | 61.040 | 1.210.240 |
| Foreign Head Office and Branches | - | - | - | - |
| Total | 25.005 | 1.213.685 | 61.040 | 1.259.419 |

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

| | Current Period | Prior Period |
|---|------------------|-------------------|
| Assets Subject to Repurchase Agreements | 9.273.830 | 17.061.477 |
| Assets Blocked/Given as Collateral | 284.478 | 2.601.686 |
| Total | 9.558.308 | 19.663.163 |

b) Information on financial assets available for sale:

| | Current Period | Prior Period |
|------------------------------|-------------------|-------------------|
| Debt Securities | 36.606.958 | 38.354.836 |
| Quoted in Stock Exchange | 36.606.958 | 38.354.836 |
| Not Quoted in Stock Exchange | - | - |
| Share Certificates | 244.410 | 219.828 |
| Quoted in Stock Exchange | 110.161 | 94.717 |
| Not Quoted | 134.249 | 125.111 |
| Provision for Impairment (-) | 15.810 | 446.881 |
| Total | 36.835.558 | 38.127.783 |

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans:

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

| | Current Period | | Prior Period | |
|---|----------------|----------|----------------|----------|
| | Cash | Non-Cash | Cash | Non-Cash |
| Direct Loans Granted to Shareholders | | | | |
| Legal Entities | | | | |
| Individuals | | | | |
| Indirect Loans Granted to Shareholders | | | | |
| Loans Granted to Employees | 246.298 | - | 244.850 | |
| Total | 246.298 | - | 244.850 | |

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

| Cash Loans | Standard Loans and Other Receivables | | | Loans and Other Receivables Under Close Monitoring | | |
|------------------------------------|--------------------------------------|--|-------|--|---|-------|
| | Loans and Other Receivables | Restructured or Rescheduled | | Loans and Other Receivables | Restructured or Rescheduled | |
| | | Loans and other receivables with revised contract terms ⁽¹⁾ | Other | | Loans and other receivables with revised contract terms | Other |
| Non-Specialized Loans | 41.109.241 | 65.905 | - | 3.836.060 | 150.460 | - |
| Commercial Loans | 9.048.967 | - | - | - | - | - |
| Export Loans | 1.202.443 | - | - | 4.737 | - | - |
| Import Loans | - | - | - | 358 | - | - |
| Loans Given to Financial Sector | 161.636 | - | - | - | - | - |
| Consumer Loans | 24.015.350 | 9.150 | - | 2.767.657 | 14.928 | - |
| Credit Cards | 1.878.259 | 510 | - | 56.600 | - | - |
| Other ⁽²⁾ | 4.802.586 | 56.245 | - | 1.006.708 | 135.532 | - |
| Specialized Lending ⁽³⁾ | 19.211.592 | 263.533 | - | 963.011 | 47.644 | - |
| Other Receivables | - | - | - | - | - | - |
| Interest Income Accruals | 1.982.949 | - | - | - | - | - |
| Total | 62.303.782 | 329.438 | | 4.799.071 | 198.104 | |

⁽¹⁾ Restructured or Rescheduled loans can not be decomposed systematically. Therefore it is shown in the “Loans and other receivables with revised contract terms” section.

⁽²⁾ Restructured or Rescheduled loans and the loans under close monitoring and the separation of the accruals of other receivables can not be obtained by the available information operating system.

⁽³⁾ Fund sourced Agricultural Loans are shown under Specialized Lending.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

| No. of extensions | Standard Loans and Other Receivables | Loans and Other Receivables Under Close Monitoring |
|---------------------------|---|---|
| 1 or 2 Times Extended (*) | 329.438 | 198.104 |
| 3.4 or 5 Times Extended | - | - |
| Over 5 Times Extended | - | - |

(*) Number of modification made according to extent of payment plan can not be decomposed systematically therefore it is shown in this line.

| Extension Periods | Standard Loans and Other Receivables | Loans and Other Receivables Under Close Monitoring |
|--------------------------|---|---|
| 0 - 6 Months | 53.784.941 | 26.571.953 |
| 6 Months – 12 Months | 165.178.216 | 43.113.402 |
| 1 - 2 Years | 70.879.742 | 41.135.606 |
| 2 - 5 Years | 83.128.035 | 78.041.376 |
| 5 Years and Over | - | - |

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

| | Short-Term | Medium and Long-Term | Total |
|-------------------------------------|-------------------|-----------------------------|-------------------|
| Consumer Loans - TL | 319.787 | 26.044.601 | 26.364.388 |
| Real Estate Loans | 496 | 7.035.415 | 7.035.911 |
| Vehicle Loans | 796 | 244.171 | 244.967 |
| Consumer Loans | 316.093 | 18.620.306 | 18.936.399 |
| Abroad ⁽²⁾ | 2.402 | 144.709 | 147.111 |
| Other | - | - | - |
| Consumer Loans- Indexed to FC | - | 13 | 13 |
| Real Estate Loans | - | 13 | 13 |
| Vehicle Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Consumer Loans- FC | 13 | 738 | 751 |
| Real Estate Loans | - | 49 | 49 |
| Vehicle Loans | - | - | - |
| Consumer Loans | 13 | 689 | 702 |
| Other | - | - | - |
| Individual Credit Cards-TL | 1.741.153 | 6.934 | 1.748.087 |
| With Installment | 567.571 | 6.655 | 574.226 |
| Without Installment | 1.173.582 | 279 | 1.173.861 |
| Individual Credit Cards-FC | 2.855 | - | 2.855 |
| With Installment | - | - | - |
| Without Installment | 2.855 | - | 2.855 |
| Personnel Loans-TL | 16.826 | 157.252 | 174.078 |
| Real Estate Loans | - | 699 | 699 |
| Vehicle Loans | - | - | - |
| Consumer Loans | 5.180 | 155.652 | 160.832 |
| Abroad ⁽²⁾ | 33 | 901 | 934 |
| Other | 11.613 | - | 11.613 |
| 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 | 68.942 | 244 | 69.186 |
| With Installment | 26.873 | 231 | 27.104 |
| Without Installment | 42.069 | 13 | 42.082 |
| Personnel Credit Cards-FC | 118 | - | 118 |
| With Installment | - | - | - |
| Without Installment | 118 | - | 118 |
| Overdraft Accounts-TL (Real Person) | 415.900 | - | 415.900 |
| Overdraft Accounts-FC (Real Person) | - | - | - |
| Total ⁽¹⁾ | 2.565.594 | 26.209.782 | 28.775.376 |

⁽¹⁾ TL262.388 of interest income accrual is not included in the table above.

⁽²⁾ TL934 of consumer loans used by the personnel abroad and TL147.111 of consumer loans have been shown under “Other” of 5-b table.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

| | Short-Term | Medium and Long-Term | Total |
|---|-------------------|-----------------------------|------------------|
| Commercial Installment Loans-TL | 163.767 | 3.471.533 | 3.635.300 |
| Business Loans | 167 | 93.543 | 93.710 |
| Vehicle Loans | 1.243 | 249.543 | 250.786 |
| Consumer Loans | 148.912 | 2.749.052 | 2.897.964 |
| Other | 13.445 | 379.395 | 392.840 |
| Commercial Installment Loans- Indexed to FC | - | - | - |
| Business Loans | - | - | - |
| Vehicle Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Commercial Installment Loans - FC | - | 43.479 | 43.479 |
| Business Loans | - | - | - |
| Vehicle Loans | - | - | - |
| Consumer Loans | - | 43.479 | 43.479 |
| Other | - | - | - |
| Corporate Credit Cards-TL | 114.513 | 198 | 114.711 |
| With Installment | 4.465 | 195 | 4.660 |
| Without Installment | 110.048 | 3 | 110.051 |
| Corporate Credit Cards-FC | 412 | - | 412 |
| With Installment | - | - | - |
| Without Installment | 412 | - | 412 |
| Overdraft Account-TL (Legal Entity) | 21.781 | - | 21.781 |
| Overdraft Account-FC (Legal Entity) | - | - | - |
| Total ⁽¹⁾ | 300.473 | 3.515.210 | 3.815.683 |

⁽¹⁾ Accruals are not included in the table above.

e) Breakdown of domestic and international loans:

| | Current Period | Prior Period |
|-----------------------------------|-----------------------|---------------------|
| Domestic Loans | 64.815.502 | 68.700.460 |
| Foreign Loans | 831.944 | 1.003.690 |
| Interest Income Accruals of Loans | 1.982.949 | 1.469.110 |
| Total | 67.630.395 | 71.173.260 |

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

f) Loans granted to subsidiaries and associates:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Direct loans granted to subsidiaries and associates | 210.460 | 279.189 |
| Indirect loans granted to subsidiaries and associates | - | - |
| Total ⁽¹⁾ | 210.460 | 279.189 |

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

g) Specific provisions provided against loans:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Loans and other receivables with limited collectability | 261.249 | 12.202 |
| Loans and other receivables with doubtful collectability | 275.728 | 104.637 |
| Uncollectible loans and other receivables | 523.033 | 489.487 |
| Total | 1.060.010 | 606.326 |

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

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

| | Group III: Loans and receivables with limited collectability | Group IV: Loans and receivables with doubtful collectability | Group V: Uncollectible loans and receivables |
|--|---|---|---|
| Current period | 9.681 | 31.383 | 66.599 |
| (Gross amounts before the specific provisions) | | | |
| Loans and other receivables which are restructured | 9.681 | 31.383 | 66.599 |
| Rescheduled loans and other receivables | - | - | - |
| Prior 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 | - | - | - |

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

| | Group III: | Group IV: | Group V: |
|---|--|---|--|
| | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| Prior Period Ending Balance | 63.697 | 166.178 | 633.166 |
| Additions (+) | 1.313.838 | 52.549 | 71.788 |
| Transfers from other categories of non-performing loans (+) | - | 419.229 | 282.762 |
| Transfers to other categories of non-performing loans (-) | 419.229 | 282.762 | - |
| Collections (-) ⁽¹⁾ | 120.645 | 64.520 | 296.021 |
| Write-offs (-) | - | - | - |
| Corporate and Commercial Loans | - | - | - |
| Consumer Loans | - | - | - |
| Credit Cards | - | - | - |
| Other | - | - | - |
| Current Period End Balance ⁽²⁾ | 837.661 | 290.674 | 691.695 |
| Specific Provision (-) | 261.249 | 275.728 | 523.033 |
| Net Balance on Balance Sheet ⁽²⁾ | 576.412 | 14.946 | 168.662 |

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

⁽²⁾ Includes the fund sourced loans amounting to TL189.437 whose risk does not belong to the Bank.

3) Information on foreign currency non-performing loans:

| | Group III: | Group IV: | Group V: |
|-------------------------------------|--|---|--|
| | Loans and other receivables with limited collectability | Loans and other receivables with doubtful collectability | Uncollectible loans and other receivables |
| Current Period: | | | |
| Period Ending Balance | 2.351 | 5.797 | 6.460 |
| Specific Provision (-) | 1.176 | 5.797 | 6.460 |
| Net Balance on Balance Sheet | 1.175 | - | - |
| Prior Period: | | | |
| Period Ending Balance | - | 6.126 | 6.622 |
| Specific Provision (-) | - | 6.004 | 6.622 |
| Net Balance on Balance Sheet | - | 122 | - |

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

| | Group III: | Group IV: | Group V: |
|---|--|---|--|
| | Loans and other receivables with limited collectability | Loans and other receivables with doubtful collectability | Uncollectible loans and other receivables |
| Current Period (Net) | 576.412 | 14.946 | 168.662 |
| Loans to Real Persons and Legal Entities (Gross) | 837.661 | 237.951 | 691.695 |
| Specific Provisions (-) | 261.249 | 223.005 | 523.033 |
| Loans to Real Persons and Legal Entities (Net) | 576.412 | 14.946 | 168.662 |
| Banks (Gross) | - | - | - |
| Specific Provisions (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other Loans and Receivables (Gross) | - | 52.723 | - |
| Specific Provisions (-) | - | 52.723 | - |
| Other Loans and Receivables (Net) | - | - | - |
| Prior 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) | - | - | - |

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 | 6.093.848 | 2.304.438 | 6.920.200 | 1.638.210 |
| Treasury Bills | - | - | - | - |
| Other Public Sector Debt Securities | - | - | - | - |
| Bank Bonds and Bank Guaranteed Bonds | - | - | - | - |
| Asset Backed Securities | - | - | - | - |
| Other | - | - | - | - |
| Total | 6.093.848 | 2.304.438 | 6.920.200 | 1.638.210 |

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

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

| | Current Period | | Prior Period | |
|---|------------------|------------------|------------------|------------------|
| | TL | FC | TL | FC |
| Bills | - | - | - | - |
| Bonds and Similar Investment Securities | 6.911.936 | 1.555.136 | 9.241.832 | 1.023.067 |
| Other | - | - | - | - |
| Total | 6.911.936 | 1.555.136 | 9.241.832 | 1.023.067 |

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

| | Current Period | Prior Period |
|-------------------------------------|-------------------|-------------------|
| Government Bonds | 29.508.625 | 32.495.050 |
| Treasury Bills | - | - |
| Other Public Sector Debt Securities | - | - |
| Total | 29.508.625 | 32.495.050 |

c) Information on held-to-maturity investments:

| | Current Period | Prior Period |
|--------------------------------|-------------------|-------------------|
| Debt securities | 29.526.744 | 32.504.197 |
| Quoted in a Stock Exchange | 27.199.435 | 30.174.631 |
| Not Quoted in a Stock Exchange | 2.327.309 | 2.329.566 |
| Provision for Impairment (-) | 8.418 | - |
| Total | 29.518.326 | 32.504.197 |

d) Movements of held-to-maturity investments:

| | Current Period | Prior Period |
|---|-------------------|-------------------|
| Beginning Balance | 32.504.197 | 36.388.051 |
| Foreign Currency Differences on Monetary Assets | (247.925) | 817.735 |
| Purchases During the Year | 283.393 | 4.302.130 |
| Disposals through Sales and Redemptions | (3.012.921) | (9.003.719) |
| Provision for Impairment (-) | 8.418 | - |
| Period End Balance | 29.518.326 | 32.504.197 |

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

Revaluation differences of reclassified available for sale securities before deferred tax are TL68.984, EUR(23.067) thousand and USD(15.207) thousand respectively and are recorded under shareholders’ equity. These balances will be amortized until the redemption date of related securities using straight-line method and recorded as interest income or expense. As of balance sheet date, negative revaluation differences which are accounted under shareholders’ equity are TL12, USD13.747 thousand and EUR9.214 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR31.085 thousand and USD45.501 thousand respectively.

If the reclassification from the held for trading securities portfolio to the held to maturity had not been performed, income accrual amounting to TL43.660 would have been recorded. As of 30 September 2012, the reclassification from held for trading securities to held to maturity investments has an income impact of TL(39.784).

7. Information about associates (net):

a) Information about unconsolidated associates:

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

| | Total Assets ⁽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 | 28.465 | 22.672 | 13.462 | 841 | - | 4.189 | 3.179 | - |
| 2 | 75.321 | 57.644 | 4.076 | 1.415 | - | 23.655 | 12.265 | - |

- (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 30 September 2012. Prior period profit/loss information of associates has been provided from audited financial statements as of 30 September 2011.
(3) Total non-current assets include long term loans other than fixed assets.

b) 1) Information about consolidated associates:

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

| | Total Assets ⁽²⁾ | Shareholders’ Equity ⁽²⁾ | Total Non- Current Assets ⁽²⁾ | Interest Income ⁽²⁾ | Income from Marketable Securities ⁽²⁾ | Current Period Profit/Loss ⁽²⁾ | Prior Period Profit/Loss ⁽²⁾ | Fair Value ⁽¹⁾ |
|---|--------------------------------|--|---|-----------------------------------|--|--|--|------------------------------|
| 1 | 2.147.091 | 406.450 | 23.614 | 71.122 | 20.270 | 52.473 | 33.540 | - |

- (1) Since shares of ArapTürk Bankası A.Ş. are not traded in the stock market, fair values cannot be identified.
(2) Current period financial statements information of ArapTürk Bankası A.Ş. has been provided from unaudited financial statements as of 30 September 2012 and prior period profit/loss balances of ArapTürk Bankası A.Ş. have been provided from unaudited financial statements as of 30 September 2011.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

2) Explanation regarding consolidated associates:

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

3) Sector information about consolidated associates:

| | Current Period | Prior Period |
|----------------------------|-----------------------|---------------------|
| Banks | 59.386 | 53.781 |
| Insurance Companies | - | - |
| Factoring Companies | - | - |
| Leasing Companies | - | - |
| Finance Companies | - | - |
| Other Financial Associates | - | - |

4) Consolidated associates quoted to a stock exchange:

None (31 December 2011: None).

8. Information on subsidiaries (net):

a) 1) Information about unconsolidated subsidiaries:

| | Description | Address (City/Country) | The Bank's Share Percentage-if different Voting Percentage (%) | The Bank's Risk Group Share Percentage (%) |
|---|---|-----------------------------------|---|---|
| 1 | Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş. | Istanbul/Turkey | 71,43 | 52,54 |
| 2 | Fintek Finansal Teknoloji Hizmetleri A.Ş. | Ankara/Turkey | 75,00 | 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 | 28.297 | 13.131 | 4.542 | 446 | 88 | 1.400 | 2.379 | - |
| 2 | 26.288 | 5.260 | 84 | 346 | 57 | 479 | 441 | - |

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

(2) Current period information of subsidiaries has been provided from unaudited financial statements as of 30 September 2012 and prior period profit/loss balances has been provided from audited financial statements as of 30 September 2011.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

b) 1) Explanation regarding consolidated subsidiaries:

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

| | Description | Address (City/Country) | The Bank's Share Percentage-if different Voting Percentage (%) | The Bank's Risk Group Share Percentage (%) |
|---|-------------------------------------|-----------------------------|--|--|
| 1 | Ziraat Hayat ve Emeklilik A.Ş. | Istanbul/Turkey | 100,00 | 99,98 |
| 2 | Ziraat Sigorta A.Ş. | Istanbul/Turkey | 100,00 | 99,98 |
| 3 | Ziraat Finansal Kiralama A.Ş. | Istanbul/Turkey | 100,00 | 50,25 |
| 4 | Ziraat Yatırım Menkul Değerler A.Ş. | Istanbul/Turkey | 100,00 | 63,06 |
| 5 | Ziraat Portföy Yönetimi A.Ş. | Istanbul/Turkey | 60,00 | 65,70 |
| 6 | Ziraat Bank International A.G. | Frankfurt/Germany | 100,00 | 100,00 |
| 7 | Turkish Ziraat Bank Bosnia dd | Sarajevo/Bosnia Herzegovina | 100,00 | 100,00 |
| 8 | Ziraat Bank (Moscow) CJSC | Moscow/Russia | 100,00 | 99,91 |
| 9 | Kazakhstan Ziraat Int. Bank | Almaty/Kazakhstan | 100,00 | 99,58 |

| | Total Assets ⁽³⁾ | Shareholders' Equity ⁽³⁾ | Total Non- Current Assets ⁽³⁾ | Interest Income ⁽³⁾ | Income from Marketable Securities Portfolio ⁽²⁾ | Current Period Profit/Loss ⁽³⁾ | Prior Period Profit/Loss ⁽³⁾ | Fair Value ⁽¹⁾ |
|---|--------------------------------|--|--|-----------------------------------|--|---|---|------------------------------|
| 1 | 1.115.463 | 142.660 | 1.295 | - | 84.176 | 68.295 | 48.210 | - |
| 2 | 243.919 | 85.984 | 850 | - | 13.487 | 36.516 | 31.377 | - |
| 3 | 635.344 | 143.460 | 1.030 | 509 | - | 16.498 | 13.197 | - |
| 4 | 106.450 | 69.433 | 1.365 | 5.836 | 955.531 | 7.546 | 9.488 | - |
| 5 | 9.632 | 9.114 | 93 | 813 | 1.858 | 630 | 1.093 | - |
| 6 | 1.789.482 | 363.912 | 2.917 | 36.330 | 4.280 | 3.870 | 5.107 | 323.328 |
| 7 | 258.549 | 84.209 | 8.259 | 7.245 | 360 | 1.321 | 930 | 48.632 |
| 8 | 120.402 | 55.131 | 4.101 | 6.140 | 91 | 3.008 | 2.179 | 43.477 |
| 9 | 274.800 | 202.421 | 8.735 | 6.276 | 1.186 | 7.903 | 2.225 | 183.719 |

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

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

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

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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)

2) Information about consolidated subsidiaries

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Balance at the Beginning of the Period | 694.228 | 629.955 |
| Movements During the Period | 22.207 | 64.273 |
| Additions to Scope of Consolidation | | - |
| Purchases ⁽¹⁾ | | 56.690 |
| Bonus Shares Obtained | 59.676 | 7.583 |
| Dividends from current year income | | - |
| Transfers to available for sale assets | | - |
| Sales ⁽²⁾ | (37.469) | - |
| Revaluation Increase | | - |
| Impairment Provision | | - |
| Balance at the End of the Period | 716.435 | 694.228 |
| Capital Commitments | | - |
| Share percentage at the end of the period (%) | | - |

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

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

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

| | Current Period | Prior Period |
|------------------------------|-----------------------|---------------------|
| Banks | 599.156 | 576.949 |
| Insurance Companies | 39.984 | 39.984 |
| Factoring Companies | | - |
| Leasing Companies | 57.443 | 57.443 |
| Financing Companies | | - |
| Other Financial Subsidiaries | 19.852 | 19.852 |

c) Subsidiaries which are quoted on a stock exchange:

None.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

| 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 | 10.241 | 10.241 | 97.644 | 6.077 | 25.409 | 12.297 | 7.147 |
| Uzbekistan- Turkish Bank | 20.198 | 20.207 | 136.019 | 1.401 | 2.074 | 7.266 | 4.587 |
| Azer Türk Bank ASC | 13.729 | 14.922 | 162.181 | 1.757 | 383 | 25.825 | 23.871 |
| Total | 44.168 | 45.370 | 395.844 | 9.235 | 27.866 | 45.388 | 35.605 |

(1) Information on entities under common control is provided from the unaudited financial statements as of 30 September 2012.

(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 (31 December 2011: None).

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

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

The Bank's immovables acquired amount to TL61.367 consisting of TL2.208 on consumer loan, TL52.710 on its commercial loans and TL6.449 on its agricultural loans. Also, the sum of movables acquired from consumer loan amount to TL35. Total depreciation expense is TL299 for these held for sale assets.

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

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

1) For deposit banks:

| Current Period | Demand | 7 Day Call Accounts | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months- 1 Year | 1 Year and Over | Cumulative Deposits | Total |
|---------------------------|-------------------|---------------------------|-------------------|-------------------|------------------|---------------------|--------------------|------------------------|--------------------|
| | | | | | | | | | |
| Saving Deposits | 6.764.886 | - | 2.293.824 | 40.837.871 | 4.055.976 | 477.142 | 829.283 | 4.681 | 55.263.663 |
| Foreign Currency Deposits | 3.797.409 | - | 2.864.569 | 6.595.373 | 2.557.961 | 678.777 | 5.132.132 | 328 | 21.626.549 |
| Residents in Turkey | 3.500.103 | - | 2.760.592 | 6.227.618 | 2.384.404 | 567.982 | 4.532.831 | 327 | 19.973.857 |
| Residents Abroad | 297.306 | - | 103.977 | 367.755 | 173.557 | 110.795 | 599.301 | - | 1.652.692 |
| Public Sector Deposits | 5.481.389 | - | 894.568 | 4.830.554 | 697.573 | 28.605 | 3.535 | - | 11.936.224 |
| Commercial Inst. Deposits | 1.930.806 | - | 1.095.665 | 3.515.072 | 624.205 | 5.209 | 20.074 | - | 7.191.031 |
| Other Inst. Deposits | 1.491.745 | - | 356.560 | 2.208.449 | 210.353 | 375.419 | 5.241 | - | 4.647.767 |
| Precious Metals | 556.780 | - | - | - | - | - | - | - | 556.780 |
| Interbank Deposits | 164.453 | - | 4.635.478 | 1.034.593 | 1.012.993 | 2.000 | 2.000 | - | 6.851.517 |
| CBRT | 1.945 | - | 1.789 | - | - | - | - | - | 3.734 |
| Domestic Banks | 34.613 | - | 4.633.689 | 319.073 | 49.593 | 2.000 | 2.000 | - | 5.040.968 |
| Foreign Banks | 112.746 | - | - | 715.520 | 963.400 | - | - | - | 1.791.666 |
| Participation Banks | 15.149 | - | - | - | - | - | - | - | 15.149 |
| Other | - | - | - | - | - | - | - | - | - |
| Total | 20.187.468 | - | 12.140.664 | 59.021.912 | 9.159.061 | 1.567.152 | 5.992.265 | 5.009 | 108.073.531 |

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

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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⁾ | 29.990.362 | 30.206.627 | 25.016.525 | 25.297.249 |
| Foreign Currency Saving Deposits ⁽²⁾ | 8.047.450 | 7.404.412 | 9.961.330 | 9.275.852 |
| Other Deposits in the form of Saving Deposits | - | - | - | - |
| Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾ | 409.985 | 412.909 | 25.957 | 42.243 |
| Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance | - | - | - | - |

(1) In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, TL15.607 and TL7.161 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2011: Bulgaria and Greece, respectively TL17.026, TL5.792).

(2) Related deposit balances do not include foreign branches

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL3.022 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, TL378.353 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 7 November 2006 and numbered 26339.

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

The Bank's head office is located in Turkey.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

b) Information on saving deposits: (Continued)

3) Amounts which are not covered by deposit insurance:

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

| | Current Period | Prior Period |
|---|----------------|--------------|
| Deposits and other Accounts in Branches Abroad | 60.953 | 4.436 |
| Deposits of Ultimate Shareholders and Their Close Families | - | - |
| Deposits of Chairman and Members of the Board of Directors and Their Close Families | 962 | 1.199 |
| Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004 | - | - |
| Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities | - | - |

2. Information on derivative financial liabilities held for trading:

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

| Financial Liabilities Held for Trading | Current Period | | Prior Period | |
|--|----------------|---------------|---------------|--------------|
| | TL | FC | TL | FC |
| Forward Transactions | 744 | 200 | 943 | 28 |
| Swap Transactions | 26.035 | 44.591 | 28.910 | 9.940 |
| Futures Transactions | - | - | - | - |
| Options | - | - | - | - |
| Other | - | - | - | - |
| Total | 26.779 | 44.791 | 29.853 | 9.968 |

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

| | Current Period | | Prior Period | |
|---------------------------------------|----------------|------------------|---------------|----------------|
| | TL | FC | TL | FC |
| Borrowings from CBRT | - | - | - | - |
| Domestic Banks and Institutions | 60.067 | 67.333 | 65.526 | 43.778 |
| Foreign Banks, Institutions and Funds | 727.014 | 1.477.139 | - | 444.178 |
| Total | 787.081 | 1.544.472 | 65.526 | 487.956 |

b) Maturity structure of funds borrowed:

| | Current Period | | Prior Period | |
|----------------------|----------------|------------------|---------------|----------------|
| | TL | FC | TL | FC |
| Short-Term | 50.534 | 951.663 | 63.631 | 63.384 |
| Medium and Long-Term | 736.547 | 592.809 | 1.895 | 424.572 |
| Total | 787.081 | 1.544.472 | 65.526 | 487.956 |

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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:

69,84% of the Bank’s liabilities consist of deposits. Deposits are having a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk.

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

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

5. Information on finance lease payables (net):

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

6. Information on derivative financial liabilities for hedging purposes:

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

7. Explanations on provisions:

a) Information on general provisions:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| General Provisions | 1.101.080 | 977.690 |
| Provisions for First Group Loans and Receivables | 880.698 | 820.567 |
| Additional Provision for Loans and Receivables with Extended Maturities | 18.738 | 24.694 |
| Provisions for Second Group Loans and Receivables | 151.964 | 93.766 |
| Additional Provision for Loans and Receivables with Extended Maturities | 9.511 | 3.093 |
| Provisions for Non-Cash Loans | 42.187 | 38.354 |
| Other | 26.231 | 25.003 |

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

i) Rescheduled loan and other receivables that are standard:

| 30 September 2012 | Up-to-1 month | 1-3 months | 3-12 months | 1-5 years | 5 years and above | Total |
|--------------------------------------|--------------------------|-----------------------|------------------------|------------------|----------------------------------|----------------|
| Number of rescheduled loan agreement | 195 | 290 | 4.397 | 5.657 | - | 10.539 |
| Risk amount | 16.292 | 16.669 | 186.003 | 154.007 | - | 372.971 |

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

| 30 September 2012 | Up-to-1 month | 1-3 months | 3-12 months | 1-5 years | 5 years and above | Total |
|--------------------------------------|--------------------------|-----------------------|------------------------|------------------|----------------------------------|----------------|
| Number of rescheduled loan agreement | 311 | 171 | 1.073 | 2.059 | - | 3.614 |
| Risk amount | 6.567 | 9.544 | 53.574 | 119.177 | - | 188.862 |

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

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

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

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL23.137.

d) Information on other provisions:

1) Information on general provisions for possible risks:

The accompanying financial statements include a general reserve amounting to TL695.500 thousand (TL565.500 thousand of this reserve amount was charged to the income statement as an expense in the current period), provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL10.000 and other provision of TL100 exist for cash transfers made by Bank officials.

| | Current Period | Prior Period |
|---------------------------------------|-----------------------|---------------------|
| General provisions for possible risks | 705.600 | 140.248 |

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

Since the Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, based on the information provided by the legal department, lawsuits against the Bank over TL100 amounts to TL61.996. Full provision has been provided in the accompanying financial statements for law suits ended against the Bank but not finalized yet, amounting to TL32.059. In addition to these, for the interest expenses calculated for the lawsuits against the Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, general provision amounting to TL62.932 has been provided.

Furthermore, based on the decision of the Bank management, provision amounting to TL95.200 in total, TL75.200 included in the current year, without taking into consideration the guarantees of the loans and in line with the conservatism principle, is provided for the consumer loans followed under standard loan portfolio that also have amounts in the non performing loan portfolio in compliance with the Act on Preservation of Consumers numbered 4077. The provision is made in accordance with the "Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions", published in Official Gazette numbered 26333, dated 1 November 2006 and considering the conservatism principle without taking into consideration the guarantees of these loans.

The Bank also provided provisions amounting to TL23.137 for unindemnified non-cash loans, and TL8.899 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 TL927.827 (31 December 2011: TL258.146).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

e) Vacation and employment termination benefits obligations:

1) Employment termination benefits and unused vacation rights

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

Movement of employment termination benefits liability in the balance sheet:

| | Current Period | Prior Period |
|------------------------|-----------------------|---------------------|
| As of 1 January | 531.100 | 489.700 |
| Payments in the period | (42.623) | (47.300) |
| Charge for the period | 73.023 | 88.700 |
| Total | 561.500 | 531.100 |

As of 30 September 2012 unpaid vacation liability amounted to TL126.600 (31 December 2011: TL125.500) is presented under the “Employee Benefits Provision” in the financial statements.

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of 30 September 2012, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL301.080 (31 December 2011: TL85.187).

2) Information on current taxes payable:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Corporate Tax Payable | 301.080 | 85.187 |
| Taxation on Income From Securities | 82.968 | 108.145 |
| Property Tax | 891 | 840 |
| Banking Insurance Transactions Tax (BITT) | 40.344 | 40.014 |
| Foreign Exchange Transactions Tax | 4 | 4 |
| Value Added Tax Payable | 862 | 1.266 |
| Other | 22.792 | 24.590 |
| Total | 448.941 | 260.046 |

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on tax liability: (Continued)

a) Information on current tax liability: (Continued)

3) Information on premiums:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Social Security Premiums - Employee | 24 | 22 |
| Social Security Premiums - Employer | 33 | 31 |
| Bank Social Aid Pension Fund Premium - Employee | 3.133 | 3.263 |
| Bank Social Aid Pension Fund Premium - Employer | 4.407 | 4.598 |
| Pension Fund Membership Fees and Provisions - Employee | 5 | 7 |
| Pension Fund Membership Fees and Provisions - Employer | 15 | 17 |
| Unemployment Insurance - Employee | 478 | 485 |
| Unemployment Insurance - Employer | 958 | 973 |
| Other | 11 | 6 |
| Total | 9.064 | 9.402 |

b) Information on deferred tax liabilities, if any:

The Bank’s deferred tax liability amounts to TL121.910 (31 December 2011: TL8.351). However, this amount is net off against the deferred tax asset and accordingly deferred tax asset amounting to TL223.100 (31 December 2011: TL281.702) 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.

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

There is no increase from capital reserves.

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

The Bank has no capital commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Information on shareholders’ equity: (Continued)

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

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

g) Information on preferred shares:

The Bank has no preferred shares.

h) Information on marketable securities value increase fund:

| | Current Period | | Prior Period | |
|---|----------------|----------------|------------------|---------------|
| | TL | FC | TL | FC |
| From Subsidiaries, Associates and Entities under common control | - | 77.262 | - | 81.479 |
| Revaluation Difference | - | 77.262 | - | 81.479 |
| Foreign Exchange Difference | - | - | - | - |
| From Available for Sale Marketable Securities | 156.638 | 394.089 | (410.811) | (45.037) |
| Revaluation Difference | 260.335 | 394.089 | (545.156) | (45.037) |
| Deferred Tax Effect | (103.697) | - | 134.345 | - |
| Foreign Exchange Difference | - | - | - | - |
| Total | 156.638 | 471.351 | (410.811) | 36.442 |

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

| | Current Period | Prior Period |
|---|------------------|------------------|
| Payment Commitments for Cheques | 2.474.144 | 2.461.000 |
| Asset Purchase Commitments | 469.355 | 635.714 |
| Commitments for Credit Card Expenditure Limits | 3.846.795 | 3.822.106 |
| Loan Granting Commitments | 19 | 143 |
| Other Irrevocable Commitments | 1.961.182 | 1.802.269 |
| Subsidiaries and Associates Capital Contribution Commitments | - | 1.000 |
| Promotion Campaigns Commitments Relating to Credit Card and Bank Services | 10.479 | 8.131 |
| Total | 8.761.974 | 8.730.363 |

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

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

| | Current Period | Prior Period |
|-------------------|-------------------|-------------------|
| Guarantee Letters | 10.754.911 | 9.967.250 |
| Bank Acceptances | 902.963 | 373.588 |
| Letter of Credits | 1.825.457 | 1.637.823 |
| Total | 13.483.331 | 11.978.661 |

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

| | Current Period | Prior Period |
|--|-------------------|------------------|
| Letter of Temporary Guarantees | 263.897 | 416.997 |
| Letter of Certain Guarantees | 6.269.312 | 5.421.564 |
| Letters of Advance Guarantees | 3.004.080 | 3.113.897 |
| Letters of Guarantees given to Customs Offices | 130.408 | 100.080 |
| Other Letters of Guarantees | 1.087.214 | 914.712 |
| Total | 10.754.911 | 9.967.250 |

c) 1) Total non-cash loans:

| | Current Period | Prior Period |
|--|-------------------|-------------------|
| Non-Cash Loans for Providing Cash Loans | 950.955 | 851.281 |
| With Original Maturity of One Year or Less | 53.510 | 96.554 |
| With Original Maturity of More than One Year | 897.445 | 754.727 |
| Other Non-Cash Loans | 12.532.376 | 11.127.380 |
| Total | 13.483.331 | 11.978.661 |

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT

1. a) Information on interest income from loans:

| | Current Period | | Prior Period | |
|---|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Interest on Loans ⁽¹⁾ | 6.254.169 | 238.585 | 5.134.786 | 206.537 |
| Short Term Loans | 1.872.054 | 43.003 | 1.380.244 | 43.975 |
| Medium and Long Term Loans | 4.307.735 | 195.542 | 3.674.950 | 162.556 |
| Interest on Non-Performing Loans | 74.380 | 40 | 79.592 | 6 |
| 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 | - |
| Domestic Banks | 188 | 348 | 73 | 698 |
| Foreign Banks | 824 | 16.256 | 1.898 | 17.160 |
| Head Office and Branches | - | - | - | - |
| Total | 1.012 | 16.604 | 10.575 | 17.858 |

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

c) Information on interest income from subsidiaries and associates:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Income from Subsidiaries and Associates | 3.641 | 7.286 |

2. a) Information on interest expense on borrowings:

| | Current Period | | Prior Period | |
|--|----------------|---------------|--------------|--------------|
| | TL | FC | TL | FC |
| Banks ⁽¹⁾ | 33.649 | 17.621 | 2.965 | 1.394 |
| Central Bank of the Republic of Turkey | - | - | - | - |
| Domestic Banks | 4.117 | 818 | 2.950 | 371 |
| Foreign Banks | 29.532 | 16.803 | 15 | 1.023 |
| Head Office and Branches | - | - | - | - |
| Other Institutions | - | - | - | - |
| Total | 33.649 | 17.621 | 2.965 | 1.394 |

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

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

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Expenses Given to Subsidiaries and Associates | 60.992 | 89.740 |

c) Information on interest expenses on securities issued:

| | Current Period | | Prior Period | |
|---------------------------------------|----------------|----|--------------|----|
| | TP | YP | TP | YP |
| Interest Expense on securities issued | 95.850 | - | - | - |

d) Distribution of interest expenses on deposits based on maturity of deposits:

| Account Name | Demand Deposits | Time Deposits | | | | | Accumulated Deposits | Total |
|---------------------------|-----------------|----------------|------------------|----------------|---------------|------------------|----------------------|------------------|
| | | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | More than 1 Year | | |
| TL | | | | | | | | |
| Bank deposits | - | 271.432 | - | - | - | - | - | 271.432 |
| Saving deposits | 14 | 124.413 | 2.683.264 | 289.369 | 32.938 | 54.868 | 311 | 3.185.177 |
| Public sector deposits | 229 | 51.494 | 288.843 | 32.209 | 2.994 | 517 | - | 376.286 |
| Commercial deposits | 109 | 99.043 | 230.828 | 37.821 | 16.016 | 1.266 | - | 385.083 |
| Other deposits | 12 | 19.276 | 169.351 | 51.313 | 16.387 | 3.965 | - | 260.304 |
| 7 days call accounts | - | - | - | - | - | - | - | - |
| Total | 364 | 565.658 | 3.372.286 | 410.712 | 68.335 | 60.616 | 311 | 4.478.282 |
| FC | | | | | | | | |
| Foreign currency deposits | 1.072 | 47.846 | 127.124 | 48.815 | 10.411 | 90.338 | 9 | 325.615 |
| Bank deposits | 20.462 | - | - | - | - | - | - | 20.462 |
| 7 days call accounts | - | - | - | - | - | - | - | - |
| Precious metal deposits | - | - | - | - | - | - | - | - |
| Total | 21.534 | 47.846 | 127.124 | 48.815 | 10.411 | 90.338 | 9 | 346.077 |
| Grand Total | 21.898 | 613.504 | 3.499.410 | 459.527 | 78.746 | 150.954 | 320 | 4.824.359 |

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Profit | 3.858.045 | 2.618.112 |
| Profit from the Capital Market Transactions | 64.407 | 86.909 |
| Profit on Derivative Financial Instruments | 900.878 | 1.148.871 |
| Foreign Exchange Gains | 2.892.760 | 1.382.332 |
| Loss (-) | 3.891.131 | 2.711.886 |
| Loss from the Capital Market Transactions | 19.663 | 690 |
| Loss on Derivative Financial Instruments | 1.079.997 | 840.844 |
| Foreign Exchange Loss | 2.791.471 | 1.870.352 |

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

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Effect of the change in exchange rates on profit/loss | (709.055) | 141.866 |
| Effect of the change in interest rates on profit/loss | 529.936 | 166.161 |
| Total | (179.119) | 308.027 |

5. Information on other operating income:

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

There are no significant matters covering the recent developments which have significant effect on the Bank's income. Main component of the Bank's other operating income consists of reversals from prior period provisions amounting to TL(198.348).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Specific Provisions for Loans and Other Receivables ⁽¹⁾ | 582.312 | 155.914 |
| Group III Loans and Receivables | 268.019 | 14.243 |
| Group IV Loans and Receivables | 223.056 | 53.126 |
| Group V Loans and Receivables | 91.237 | 88.545 |
| General Provision Expenses ⁽²⁾ | 123.565 | 344.625 |
| Provision Expenses for the Possible Losses | 565.800 | 35 |
| Marketable Securities Impairment Expense | 316 | 1.135 |
| Financial Assets at Fair Value through Profit and Loss | 1 | 2 |
| Financial Assets Available for Sale | 315 | 1.133 |
| Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity | 8.418 | 6.811 |
| Associates | | 536 |
| Subsidiaries | | - |
| Entities under Common Control | | - |
| Investment Securities Held to Maturity | 8.418 | 6.275 |
| Other ⁽³⁾ | 98.652 | 301 |
| Total | 1.379.063 | 508.821 |

(1) The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL108.237 are presented in other operating income (30 September 2011: TL129.259).

(2) The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL175 are presented in other operating income (30 September 2011: TL8.210).

(3) Other includes standard loans and consumer loans followed under other receivables account of loan customers that have amounts in non performing loans accounts amounting to TL 75.200 and additional provision for litigation purposes amounting to TL 23.000.

7. a) Information on other operating expenses:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Personnel Expenses | 1.028.817 | 1.043.451 |
| Reserve for Employee Termination Benefits | 73.023 | 64.570 |
| Bank Social Aid Provision Fund Deficit Provision | - | - |
| Tangible Fixed Assets Impairment Expense | - | - |
| Depreciation Expenses of Tangible Fixed Assets | 43.684 | 39.106 |
| Intangible Assets Impairment Expense | - | - |
| Goodwill Impairment Expense | - | - |
| Amortization Expenses of Intangible Assets | 10.507 | 8.336 |
| Impairment Expense for Equity Shares subject to the Equity Method | - | - |
| Impairment Expense for Investment Securities that will be Disposed | - | - |
| Amortization Expenses of Investment Securities that will be Disposed | - | - |
| Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations | - | - |
| Other Operating Expenses | 445.927 | 436.470 |
| Operational Leasing Expenses | 61.536 | 54.211 |
| Maintenance Expenses | 22.644 | 28.428 |
| Advertisement Expenses | 8.690 | 19.037 |
| Other Expenses | 353.057 | 334.794 |
| Loss on Sales of Assets | 95 | 137 |
| Other ⁽¹⁾ | 398.451 | 367.973 |
| Total | 2.000.504 | 1.960.043 |

(1) TL155.371 of the relevant balance is Savings Deposit Insurance Fund expense accrual (30 September 2011: TL143.666), TL157.270 is taxes, fees and tolls expenses (30 September 2011: TL145.164).

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

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

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

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Net Interest Income | 4.948.823 | 3.704.937 |
| Net Fees and Commissions Income | 557.885 | 471.282 |
| Dividend Income | 89.293 | 31.751 |
| Trading Income/Expense (Net) | (33.086) | (93.774) |
| Other Operating Income | 321.250 | 303.290 |
| Provision for Loan or Other Receivables Losses (-) | 1.379.063 | 508.821 |
| Other Operating Expenses (-) | 2.000.504 | 1.960.043 |
| Income(Loss) From Continuing Operations | 2.504.598 | 1.948.622 |

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

As of 30 September 2012, the Bank's income tax provision amounting to TL618.242 (30 September 2011: TL(459.449)) consists of TL797.683 (30 September 2011: TL(228.184)) of current tax charge and TL179.441 (30 September 2011: TL(231.265)) of deferred tax income.

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

The Bank's net operating income after tax amounts to TL1.886.356 (30 September 2011: TL 1.489.173).

11. Information on net profit/loss:

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

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

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

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As of 30 September 2012, the Bank's other fee and commission income amounting to TL652.134 (30 September 2011: TL546.963) consists of TL205.330 (30 September 2011: TL137.738) of credit card fees and commission income, TL108.467 (30 September 2011: TL135.008) of insurance commission and the remaining TL338.337 (30 September 2011: TL274.217) of money order, account management fee and other commission income.

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

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

a) Current Period:

| Risk Group of the Bank | Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) | | Direct or Indirect Shareholders of the Bank | | Other Real and Legal Persons in the Risk Group | |
|--|---|----------|---|----------|--|----------|
| | Cash ⁽²⁾ | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans and Other Receivables ⁽¹⁾ | | | | | | |
| Opening Balance | 1.812.188 | 675.435 | - | - | - | - |
| Closing Balance | 1.744.784 | 368.026 | - | - | - | - |
| Interest and Commissions Income | 3.641 | - | - | - | - | - |

(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 TL 695.461 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 | 1.239.818 | 351.271 | - | - | - | - |
| Closing Balance | 1.812.188 | 675.435 | - | - | - | - |
| Interest and Commissions Income | 7.286 | - | - | - | - | - |

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

(2) Placements to foreign banks in the risk group amounting to TL772.884 are included in the cash loans.

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

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

| Risk Group of the Bank | Subsidiaries, Associates and Entities Under Common Control (Joint Venture) | | Direct or Indirect Shareholders of the Bank | | Other Real and Legal Persons in the Risk Group | |
|-------------------------------------|--|---------------|---|--------------|--|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Deposits | | | | | | |
| Opening Balance | 1.175.691 | 1.527.048 | - | - | - | - |
| Closing Balance | 897.774 | 1.175.691 | - | - | - | - |
| Interest expense on deposits | 60.992 | 89.740 | - | - | - | - |

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

| Risk Group of the Bank | Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) | | Direct or Indirect Shareholders of the Bank | | Other Real and Legal Persons in the Risk Group | |
|--|---|--------------|---|--------------|--|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| The Fair Value Differences Through Profit and Loss | | | | | | |
| Opening Balance | 7.402 | - | - | - | - | - |
| Closing Balance | 31.249 | 7.402 | - | - | - | - |
| Total Profit/Loss | 47 | (274) | - | - | - | - |
| Risk Protection Oriented Processes | | | | | | |
| Opening Balance | - | - | - | - | - | - |
| Closing Balance | - | - | - | - | - | - |
| Total Profit/Loss | - | - | - | - | - | - |

⁽¹⁾ The prior period loss balance is the balance as of 30 September 2011.

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

Fees paid to the Bank’s key management total amount is TL 10.127 (30 September 2011: TL9.322).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDITORS’ REVIEW REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS’ REVIEW REPORT

As of 30 September 2012, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor’s Review Report dated 7 November 2012 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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