

TÜRKİYE CUMHURİYETİ
ZİRAAT BANKASI A.Ş.

INDEPENDENT AUDITORS'
REPORT, UNCONSOLIDATED
FINANCIAL STATEMENTS AND
NOTES FOR THE PERIOD
JANUARY 1 – DECEMBER 31, 2008

Translated into English from the
Original Turkish Report

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008

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

We have audited the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (the "Bank") as at December 31, 2008, and the related unconsolidated statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411 and other regulations pronouncements and circulars in respect of accounting and financial reporting issued by BRSA.

Ankara, March 6, 2009

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

H. Erdem SELÇUK
Partner

Additional paragraph for the English translation:

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

THE UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

March 6, 2009

Mehmet MUMCUOĞLU Chairman of the Board of Directors' – By Proxy	Oğuz KAYHAN Member of the Board of Directors (Member of the Audit Committee)	Hikmet Aydın SİMİT Member of the Board of Directors (Member of the Audit Committee)	Can Akın ÇAĞLAR General Manager
	İsmail Erdal MAZLUM Assistant General Manager responsible for Financial Reporting	Mehmet Şükrü TAŞÇI Head of General Accounting and Financial Reporting Department – By Proxy	

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

Name/Title : Atakan BEKTAŞ/Manager
Telephone Number : 0312 584 70 97 – 70 98
Fax Number : 0312 584 71 50 - 53

SECTION ONE
General Information

	Page Number
I. Establishment Date of The Bank, Initial Articles of Association, History of the Bank Including the Changes Regarding These Articles	1
II. Capital Structure of the Bank, Shareholders that Retain Direct or Indirect Management and Control of the Bank, Solely or Together, Changes During the Year and Explanations on the Group the Bank belongs to	1
III. Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, General Manager and Assistants and their Shareholdings in the Bank	2
IV. Information About the Persons and Institutions That Have Qualified Shares	3
V. Summary of the Bank's Functions and Lines of Activities	3

SECTION TWO
Unconsolidated Financial Statements

I. Balance Sheet	5
II. Statement of Off-Balance Sheet Accounts	7
III. Statement of Income	8
IV. Statement of Profit and Loss Accounted under Equity	9
V. Statement of Changes in Shareholders' Equity	10
VI. Statement of Cash Flow	11
VII. Profit Distribution Table	12

SECTION THREE
Explanations on Accounting Policies

I. Basis of Presentation	13
II. Explanations on the Strategy of Use of Financial Instruments and Foreign Currency Transactions	13
III. Explanations on Forward and Option Contracts and Derivative Instruments	14
IV. Explanations on Interest Income and Expenses	15
V. Explanations on Fees and Commission Income and Expenses	15
VI. Explanations and Disclosures on Financial Assets	15
VII. Explanations on Impairment of Financial Assets	17
VIII. Explanations on Offsetting of Financial Assets and Liabilities	18
IX. Explanations on Sales and Repurchase Agreements and Lending of Securities	18
X. Explanations on Tangible Fixed Assets Held For Sale and Discontinued Operations and the Liabilities about Those Assets	19
XI. Explanations on Goodwill and Other Intangible Assets	19
XII. Explanations on Tangible Fixed Assets	20
XIII. Explanations on Leasing Transactions	21
XIV. Explanations on Provisions and Contingent Liabilities	21
XV. Explanations on Employee Benefit Liabilities	22
XVI. Explanations on Taxation	24
XVII. Additional Explanations on Borrowings	25
XVIII. Explanations on Shares Issued	25
XIX. Explanations on Bill Guarantees and Acceptances	25
XX. Explanations on Government Incentives	25
XXI. Explanations on Segment Reporting	26
XXII. Explanations on Other Matters	28

SECTION FOUR
Information on Financial Structure

	Page Number
I. Explanations on the Capital Adequacy Standard Ratio	29
II. Explanations on the Credit Risk	34
III. Explanations on the Market Risk	39
IV. Explanations on the Operational Risk	40
V. Explanations on the Currency Risk	41
VI. Explanations on the Interest Rate Risk	44
VII. Explanations on the Liquidity Risk	50
VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Value	53
IX. Explanations on Transactions Carried out on Behalf and Account of Others and Fiduciary Transactions	54

SECTION FIVE
Explanations and Notes to the Unconsolidated Financial Statements

I. Explanations and Notes to Assets	55
II. Explanations and Notes to Liabilities	76
III. Explanations and Notes Related to the Off-Balance Sheet Accounts	86
IV. Explanations Related to the Income Statement	90
V. Explanations Related to the Statement of Changes in Shareholders' Equity	95
VI. Explanations Related to the Statement of Cash Flow	96
VII. Explanation Related to the Risk Group of the Bank	98
VIII. Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches	100

SECTION SIX
Other Explanations and Disclosures

I. Other Explanations on the Operations of the Bank	100
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SECTION SEVEN
Explanations on Independent Auditors' Report

I. Explanations on the Independent Auditors' Report	100
II. Explanations and Notes Prepared by the Independent Auditor	100

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

SECTION I: GENERAL INFORMATION

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

SECTION I: GENERAL INFORMATION (cont'd)

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

Name	Administrative Function
Members of the Board of Directors	
Mehmet MUMCUOĞLU	Chairman-by proxy and Member
Can Akın ÇAĞLAR	General Manager and Board Member
Mehmet Emin ÖZCAN	Member
Ahmet CANDAN	Member
Burhanettin AKTAŞ	Member
Oğuz KAYHAN	Member
Hikmet Aydın SİMİT	Member
Dr. Ümran DEMİRÖRS	Member
Members of the Audit Committee	
Oğuz KAYHAN	Member
Hikmet Aydın SİMİT	Member
Chief Assistant General Managers	
Selim Güray ÇELİK	Strategy and Operations
Senih BOYACIGİL	Banking
Assistant General Managers	
Ali Rıza AKBAŞ	Commercial Banking
Ahmet Mesut GÜRAYLI	Retail Banking
Bülent YALIM	Banking Operations
Cem ÖZŞEN	Fund Management
Elif Zeynep ERÜL	Corporate Communication
Ercüment Güler	Resource Management
İsmail Erdal MAZLUM	General Accounting and Finance
Kemal GÜLERDİ	Loans and Overdue Loans
Mustafa ŞAHİN	Support Services
Nuh Mehmet YILMAZKOLUKISA	Agricultural Banking
Seyfettin SAĞLAM	Human Resources
Group Heads	
Yusuf BİLMEZ	Internal Control
Mehmet Ayhan ALTINTAŞ	Risk Management
Dr. Muzaffer ŞAHİN	General Manager of Foreign Affiliates (Ziraat Bank AD Skopje)
Emin ÇUBIKCI	Regional Coordination Office
Hüsamettin GÜLHAN	Regional Coordination Office
Recep TÜRKAY	Regional Coordination Office
Chairman of the Internal Audit	
Ali ARAS	Chairman of the Internal Audit

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

SECTION I: GENERAL INFORMATION (cont'd)

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

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

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

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

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

As of December 31, 2008, Bank carries its activities with a grand total of 1,270 branches; 1,258 domestic branches including 1,156 branches, 29 bureaus, 70 private operation centers, 1 charge bureau, 2 mobile branches and abroad branches each in United States (New York), England (London), Bulgaria (Sofia), Georgia (Tbilisi) and Iraq (Baghdad), 2 branches in Greece (Athens, Komotini) 4 branches (Nicosia, Kyrenia, Morfou, Famagusta) and 1 bureau (Paşaköy) in Turkish Republic of Northern Cyprus. Also, Bank has 1 representative office in Pakistan (Karachi) and Iran (Tehran), 1 sub branch in England.

The bank signed a contract with T. İş Bankası A.Ş. on January 22, 2007 to provide longer installment plan and bonus points to their credit card users. The Bank's credit card users will be benefiting from all the advantages within Maximum credit card at merchants that are a part of Maximum plan. Also with this contract the Bank has the right to register members for Maximum from the merchants that apply. Transactions between the two banks are administered by Interbank Card Centre.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

- I. BALANCE SHEET
- II. STATEMENT OF OFF-BALANCE SHEET ACCOUNTS
- III. STATEMENT OF INCOME
- IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED UNDER EQUITY
- V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
- VI. STATEMENT OF CASH FLOWS
- VII. STATEMENT OF PROFIT DISTRIBUTION

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

According to Article 37 of the Banking Act No:5411, consulting the associations of institutions and the Turkish Accounting Standards Board, banks should apply uniformity in their accounting systems in line with the principles and procedures established by the Banking Regulation and Supervision Agency (BRSA) based on the international standards; record all their transactions based on their real nature; and timely and correctly prepare their financial reports in a style and format that will meet the requirements of providing information, that is clear, reliable and comparable and suitable for auditing, analysis and interpretation. Besides, as also stated in 1st Provisional Article of the related Act, “Any legislation, which has been put into force based on repealed provisions shall remain in force and effect before any decrees, regulations and communiqués shall be put into effect in accordance with the related Act that are not in conflict herewith”.

In this context; the Bank’s unconsolidated financial statements and notes are prepared in accordance with the Communiqué on “Procedures and Principles Regarding the Accounting Practices and Maintaining Documents” published in the Official Gazette No: 26333 on November 1, 2006, the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) effective by the Turkish Accounting Standards Boards, other regulations, communiques and circulars in respect of accounting and financial reporting and pronouncements by BRSA, Turkish Commercial Code and Turkish Tax Legislation.

As of December 31, 2008 all financial statements are presented comparatively with the December 31, 2007 audited balances.

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

III: ACCOUNTING POLICIES (cont'd)

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

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

Cost and return of foreign currency assets are subject to a close follow up. Positive 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.

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

III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

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

The derivative instruments of the Bank are classified as trading or hedging instruments in accordance with Turkish Accounting Standard on "Financial Instruments: Recognition and Measurement" (TAS 39). 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 meet the determination criteria for classifying as hedging instruments or whether such derivative transactions are finalized through sale, term expiry or fulfillment of obligations under the contract.

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

V. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

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

VI. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

VI. EXPLANATIONS ON FINANCIAL ASSETS (cont'd)

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

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

Investments held to maturity include financial assets other than loans and receivables and those where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and where there is fixed or determinable payments with fixed maturity.

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

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

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

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

VI. EXPLANATIONS ON FINANCIAL ASSETS (cont'd)

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

The Bank sets specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette No: 26333 dated November 1, 2006 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. However, the Bank does not limit the provision amount with the minimum rates defined in related regulation and allocates 100% specific provision for such loans without considering the guarantees. Allocated provisions are deducted from the income for the period. If the loans for which provisions were set in the previous year are collected, provision for allowances are released and recognized as income under “Other Operating Income” account. Releases of current period provisions are made by the reversal of the amount from the “Provision for Impairment of Loans and Other Receivables” account.

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

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

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

VIII. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

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

Securities subject to repurchase agreements are classified under "held for trading", "available for sale" and/or "held-to-maturity" portfolios and they are valued based on the valuation principles of the related portfolios.

Total costs including the interest income accruals of held to maturity investments and available for sale securities sold under repurchase agreements amount to TRY 6,283,263 Thousand (December 31, 2007: TRY 196,230 Thousand), and TRY 1,097,691 Thousand (December 31, 2007: None) respectively. 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. As of December 31, 2008 the Bank has no reverse repo transaction. (December 31, 2007: TRY 2,611,226 Thousand).

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

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

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

The Bank’s immovables acquired amount to TRY 4,177 Thousand consisting of TRY 4,004 Thousand on its commercial loans and TRY 173 Thousand on its agricultural loans. Total assets held for sale together with its movables amounting to TRY 31 Thousand equal to TRY 4,208 Thousand. Total depreciation expense is TRY 65 Thousand for these assets.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

Other intangible assets are carried at historical costs and are amortized by using the straight-line method based on their useful lives.

Useful lives of other intangible assets are determined by the consideration of items as; useful life of asset, maintenance costs incurred to obtain expected economical benefit from assets and technical, technological or any other type of obsolescence. Amortization method used in the current period is not subject to any change. Annual depreciation rate is 20% (5 years) for establishment/formation expenses 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 capitalized and amortized considering the useful lives of the initial costs.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

XII. EXPLANATIONS ON TANGIBLE FIXED ASSETS

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

Estimated depreciation rates of tangible fixed assets are as follows:

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

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

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized.

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

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

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

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

The Bank provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit and the liability is measurable.

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

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

Since the Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, based on the information provided by the legal department, lawsuits against the Bank over TRY 100 Thousand amounts to TRY 204,697 Thousand. Full provision has been provided in the accompanying financial statements for law suits ended against the Bank but not finalized yet, amounting to TRY 9,250 Thousand.

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

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

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, retirement pay provision is calculated in two ways; if the employee is a state employee, the calculation is based on retirement pension for the working period of the state employee, and if the employee is a blue-collar worker the calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Retirement Payment Provision ceiling).

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

As of December 31, 2008, provision allocated by the Bank for all employee benefit liabilities is TRY 506,450 Thousand. The Bank is not employing its personnel by means of limited-period contracts.

The Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund) which was established by 20th provisional article of Social Security Agency (SSK) Act of no 506. In accordance with 23rd provisional clause of the Banking Act No: 5411, the pension fund is expected to be transferred to the Social Security Agency by three years following the declaration of the Banking Act No: 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Act No: 5411 allowing pension funds to be transferred to Social Security Agency is annulled by Constitutional Court.

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

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

In accordance with the Act No: 5754 "Act about the Amendments in Social Security and General Health Insurance Act and Some of Acts and Decrees" published in the Official Gazette No: 26870 on May 8, 2008, bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9.80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

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

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

XVI. EXPLANATIONS ON TAXATION

Corporate Tax:

In accordance with Article 6 "Taxation and Payment of Tax Payers - Determination of Tax Base" and Article 32 "Corporate Tax and Provisional Rates" of the Corporate Tax Law No: 5220, corporate tax is calculated based on the net corporate income of tax-payers in an accounting period by using 20% as tax rate.

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

XVI. EXPLANATIONS ON TAXATION (cont'd)

Deferred Tax Liability/Asset:

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

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

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

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

The deferred tax benefit is not taken into account in profit distribution in accordance with the relevant circulars of Banking Regulation and Supervision Agency.

XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

XVIII. EXPLANATIONS ON SHARES ISSUED

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

XIX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

XXI. EXPLANATIONS ON SEGMENT REPORTING

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

SECTION III: ACCOUNTING POLICIES (cont'd)

XXI. EXPLANATIONS ON SEGMENT REPORTING (cont'd)

The Bank performs its international banking operations via branches each in New York, London, Baghdad, Sofia and Tbilisi, 2 branches in Greece, 4 branches and 1 bureau in the Turkish Republic of North Cyprus and representative offices in Pakistan and Iran. Moreover, the Bank operates in Germany, Bosnia Herzegovina, Macedonia, Russia, Kazakhstan, Azerbaijan, Turkmenistan and Uzbekistan via equity investments abroad.

As of December 31, 2008 explanations on segment reporting as shown below are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

Table for Segment Reporting:

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

SECTION III: ACCOUNTING POLICIES (cont'd)

XXI. EXPLANATIONS ON SEGMENT REPORTING (cont'd)

Table for Segment Reporting (cont'd):

	Retail Banking	Trade and Corporate Banking (*)	Specialized Banking (**)	Treasury	International Banking	Total Operations of the Bank
Prior Period						
Total Operating Income/Expense (***)	2,729,914	469,699	809,660	654,612	46,233	4,710,118
Net Operating Profit/(Loss)	1,239,668	341,263	807,639	560,680	13,810	2,963,060
Income from Subsidiaries (****)	-	-	-	-	-	25,640
Income before Taxes	-	-	-	-	-	2,963,060
Tax Provision	-	-	-	-	-	(611,969)
Minority Rights	-	-	-	-	-	-
Net Profit/(Loss) for the Period	-	-	-	-	-	2,351,091
Segment Assets-net (***)	12,531,423	2,684,124	7,394,841	56,369,835	817,502	79,797,725
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-	373,847
Undistributed Assets	-	-	-	-	-	770,739
Total Assets	-	-	-	-	-	80,942,311
Segment Liabilities – net (***)	54,339,262	13,775,677	2,769,294	589,554	808,248	72,282,035
Undistributed Liabilities	-	-	-	-	-	1,442,174
Shareholders' Equity	-	-	-	-	-	7,218,102
Total Liabilities	-	-	-	-	-	80,942,311
Other segment items	-	-	-	-	-	-
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	43,657
Restructuring Costs	-	-	-	-	-	-

(*) Trade and corporate banking column includes results of operations and total assets and liabilities of 3 corporate and 26 trade branches of the Bank. Since any trading and corporate banking operations in other branches could not be distributed; they are not included in this column.

(**) Agricultural loans and real estate loans transferred from Emlakbank, liabilities regarding these loans and operating income related with them are included in "Specialized Banking" column.

(***) 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.

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

XXII. EXPLANATIONS ON OTHER MATTERS

The General Assembly for year 2007 was carried out on April 8, 2008. In accordance with the decision taken, of the profit for the year 2007 amounting to TRY 2,351,091 Thousand, TRY 316,865 Thousand is transferred to legal reserves, TRY 40,628 Thousand is distributed as dividend to employees provided that dividend amount does not exceed one month gross wage for each employee and TRY 1,649,555 Thousand is distributed to Undersecretariat of Treasury after deducting withholding tax of 15% (TRY 291,098 Thousand). Cash payment is done to Treasury on April 21, 2008. As of December 31, 2008, TRY 4,372 Thousand of dividend remained undistributed is transferred to Treasury after deducting withholding tax of % 15.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE

XXII. EXPLANATIONS ON OTHER MATTERS (cont'd)

In accordance with the Law No. 5083, "Monetary Unit of Turkish Republic", the name and sub-currency of the Turkish Republic's monetary unit is defined as New Turkish Lira and New Kuruş respectively. However, in accordance with the additional resolution of the Council of Ministers regarding to the removal of the phrase "New" in the New Turkish Lira and the New Kuruş and its application principles, the phrase "New" is removed as of January 1, 2009.

I. EXPLANATIONS RELATED TO 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 20.08% (December 31, 2007: 25.44%).

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

I. EXPLANATIONS RELATED TO CAPITAL ADEQUACY STANDARD RATIO (cont'd)

2. 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 (cont'd):

Since financial assets available for sale represent more than 10% of the Bank's total securities, these assets are considered as held for trading and is not included in risk weighted assets in the current period in accordance with the additional article of Communiqué on "Measurement and Assessment of Capital Adequacy of Banks which is effective from January 1, 2008. For determining market risk base amount, the capital requirement is calculated for these balances with regards to general market and specific risk.

Information related to capital adequacy ratio:

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

¹ In the financial statements, Loans under Follow-up (Net) is TRY 114,044 Thousand. However, TRY 113,376 Thousand of this balance is shown in the 0% risk weight column since it represents the amount of loans originated by funds whose risk does not belong to the Bank.

² In accordance with the change in regulation, 150% and 200% risk weights are started to be applied since March 2008.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

I. EXPLANATIONS RELATED TO CAPITAL ADEQUACY STANDARD RATIO (cont'd)

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

Prior Period	Risk Weights				
	Bank Only				
	0%	10%	20%	50%	100%
Credit Risk Base Amount					
Balance Sheet Items (Net)	56,924,232	-	3,167,755	3,484,121	16,160,619
Cash	755,357	-	39	-	-
Matured Marketable Securities	2,058	-	-	-	-
Central Bank of the Republic of Turkey	3,368,946	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	2,870,569	-	40,109
Interbank Money Market Placements	-	-	-	-	-
Receivables from Reverse Repo Transactions	2,610,000	-	-	-	-
Required Reserve Deposits	1,414,358	-	-	-	-
Loans	2,783,298	-	-	3,478,028	14,780,887
Loans Under Follow-up (Net) (*)	-	-	-	-	263
Financial Lease Receivables	-	-	-	-	-
Financial Assets Available-For-Sale	29,795,037	-	1,056	-	27,629
Investments Held to Maturity	13,506,052	-	-	-	3,720
Receivables from Forward Sale of Assets	-	-	-	-	7,509
Sundry Debtors	29,472	-	187	-	50,325
Interest and Income Accruals	2,531,056	-	4,002	6,093	555,814
Subsidiaries, Associates and Joint Ventures (Business Associations) (Net)	-	-	-	-	8,251
Tangible Fixed Assets	-	-	-	-	650,019
Other Assets	128,598	-	291,902	-	36,093
Off Balance Sheet Items	31,995	-	540,572	346,833	1,348,460
Non-cash Loans and Commitments	31,995	-	540,572	346,833	1,346,268
Derivative Financial Instruments	-	-	-	-	2,192
Non-Risk Weighted Accounts	-	-	-	-	-
Total Risk Weighted Assets	56,956,227	-	3,708,327	3,830,954	17,509,079

(*) In the financial statements, Loans under Follow-up (Net) is TRY 79,826 Thousand. However, TRY 79,563 Thousand of this balance is shown in the 0% risk weight column since it represents the amount of loans originated by funds whose risk does not belong to the Bank.

Summary information about the capital adequacy standard ratio:

	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	28,450,572	20,166,221
Market Risk Base Amount (MRBA)	1,172,713	398,175
Operational Risk Base Amount (ORBA)	8,115,602	7,915,880
Shareholders' Equity	7,577,282	7,244,742
Shareholders' Equity/(CRBA+MRBA+ORBA) *100	20.08	25.44

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

Summary information about the capital adequacy standard ratio (cont'd):

Information related to components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Inflation Adjustment for Paid-in Capital	543,482	543,482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	1,568,647	1,251,782
1 st Degree Legal Reserves (TCC 466/1)	568,041	452,915
2 nd Degree Legal Reserves (TCC 466/2)	1,000,606	798,867
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	365,839	214,396
Reserves Allocated per General Assembly Minutes	-	-
Retained Earnings	365,839	317,575
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference ^(*)	-	(103,179)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	2,294,057	2,510,889
Net Profit of the Period	2,134,259	2,351,091
Retained Earnings	159,798	159,798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	607,509	431,924
Subsidiary and Associate Shares and Gains on Sale of Real Estate To Be Added To Capital	-	-
Portion of Primary Tier-II Capital up to 15% of Core Capital	-	-
Portion of Losses that Cannot be Covered by Reserves (-)	-	-
Net Loss of the Period	-	-
Accumulated Loss	-	-
Leasehold Improvements (-) ^(**)	-	2,868
Prepaid Expenses (-) ^(**)	4,463	5,201
Intangible Assets (-) ^(**)	11,294	9,600
Deferred Tax Asset in excess of 10% of the Core Capital(-) ^(**)	-	-
Excess Amount defined in 3rd Clause 56th Article of the Banking Act (-)	-	-
Total Core Capital	7,879,534	7,452,473

(*) Foreign currency difference reserve of foreign associates, subsidiaries and entities under joint control, which are shown in "Inflation Adjustment for Paid-in Capital" column in Shareholder's Equity Table are cancelled as of December 31, 2008 since they are revalued by considering the independent valuation reports. Foreign currency differences arised from translation of foreign branches are excluded from core capital and presented as supplementary capital since May 1, 2008.

(**) According to 1st Temporary Clause of regulation for Banks equity, up to January 1, 2009 considered as Deductions from Capital.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	247,013	148,002
45% of Movable Assets Revaluation Fund	-	-
45% of Immovables Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Joint Ventures (business associations)	12,764	2,158
Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation	-	-
Tier -II Capital	-	-
45% of Marketable Securities Revaluation Fund	34,402	87,928
From Subsidiaries and Associates (*)	20,278	
From Financial Assets Available For Sale	14,124	87,928
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	294,179	238,088
TIER-III CAPITAL	-	-
CAPITAL	8,173,713	7,690,561
DEDUCTIONS FROM CAPITAL	596,431	445,819
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	578,349	422,500
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	-	-
Borrowing Instruments and Loans qualified as Tier-II Capital from and to banks, financial institutions (domestic and foreign), preferred stockholders	2,310	5,624
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	15	26
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	7,577,282	7,244,742

(*) Foreign currency difference reserve of foreign associates, subsidiaries and entities under joint control, which are shown in "Inflation Adjustment for Paid-in Capital" column in Shareholder's Equity Table are cancelled as of December 31, 2008 since they are revalued by considering the independent valuation reports. Foreign currency differences arising from translation of foreign branches are excluded from core capital and presented as supplementary capital since May 1, 2008.

(**) The Bank has followed the foreign currency subsidiaries and entities under joint control with fair value. For such subsidiaries and entities under joint control, the current value is determined by the valuation reports prepared by independent valuation firm and revaluation differences are shown in this line.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

II. EXPLANATIONS RELATED TO THE CREDIT RISK

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

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

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

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

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

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

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

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

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

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

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

The percentage of top 100 cash loans in the total cash loan portfolio is 15.67%. The percentage of top 100 non-cash loans in the total non-cash loan portfolio is 75.42%. The percentage of top 100 cash and non-cash loans in the total assets and off-balance sheet items is 3.95%.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

Credit risk by types of borrowers and geographical concentration:

	Loans to Legal Entities and Real Persons		Loans to Banks and Other Financial Institutions		Marketable Securities ⁽¹⁾		Other Loans ⁽²⁾	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loan Distribution according to users	29,752,574	21,298,415	204,834	225,893	56,455,342	46,577,466	4,389,113	7,907,953
Private Sector	6,878,776	4,655,395	200,000	205,304	-	75,871	143,336	-
Public Sector	1,768,507	107,634	-	-	56,433,945	46,501,595	15,606	2,058
Banks	-	-	4,834	20,589	-	-	4,225,089	7,095,748
Individual Customers	21,105,291	16,535,386	-	-	-	-	5,082	810,147
Share Certificates	-	-	-	-	21,397	-	-	-
Information according to geographical concentration	29,752,574	21,298,415	204,834	225,893	56,455,342	46,577,466	4,389,113	7,907,953
Domestic	28,498,894	21,085,207	200,000	205,304	56,410,509	46,325,318	208,199	5,771,064
European Union Countries	117,467	92,634	3,080	20,589	-	88,058	2,275,394	1,961,730
OECD Countries ⁽³⁾	-	-	-	-	-	-	9,499	31,546
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	80,249	75,299	1,754	-	41,069	38,869	1,657,249	82,925
Other Countries	55,964	45,275	-	-	3,764	125,221	238,772	60,688

- (1) Includes marketable securities designated at fair value through profit or loss, available for sale and held to maturity.
(2) Includes the transactions that are not presented in the first 3 columns but defined as loans and receivables in the 48th article of Banking Act no 5411. The unallocated other loans and receivables are presented under "individuals customers" line.
(3) OECD countries other than EU countries, USA and Canada.

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/Loss
Current Period					
Domestic	99,873,592	96,002,904	3,850,599	-	2,125,053
European Union Countries	1,988,105	525,173	43,016	-	(1,633)
OECD Countries (1)	9,499	4,217	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1,700,309	9,215	340,631	-	3,241
Other Countries	179,619	509,751	57,784	-	7,598
Associates, Subsidiaries and Entities Under Common Control (Business Combinations)	-	-	-	661,372	-
Unallocated Assets/Liabilities (2)	-	-	-	-	-
Total	103,751,124	97,051,260	4,292,030	661,372	2,134,259
Prior Period					
Domestic	78,316,774	72,905,988	2,231,324	-	2,333,648
European Union Countries	1,984,597	349,567	22,345	-	1,056
OECD Countries (*)	31,626	4,143	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	89,219	15,397	181,713	-	7,687
Other Countries	146,248	449,114	446	-	8,700
Associates, Subsidiaries and Entities Under Common Control	-	-	20	373,847	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	80,568,464	73,724,209	2,435,848	373,847	2,351,091

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

(2) Assets and liabilities that cannot be allocated on a consistent basis.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

Sector concentration for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	8,713,388	29.56	51,494	4.13	6,575,103	31.26	-	-
Farming and Raising Livestock	8,622,810	29.54	50,562	4.06	6,515,427	30.98	-	-
Forestry, Wood and Paper	-	-	-	-	-	-	-	-
Fishery	90,578	0.02	932	0.07	59,676	0.28	-	-
Manufacturing	2,067,473	7.01	1,040,365	83.46	743,887	3.54	288,883	55.51
Mining and Quarry	43,846	0.15	180,669	14.49	21,456	0.10	1,321	0.25
Production	1,763,345	5.98	858,904	68.91	702,872	3.35	286,561	55.06
Electricity, Gas and Water	260,282	0.88	792	0.06	19,559	0.09	1,001	0.19
Construction	1,033,175	3.51	13,313	1.07	304,165	1.45	11,514	2.21
Services	2,745,865	9.32	139,377	11.18	1,958,007	9.32	218,308	41.95
Wholesale and Retail Trade	689,758	2.34	27,014	2.17	1,034,242	4.92	198,907	38.22
Hotel, Food and Beverage Services	62,703	0.21	-	-	42,959	0.20	158	0.03
Transportation and Communication	573,340	1.96	-	-	92,264	0.44	171	0.03
Financial Institutions	407,804	1.38	2,789	0.22	136,443	0.65	-	-
Real Estate and Renting Services	3,880	0.01	-	-	7,923	0.04	-	-
Self-Employment Services	6,339	0.02	-	-	296,942	1.41	18,871	3.63
Education Services	20,118	0.07	-	-	17,565	0.08	54	0.01
Health and Social Services	981,923	3.33	109,574	8.79	329,668	1.57	147	0.03
Other (*)	14,915,696	50.60	2,004	0.16	11,422,728	54.38	1,713	0.33
Total	29,475,597	100.00	1,246,553	100.00	21,003,890	100.00	520,418	100.00

(*) Consumer loans are presented under other line.

The improvement of the application system to decompose the guarantee informations of the loans has not been completed, as of December 31, 2008, therefore the guarantees could not be included in the analysis of sector concentration of the cash loans.

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

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss	663,579	761,823
Banks	3,710,350	2,915,115
Money Market Placement	-	2,611,226
Financial assets available-for-sale	9,071,044	31,960,216
Held-to-maturity investments	48,787,200	13,855,427
Loans	30,836,194	21,604,134
Total	93,068,367	73,707,941
Contingent liabilities	4,292,030	2,435,848
Commitments	13,135,654	9,939,958
Total credit risk exposure	110,496,051	86,083,747

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

Credit quality per class of financial assets is as follows:

Financial Assets	Current Period			Prior Period		
	Neither past due nor impaired	Past due but not impaired	Total	Neither past due nor impaired	Past due but not impaired	Total
Banks	3,710,350	-	3,710,350	2,915,115	-	2,915,115
Financial Assets at Fair Value Through Profit and Loss	663,579	-	663,579	761,823	-	761,823
Loans	29,999,675	722,475	30,722,150	20,868,993	655,315	21,524,308
Corporate Loans	7,520,550	133,000	7,653,550	3,470,389	134,842	3,605,231
Consumer Loans	14,652,659	48,925	14,701,584	11,206,268	137,706	11,343,974
Specialized Loans	7,826,466	540,550	8,367,016	6,192,336	382,767	6,575,103
Financial Assets Available for Sale	9,071,044	-	9,071,044	31,960,216	-	31,960,216
Investments Held to Maturity	48,787,200	-	48,787,200	13,855,427	-	13,855,427

The improvement of the application system to decompose the guarantee informations of the loans has not been completed, as of December 31, 2008, therefore the guarantees could not be included in the analysis of sector concentration of the cash loans.

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

	Current Period	Prior Period
Receivable from Banks	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-
Loans	25,086	9,983
Corporate Loans	17,361	953
Consumer Loans	55	-
Specialized Loans	7,670	9,030
Others	-	-
Financial Assets Available for Sale	-	-
Investments Held to Maturity	-	-

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

III. EXPLANATIONS RELATED TO THE MARKET RISK

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

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

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

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

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

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

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

Information Related to Market Risk:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	63,820
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	29,471
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	526
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	93,817
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	1,172,713

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

III. EXPLANATIONS RELATED TO THE MARKET RISK (cont'd)

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	232,767	357,060	58,240	10,161	17,261	6,166
Equity Share Risk	-	-	-	-	-	-
Currency Risk	32,036	42,870	24,981	20,945	28,282	16,610
Commodity Risk	413	526	313	252	296	194
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Amount Subject to Total Risk	3,315,193	4,976,500	1,050,875	391,967	487,363	327,613

The Bank does not invest in equity investments that are traded in Istanbul Stock Exchange; hence it is not subject to market price risk.

IV. EXPLANATIONS RELATED TO THE OPERATIONAL RISK

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

IV. EXPLANATIONS RELATED TO THE OPERATIONAL RISK (cont'd)

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

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

- Reports are submitted quarterly to Audit committee and semi-annually to the Board of Directors. Under this reporting, risk intensities in lost database, measurements of operational risk base amount, results of risk mapping studies of the branches and Head Quarter, indicators of the key risks, operational risks realized on information system and various indicators, external sourced operational risks and similar subjects are included.
- Realized operational risks are followed in the "Operational Lost Database". At this database, under the context of the identification of operational risk, the lost operational risk information occurred at the Bank are collected appropriate to the standards anticipated at the Basel II.
- "Operational Risk Map" studies have been conducted by the help of operational risk indicators, operational risk database and unit/volume informations for transactions identified in order to determine risk levels of branches and general management units.
- Operational risks are followed through Operational Risk Catalogue which is updated at specific periods.
- At year 2005 Bank prepared Business Continuity Plan and it is being updated.

b) The Bank does not apply standard method.

V. EXPLANATIONS RELATED TO THE CURRENCY RISK

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

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

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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

V. EXPLANATIONS RELATED TO THE CURRENCY RISK (cont'd)

c) Management policy for foreign currency risk:

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2008	1.5096	2.1038	1.0282	0.2828	0.1877	1.4053	1.2401	0.2105	2.2273	0.3974	1.6639
25.12.2008	1.4966	2.0844	1.0216	0.2815	0.1887	1.3922	1.2304	0.2162	2.1924	0.3948	1.6534
26.12.2008	1.4967	2.0954	1.0171	0.2816	0.1866	1.3990	1.2235	0.2077	2.2007	0.3940	1.6477
29.12.2008	1.5056	2.1365	1.0397	0.2873	0.1943	1.4454	1.2337	0.2152	2.1967	0.3962	1.6667
30.12.2008	1.5111	2.1297	1.0426	0.2861	0.1949	1.4360	1.2320	0.2159	2.1814	0.3978	1.6689
31.12.2008	1.5400	2.1403	1.0648	0.2853	0.1938	1.4399	1.2389	0.2189	2.2069	0.3965	1.6855

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

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
1.5294	2.0595	1.0221	0.2778	0.1906	1.3498	1.2330	0.2170	2.2701	0.4039	1.6861

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

V. EXPLANATIONS RELATED TO THE CURRENCY RISK (cont'd)

Information on the foreign currency risk of the Bank:

	EURO	USD	Yen	Other FC ¹	Total
Current Period					
Assets					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	1,504,532	57,770	405	20,599	1,583,306
Banks	1,671,744	1,683,727	2,155	343,487	3,701,113
Financial Assets at Fair Value Through Profit and Loss	13,357	9,279	-	-	22,636
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	3,361,291	1,739,649	-	-	5,100,940
Loans ²	556,258	694,987	-	2,675	1,253,920
Subsidiaries, Associates, Entities Under Joint Control (Business Associations)	340,294	102,210	-	32,357	474,861
Investments Held-to-Maturity	2,290,794	2,495,031	-	254	4,786,079
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Fixed Assets	618	1,200	-	347	2,165
Intangible Assets	953	1,337	-	52	2,342
Other Assets	12,840	5,770	-	4,958	23,568
Total Assets	9,752,681	6,790,960	2,560	404,729	16,950,930
Liabilities					
Interbank Deposits	23,136	1,196,651	10	33,967	1,253,764
Foreign Currency Deposits	9,511,131	5,438,585	235	361,722	15,311,673
Money Market Borrowings	-	-	-	-	-
Funds provided from Other Financial Institutions	1,863	2,730	-	-	4,593
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	142,584	2,290	-	200	145,074
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	99,295	104,926	2,496	6,856	213,573
Total Liabilities	9,778,009	6,745,182	2,741	402,745	16,928,677
Net Balance Sheet Position	(25,328)	45,778	(181)	1,984	22,253
Net Off-Balance Sheet Position ³	(12,480)	(47,573)	-	57,363	(2,690)
Assets on Derivative Instruments	35,100	-	-	57,363	92,463
Liabilities on Derivative Instruments	47,580	47,573	-	-	95,153
Non-cash Loans ⁴	649,294	2,308,803	17,955	14,608	2,990,660
Prior Period					
Total Assets	8,060,574	4,147,624	424	380,636	12,589,258
Total Liabilities	8,073,417	4,114,089	1,498	356,350	12,545,354
Net Balance Sheet Position	(12,843)	33,535	(1,074)	24,286	43,904
Net Off-Balance Sheet Position ³	3,648	(29,938)	-	26,317	27
Financial Derivative Assets	6,413	38,267	-	33,299	77,979
Financial Derivative Liabilities	2,765	68,205	-	6,982	77,952
Non-cash Loans	296,345	1,363,753	3,789	26,082	1,689,969

¹ Of the foreign currencies presented in the other FC column of assets, 21.98% is CHF, 45.86% is GBP, 10.72% is DKK, 8.57% is MKD and the remaining 12.88% is other foreign currencies.

Of the foreign currencies presented in the other FC column of liabilities, 26.31% is CHF, 52.61% is GBP, 13.57% is DKK and the remaining 7.52% is other foreign currencies.

² TRY 6,140 Thousand equivalent of USD and TRY 1,227 Thousand equivalent of EUR balances of loans are originated as foreign currency indexed loans (December 31, 2007: TRY 1,790 Thousand equivalent of USD and TRY 1,128 Thousand equivalent of EUR).

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

⁴ TRY 600 Thousand "Specific provisions for unindemnified non-cash loans" are deducted from Non-Cash Loans. (December 31, 2007: TRY 505 Thousand)

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

V. EXPLANATIONS RELATED TO THE CURRENCY RISK (cont'd)

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

	Change in exchange rate in %	Effect on Profit / Loss		Effect on Shareholders Equity	
		Current Period	Prior Period	Current Period	Prior Period
US Dollar	10% increase	(11,887)	(3,500)	-	5,895
	10% decrease	11,887	3,500	-	(5,895)
EURO	10% increase	(40,244)	(28,192)	-	24,238
	10% decrease	40,244	28,192	-	(24,238)
Other	10% increase	2,225	4,322	-	-
	10% decrease	(2,225)	(4,322)	-	-

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

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

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK

The Bank's structural interest rate management policy and methods of applications are set under the scope of "Management of Market and Balance Sheet Risks Regulation".

The structural interest rate risk analysis is made based on the income and economic value approaches. Under economic value approach, the Bank is applying the Banking Accounts Interest Shock Value Loss analysis, whereas under income approach the Bank is applying Net Interest Margin/Income analysis. The Banking Accounts Interest Shock Value Loss analysis is applied over interest rate sensitive balance sheet items excluding the positions subject to the market risk and the results are compared with discounted total assets. At the Net Interest Margin/Income analysis the change in the interest income of the Bank resulting from changes in interest rates is analyzed. About the structural interest rate risk the duration analysis is applied at the Bank. The Bank limits the interest rate exposure. Moreover, an early warning system regarding the structural interest rate risk has also been established by the Bank.

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

Change in Interest Rate		Net Interest Income Effect ^{(*) (**)}	Net Interest Income Effect ^{(*) (**)}
TRY	FC	Current Period	Prior Period
3 points increase	1 point increase	(231,075)	(89,089)
2 points increase	0.66 point increase	(153,828)	(59,265)
1 point increase	0.33 point increase	(76,914)	(29,633)

^(*) Demand deposits are excluded.

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

Change in Interest Rate		Net Interest Income Effect ^{(*) (**)}	Net Interest Income Effect ^{(*) (**)}
TRY	FC	Current Period	Prior Period
3 points decrease	1 point decrease	231,075	89,089
2 points decrease	0.66 point decrease	153,828	59,265
1 point decrease	0.33 point decrease	76,914	29,633

^(*) Demand deposits are excluded.

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

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

Change in Interest Rate		Effect on Profit / Loss	Effect on Shareholders Equity	Effect on Profit / Loss	Effect on Shareholders Equity
TRY	FC	Current Period	Current Period	Prior Period	Prior Period
3 points increase	1 point increase	(8,781)	(70,128)	(9,514)	(481,767)
1 point increase	0.33 point increase	(2,964)	(23,531)	(3,838)	(184,273)

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

a) Measurement of interest rate sensitivity of assets, liabilities and off-balance sheet items:

Interest rate sensitivity of assets and liabilities is followed periodically by applying various analysis methods.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

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

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

* Balances without fixed maturity are shown in the "Up to 1 Month" column.

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

Average interest rates applied to monetary financial instruments:

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	4,886,961	-	-	-	-	753,869	5,640,830
Banks	2,713,458	201,657	-	-	-	-	2,915,115
Financial Assets at Fair Value Through Profit and Loss	202,712	15,019	415,351	52,788	73,895	2,058	761,823
Money Market Placements	2,611,226	-	-	-	-	-	2,611,226
Financial Assets Available-For-Sale	6,405,230	11,405,714	5,258,294	6,913,833	1,898,203	78,942	31,960,216
Loans	6,513,648	298,431	1,690,456	10,590,461	2,431,312	-	21,524,308
Investments Held-to-Maturity	6,403,547	6,917,215	3,875	530,790	-	-	13,855,427
Other assets	-	-	-	-	-	1,673,366	1,673,366
Total assets	29,736,782	18,838,036	7,367,976	18,087,872	4,403,410	2,508,235	80,942,311
Liabilities							
Interbank Deposits	555,282	2,343	-	-	-	-	557,625
Other Deposits	53,394,158	10,429,965	3,755,409	112,610	-	-	67,692,142
Money Market Borrowings	196,265	-	-	-	-	-	196,265
Sundry Creditors	-	-	-	-	-	387,662	387,662
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1,899	1,323	3,647	712	55	-	7,636
Other Liabilities	225,326	-	-	2,548,170	-	9,327,485	12,100,981
Total Liabilities	54,372,930	10,433,631	3,759,056	2,661,492	55	9,715,147	80,942,311
Balance Sheet Long Position	-	8,404,405	3,608,920	15,426,380	4,403,355	-	31,843,060
Balance Sheet Short Position	(24,636,148)	-	-	-	-	(7,206,912)	(31,843,060)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(24,636,148)	8,404,405	3,608,920	15,426,380	4,403,355	(7,206,912)	-

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

* TRY 2,543,969 Thousand of fund balance in other liabilities is shown under the "1 - 5 Years" column. TRY 225,326 Thousand of fund, whose risk does not belong to the Bank, is not granted as loan and is shown under the "Up to 1 Month" column.

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

Average interest rate applied to the monetary financial instruments:

	EURO	USD	Japanese Yen	TRY
Prior Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	1.80	1.95	-	11.81
Banks	3.75	4.87	-	16.85
Financial Assets at Fair Value Through Profit and Loss	4.97	6.95	-	17.00
Money Market Placements	-	-	-	17.14
Financial Assets Available-for-Sale	5.88	6.55	-	18.31
Loans	5.24	6.09	-	20.47
Investments Held-to-Maturity	5.14	-	-	16.53
Liabilities				
Interbank Deposits(*)	3.90	4.46	-	16.50
Other Deposits	2.34	2.58	-	15.56
Money Market Borrowings	-	-	-	12.83
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	5.08	5.16	-	14.86

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

VII. EXPLANATIONS RELATED TO THE LIQUIDITY

General principals of liquidity and financial emergency state management are considered in the scope of "Liquidity and Financial Emergency State Management Regulation" and application procedures of liquidity and financial business continuity management are considered in the scope of "Liquidity and Financial Emergency State Management Application Base and Procedures"

Liquidity and Financial Emergency State Management Regulation consist of early warning indicators of liquidity and financial emergency state indicators, announcement procedures of these indicators and process of transition to liquidity and financial emergency state management.

The Bank calculates liquidity adequacy ratio and reports to BRSA on a weekly basis in accordance with the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette No. 26333 dated November 1,2006. The liquidity adequacy of the Bank is over the limit values specified in the mentioned regulation.

According to the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette No. 26333 dated November 1,2006, from June 1,2007, at the weekly and monthly calculations of the banks, the liquidity ratio is required to 80% for the foreign currency assets/liabilities and 100% for the total assets at minimum. The liquidity ratios for 2007 and 2008 are as follows:

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

VII. EXPLANATIONS RELATED TO THE LIQUIDITY RISK (cont'd)

<i>Prior Period</i>	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TRY	FC	FC + TRY
Average (%)	700.24	550.55	322.46	215.36
Maximum (%)	1,028.83	692.65	411.61	268.53
Minimum (%)	441.06	382.20	200.51	149.13

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

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

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

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

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

Although the average maturity of the Bank's assets is long, securities with coupon payments constituting majority of the securities portfolio supply regular cash inflow for the Bank. Besides, volume of deposits constituting the majority of the liabilities is not subject to significant changes. The Bank also provides funds from repurchase agreements, however, volume of these transactions are relatively limited.

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

VII. EXPLANATIONS RELATED TO THE LIQUIDITY RISK (cont'd)

Presentation of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾⁽²⁾	Total
Current Period								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	9,375,597	-	-	-	-	-	-	9,375,597
Banks	1,687,979	1,954,176	8,603	59,592	-	-	-	3,710,350
Financial Assets at Fair Value Through Profit and Loss	-	14,319	83,025	291,018	273,678	1,539	-	663,579
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	123,665	270,586	1,737,930	4,620,239	2,297,227	21,397	9,071,044
Loans	-	1,409,990	2,815,475	13,606,692	11,087,797	1,802,196	-	30,722,150
Investments Held-to-Maturity	-	440,001	2,537,807	9,353,657	32,768,526	3,687,209	-	48,787,200
Other Assets ⁽³⁾	293,966	-	-	426	5,081	-	1,783,103	2,082,576
Total Assets	11,357,542	3,942,151	5,715,496	25,049,315	48,755,321	7,788,171	1,804,500	104,412,496
Liabilities								
Interbank Deposits	60,675	1,187,763	3,080	3,211	-	-	-	1,254,729
Other Deposits	11,937,005	52,344,522	13,526,653	4,743,433	77,093	-	-	82,628,706
Funds Provided from Other Financial Instruments	-	5,831	7,349	14,373	752	52	-	28,357
Money Market Borrowings	-	7,267,869	-	-	-	-	-	7,267,869
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	480,965	-	-	-	-	-	-	480,965
Other liabilities ⁽⁴⁾⁽⁵⁾	629,829	437,343	718	196,383	2,697,972	-	8,789,625	12,751,870
Total liabilities	13,108,474	61,243,328	13,537,800	4,957,400	2,775,817	52	8,789,625	104,412,496
Liquidity Gap	(1,750,932)	(57,301,177)	(7,822,304)	20,091,915	45,979,504	7,788,119	(6,985,125)	-
Prior Period								
Total Assets	6,123,109	6,842,421	3,271,717	19,319,117	38,624,705	5,454,970	1,306,272	80,942,311
Total Liabilities	12,296,999	43,929,962	10,433,630	3,930,660	2,662,304	470,655	7,218,101	80,942,311
Liquidity Gap	(6,173,890)	(37,087,541)	(7,161,913)	15,388,457	35,962,401	4,984,315	(5,911,829)	-

(1) Assets which are necessary to provide banking services and could not be liquidated in a short-term, such as; tangible assets, investments in associates, subsidiaries and entities under joint control, office supply inventory, prepaid expenses and non-performing loans, are classified as undistributed.

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

(3) For TRY 114,044 Thousand of follow-up loans, no specific provision is provided and this amount is included in other assets under the "Undistributed" column.

(4) In liabilities table, shareholders' equity and provisions are shown under the "Undistributed" column in other liabilities.

(5) Funds balance amounted to TRY 2,696,027 Thousand is included in other liabilities and shown under the "1-5 year" column, fund balance amounted to TRY 218,075 Thousand, whose risk is not borne by the Bank, is not granted as loan and is included under "Up to One Month" column.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

VII. EXPLANATIONS RELATED TO THE LIQUIDITY RISK (cont'd)

Presentation of liabilities according to their remaining maturities:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Adjustments	Total
Current Period							
Interbank Deposits	1,248,411	3,122	3,269	-	-	(73)	1,254,729
Other Deposits	64,521,881	13,742,442	4,942,042	80,409	-	(658,068)	82,628,706
Funds Provided From Other Financial Institutions	5,775	7,369	15,080	806	50	(723)	28,357
Money Market Borrowings	7,274,187	-	-	-	-	(6,318)	7,267,869
Total	73,050,254	13,752,933	4,960,391	81,215	50	(665,182)	91,179,661
Prior Period							
Interbank Deposits	555,644	2,371	-	-	-	(390)	557,625
Other Deposits	53,625,699	10,666,406	3,886,183	126,994	-	(613,140)	67,692,142
Funds Provided From Other Financial Institutions	1,889	1,337	3,748	855	61	(254)	7,636
Money Market Borrowings	196,489	-	-	-	-	(224)	196,265
Total	54,379,721	10,670,114	3,889,931	127,849	61	(614,008)	68,453,668

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	92,404,788	72,946,118	92,437,122	72,946,118
Receivables from Money Market	-	2,611,226	-	2,611,226
Banks	3,710,350	2,915,115	3,710,350	2,915,115
Financial Assets Available-for-Sale	9,071,044	31,960,216	9,071,044	31,960,216
Investments Held-to-Maturity	48,787,200	13,855,427	48,819,534	13,855,427
Loans	30,836,194	21,604,134	30,836,194	21,604,134
Financial Liabilities	85,393,174	68,645,065	85,393,174	68,645,065
Interbank Deposits	1,254,729	557,625	1,254,729	557,625
Other Deposits	82,628,706	67,692,142	82,628,706	67,692,142
Funds Provided from Other Financial Institutions ⁽¹⁾	1,028,774	7,636	1,028,774	7,636
Marketable securities issued	-	-	-	-
Sundry Creditors	480,965	387,662	480,965	387,662

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

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

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

Since, 90.33% of total deposits are consist of demand deposits and up to 3 months matured deposits; their carrying value and fair value are taken as equal. Likewise, since the longest maturity of the repo amount within the funds provided from other financial institutions is lasting shorter than 1 month; its carrying value and fair value are taken as equal.

The development of the application system on the calculation of the fair value of loans granted and the loans borrowed within the funds provided from other financial institutions is continuing. Since the development has not been finalized as of December 31, 2008, the carrying values and fair values of the items mentioned are taken as equal.

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

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

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

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

The Bank has no fiduciary transactions.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES TO ASSETS

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and Foreign Currency	545,710	156,566	618,363	135,467
Central Bank of the Republic of Turkey	7,246,580	1,423,806	3,480,318	1,406,643
Other	1	2,934	-	39
Total	7,792,291	1,583,306	4,098,681	1,542,149

1.a.1 Information on Required Reserves:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to the Central Bank of the Republic of Turkey's Communiqué No: 2005/1 "Required Reserves". The Bank's total domestic liabilities excluding the items stated in the Communiqué as deductibles and the deposits accepted on behalf of foreign branches from Turkey constitutes the required reserves liabilities. The required reserve ratios are 6% for TRY liabilities and 9% for foreign currency liabilities. The Central Bank of the Republic of Turkey accrues interest for required reserves at the end of March, June, September and December. The required reserve interest rates in December 31, 2008 are 12% for TRY. Interest rate applied for USD and EUR required reserves since 12 December 2008 is nil (31 December 2007: for YTL 11.81%, for USD 1.95%, for EURO 1.80%).

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	7,229,549	-	3,368,946	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves (*)	17,031	1,423,806	111,372	1,406,643
Total	7,246,580	1,423,806	3,480,318	1,406,643

(*) Required reserve of branches abroad amounting to 19,841 TRY Thousand is presented in this line item (December 31, 2007: TRY 18,960 Thousand)

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

Derivative Financial Assets Held-for-Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	1,004	13	-	7
Swap Transactions	-	1,093	-	891
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1,004	1,106	-	898

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

	Current Period	Prior Period
Debt securities	661,515	761,088
Quoted in stock exchange	661,515	761,088
Not quoted	-	-
Share certificates	-	-
Quoted in stock exchange	-	-
Not quoted	-	-
Provision for impairment (-)	46	163
Other	-	-
Total	661,469	760,925

3. a) Information on banks and other financial institutions

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	1,022	-	555,280	241,906
Foreign Banks	8,215	3,701,113	14,183	2,103,746
Foreign Head Office and Branches	-	-	-	-
Total	9,237	3,701,113	569,463	2,345,652

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union countries	1,980,447	1,961,730	-	-
USA and Canada	1,657,269	82,925	-	-
OECD Countries ^(*)	9,499	31,546	-	-
Off-shore banking regions	-	-	-	-
Other	62,113	41,728	-	-
Total	3,709,328	2,117,929	-	-

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt securities	9,063,910	31,888,303
Quoted in stock exchange	8,740,916	30,930,634
Not quoted	322,994	957,669
Share certificates	22,647	79,549
Quoted in stock exchange	-	-
Not quoted	22,647	79,549
Provision for impairment (-)	15,513	7,636
Total	9,071,044	31,960,216

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	146,468	-	127,158	-
Total	146,468	-	127,158	-

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized Loans	21,906,532	1,522	186,449	-
Discount Notes	2,909	-	-	-
Export Loans	1,376,086	-	1,176	-
Import Loans	162	-	-	-
Loans Given to Financial Sector	204,834	-	-	-
International Loans	131,625	-	-	-
Consumer Loans	12,587,223	55	10,968	-
Credit Cards	696,716	-	-	-
Precious Metals Loans	-	-	-	-
Other	6,906,977	1,467	174,305	-
Specialized lending	7,837,669	7,670	17,567	-
Other receivables	-	-	-	-
Interest Income Accruals (*)	764,741	-	-	-
Total	30,508,942	9,192	204,016	-

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

c) Loans according to the maturities:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other receivables	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables	12,767,327	689	79,956	-
Non-specialized Loans	7,511,585	107	69,877	-
Specialized Loans	5,255,742	582	10,079	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	16,976,874	8,503	124,060	-
Non-specialized Loans	14,394,947	1,415	116,572	-
Specialized Loans	2,581,927	7,088	7,488	-
Other Receivables	-	-	-	-

(*) As of December 31, 2008 interest income accrual amounting to, TRY 764,741 Thousand could not be decomposed therefore not included in the table above.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

	Short-term	Medium and long-term	Total
Consumer Loans-TRY	677,186	11,772,665	12,449,851
Real Estate Loans	2,825	4,842,627	4,845,452
Vehicle Loans	3,487	197,016	200,503
Consumer Loans	668,646	6,680,571	7,349,217
Abroad (**)	2,217	52,451	54,668
Other	11	-	11
Consumer Loans- Indexed to FC	-	107	107
Real Estate Loans	-	107	107
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- FC	349	854	1,203
Real Estate Loans	-	269	269
Vehicle Loans	10	296	306
Consumer Loans	339	289	628
Other	-	-	-
Individual Credit Cards-TRY	664,976	-	664,976
Installment	98,192	-	98,192
Non-Installment	566,784	-	566,784
Individual Credit Cards-FC	646	-	646
Installment	-	-	-
Non-Installment	646	-	646
Personnel Loans-TRY	3,457	104,180	107,637
Real Estate Loans	11	173	184
Vehicle Loans	-	-	-
Consumer Loans	3,433	103,372	106,805
Abroad (**)	13	635	648
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	1	120	121
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	1	120	121
Other	-	-	-
Personnel Credit Cards-TRY	27,465	-	27,465
Installment Basis	6,081	-	6,081
Non-Installment Basis	21,384	-	21,384
Personnel Credit Cards-FC	33	-	33
Installment Basis	-	-	-
Non-Installment Basis	33	-	33
Overdraft Accounts – TRY (Real Person)	94,643	-	94,643
Overdraft Accounts – FC (Real Person)	-	-	-
Total	1,468,756	11,877,926	13,346,682

(*) TRY 155,233 Thousand of interest income accrual could not be decomposed therefore not included in the table above

(**) TRY 648 Thousand of consumer loans used by the personnel abroad and TRY 54,688 Thousand of consumer loans have been shown under "International Loans" of 5-b Table.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

	Short-term	Medium and long-term	Total
Commercial Installment Loans-TRY	95,629	1,189,385	1,285,014
Business Loans	156	46,542	46,698
Vehicle Loans	3,727	96,750	100,477
Consumer Loans	91,642	1,002,598	1,094,240
Other	104	43,495	43,599
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans – FC	405	192	597
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	405	192	597
Other	-	-	-
Corporate Credit Cards-TRY	3,590	-	3,590
Installment	18	-	18
Non-Installment	3,572	-	3,572
Corporate Credit Cards-FC	6	-	6
Installment	-	-	-
Non-Installment	6	-	6
Overdraft Account-TRY (Legal Entity)	3,919	-	3,919
Overdraft Account-FC (Legal Entity)	-	-	-
Total	103,549	1,189,577	1,293,126

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

f) Loans according to type of borrowers:

	Current Period	Prior Period
Public	1,768,507	107,634
Private	28,188,902	20,860,642
Total	29,957,409	20,968,276

(*) TRY 764,741 Thousand of accruals as of December 31, 2008 (TRY 556,032 Thousand as of December 31, 2007) could not be decomposed by loan types, therefore, is not included in the table above.

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic loans	29,825,784	20,889,712
Foreign loans	131,625	78,564
Total	29,957,409	20,968,276

(*) The TRY 764,741 Thousand of accruals as of December 31, 2008 (TRY 556,032 Thousand as of December 31, 2007) could not be decomposed by loan types, therefore, is not included in the table above.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

h) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	60,226	61,609
Indirect loans granted to subsidiaries and investments	-	-
Total	60,226	61,609

(*) Interest income accruals are not included in the table above.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectibility	85,317	36,757
Loans and other receivables with doubtful collectibility	159,679	86,134
Uncollectible loans and other receivables	245,240	188,240
Total	490,236	311,131

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

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

	Group III.: Loans and receivables with limited collectibility	Group IV.: Loans and receivables with doubtful collectibility	Group V.: Uncollectible loans and receivables
Current period			
(Gross amounts before the specific provisions)	2,040	1,016	25,517
Loans and other receivables which are restructured	2,040	1,016	25,517
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before the specific provisions)	3,755	1,555	4,673
Loans and other receivables which are restructured	2,761	1,336	3,360
Rescheduled loans and other receivables	994	219	1,313

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

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

	Group III. Loans and receivables with limited collectibility	Group IV. Loans and receivables with doubtful collectibility	Group V. Uncollectible loans and receivables
Prior period end balance	44,383	96,895	249,679
Additions (+)	450,076	70,892	33,885
Transfers from other categories of loans under follow-up (+)	-	192,270	118,491
Transfers to other categories of loans under follow-up (-)	203,679	107,082	-
Collections (-)	201,036	77,174	63,320
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	89,744	175,801	338,735
Specific provision (-)	85,317	159,679	245,240
Net balance on balance sheet ^(*)	4,427	16,122	93,495

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

3) Information on foreign currency non-performing loans:

	Group III. Loans and other receivables with limited collectibility	Group IV. Loans and other receivables with doubtful collectibility	Group V. Uncollectible loans and other receivables
Current Period:			
Period end balance	-	3,313	5,220
Specific provision (-)	-	3,313	5,220
Net balance on balance sheet	-	-	-
Prior Period:			
Period end balance	44	3,227	4,128
Specific Provision (-)	44	3,227	4,128
Net balance on balance sheet	-	-	-

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

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

	Group III.	Group IV.	Group V.
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period (Net)	4,427	16,122	93,495
Loans to Real Persons and Legal Entities (Gross)	89,744	137,820	338,735
Specific Provisions (-)	85,317	121,698	245,240
Loans to Real Persons and Legal Entities (Net)	4,427	16,122	93,495
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	37,981	-
Specific Provisions (-)	-	37,981	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	7,626	10,761	61,439
Loans to Real Persons and Legal Entities (Gross)	44,383	72,985	249,679
Specific Provisions (-)	36,757	62,224	188,240
Loans to Real Persons and Legal Entities (Net)	7,626	10,761	61,439
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	23,910	-
Specific Provisions (-)	-	23,910	-
Other Loans and Receivables (Net)	-	-	-

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

l) Explanations on write-off policy:

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

m) Other explanations and disclosures:

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

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

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

Prior Period	Commercial(**)	SBL	Consumer	Agricultural	Total
Non-Overdue or Non-Impaired Loans (*)	1,408,546	2,061,843	11,206,268	6,192,336	20,868,993
Overdue but Non-Impaired Loans	134,842	-	137,706	382,767	655,315
Impaired Loans	51,257	66,945	39,618	233,137	390,957
Total	1,594,645	2,128,788	11,383,592	6,808,240	21,915,265
Specific Provisions of Impaired Loans(-)	51,257	66,945	39,618	153,311	311,131
Net Loan Amount	1,543,388	2,061,843	11,343,974	6,654,929	21,604,134

(*) Loans originated from funds whose risk does not belong to the bank are shown under the Non-Overdue or Non Impaired Loans

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

The improvement of the application system to decompose the guarantee informations of the loans has not been completed, as of December 31, 2008, therefore the guarantees about past due but not impaired loans and other receivables and loans under follow-up could not be disclosed.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

m) Other explanations and disclosures:

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

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

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

(**) TRY 306,070 Thousand included at the "Over 91 Days" column of the agricultural loans is composed of deferred agricultural loan receivables under the scope of 2088/13881 and 2008/14074 numbered Council of Ministers Agreement.

Prior Year	Below 30 days	31- 60 Days	61- 90 Days	Over 91 Days	Total
Loans and Receivables ^(*)					
Commercial Loans	83,232	30,049	21,561	-	134,842
Consumer Loans	22,693	64,739	50,274	-	137,706
Agricultural Loans ^(**)	103,320	80,819	8,051	190,577	382,767
Total	209,245	175,607	79,886	190,577	655,315

(*) The amounts at the table are the overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans are equal to TRY 997,494 Thousand.

(**) TRY 190,577 Thousand included at the "Over 91 Days" column of the agricultural loans is composed of deferred agricultural loan receivables under the scope of 2007/12339 numbered Council of Ministers Agreement.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

6. Information on held-to-maturity investments:

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	6,283,263	-	196,230	-
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	6,283,263	-	196,230	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	4,976,632	654,405	4,478,940	523,460
Other	-	-	-	-
Total	4,976,632	654,405	4,478,940	523,460

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

	Current Period	Prior Period
Government Bonds	48,476,605	13,851,544
Treasury Bills	306,714	-
Other Public Sector Debt Securities	-	-
Total	48,783,319	13,851,544

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	48,787,200	13,855,427
Quoted in a stock exchange	36,972,047	18,493
Not quoted	11,815,153	13,836,934
Provision for impairment (-)	-	-
Total	48,787,200	13,855,427

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

6. Information on held-to-maturity investments:

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	13,855,427	17,059,676
Foreign currency differences on monetary assets	853,280	(55,978)
Purchases during the year	39,720,817	3,720
Disposals through sales and redemptions (*)	(5,642,324)	(3,151,991)
Provision for impairment (-)	-	-
Period end balance	48,787,200	13,855,427

(*) The disposal of TRY 855,000 Thousand as of December 31, 2007 resulted from the matured securities in October 2007 which were transferred by the Treasury as a set-off against the payments to depositors of İmar Bankası and were recorded into the held-to-maturity portfolio by the Bank.

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

The reclassifications are presented in "Purchases during the year" row in the movement table above. Valuation differences of reclassified available for sale securities before deferred tax are TRY 68,984,332, EUR (23,067,331) and USD (15,207,271) respectively and are recorded under shareholders' equity. These balances will be discounted until the redemption date of related securities using straight-line method and recorded as interest income or expense. As of balance sheet date, valuation differences, which are accounted under shareholders' equity, are TRY 65,243,849, EUR (22,012,418) and USD (15,098,659) respectively.

As of balance sheet date, total fair values of reclassified held for trading securities are EUR 35,308,828 and USD 60,365,828.

If reclassified held for trading securities had not been reclassified, value loss provision equal to TRY 7,125,638 would have been recorded. The reclassification from held for trading securities to held-to-maturity investments has an income impact equal to TRY 10,752,523.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

7. Information about associates (net):

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

The Bank does not consolidate its associates excluding Axa Sigorta A.Ş., in accordance with the following provision of the paragraph 5 “Requirement for Preparing Consolidated Financial Statements” of Article 5 of the Communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette No: 26340 on November 8, 2006: “If total assets of an associate, subsidiary or entity under common control qualified as financial institution is less than 1% of the Parent Bank’s total assets and if total of assets of associates, subsidiaries or entities under common control qualified as financial institution is less than 5% of the Parent Bank’s total assets, those entities may be excluded from consolidation considering the materiality principle”.

1) Information about unconsolidated associates:

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

	Total Assets	Shareholders’ Equity	Total Non- Current Assets	Interest Income	Income from marketable securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	799,199	257,228	200,598	27,645	30,802	2,710	2,745	-
2	15,272	12,372	5,160	1,665	-	1,507	1,228	-
3	26,182	19,399	1,964	3,226	6	6,693	3,457	-
4	7,338	7,325	2	1,320	2	1,030	879	-

- Since shares of associates are not traded in the stock market, fair values cannot be identified.
- Current period information of associates have been provided from unaudited financial statements as of December, 31 2008. Prior period information of Arap Türk Bankası A.Ş. have been provided from audited financial statements, for other associates prior period information have been provided from unaudited financial statements.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

1) Explanation regarding consolidated associates:

The Bank consolidates Axa Sigorta A.Ş. since the Bank's voting percentage is higher than required percentage defined with the following provision of the paragraph 5 "Requirement for Preparing Consolidated Financial Statements" of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on November 8, 2006.

	Description	Address (City/ Country)	The Bank's share percentage, if different, voting percentage (%)	The Bank's risk group share percentage (%)
1	Axa Sigorta A.Ş.	İstanbul / TÜRKİYE	12.50	80.35

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	1,512,356	446,323	53,196	-	-	112,643	50,271	-

- Current period information of Axa Sigorta A.Ş. have been provided from unaudited financial statements as of December, 31 2008. Since the name of Axa Sigorta A.Ş. was Axa Oyak Sigorta A.Ş. in previous period, prior year information has been provided from Axa Oyak Sigorta A.Ş. audited financial statements as of 31, December 2007.
- Since the voting power in board of directors of Axa Oyak Sigorta A.Ş. is over %10 in 2008 balance sheet period, it is classified from available for sale equity investments to associates.

2) Information about consolidated associates:

	Current Period
Beginning Balance	56,905
Movement During the Period	17,242
Additions	-
Bonus Share Certificates	17,242
Shares of Current Year Profits	-
Sales	-
Revaluation	-
Impairment Provision	-
Ending Balance	74,147
Capital Commitments	-
Share of Capital Participation (Period Ending)	-

3) Sector information about consolidated associates:

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

4) Consolidated associates quoted in stock exchange:

As of 31.12.2008 Bank has no consolidated associates quoted in stock exchange market (December 31, 2007: None).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

8. Information on subsidiaries (net):

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

Since the Bank does not consolidate its subsidiaries in accordance with the following provision of the paragraph 5 “Requirement for Preparing Consolidated Financial Statements” of Article 5 of the Communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette No: 26340 on November 8, 2006: “If total assets of an associate, subsidiary or entity under common control qualified as financial institution is less than 1% of the Parent Bank’s total assets and if total of assets of associates, subsidiaries or entities under common control qualified as financial institution is less than 5% of the Parent Bank’s total assets, those entities may be excluded from consolidation considering the materiality principle”, consolidated financial statements are not prepared.

1) Information about unconsolidated subsidiaries:

	Description	Address (City/ Country)	The Bank’s share percentage-if different voting percentage (%)	The Bank’s risk group share percentage (%)
1	Ziraat Finansal Kiralama A.Ş.	Istanbul / TURKEY	100.00	50.01
2	Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul / TURKEY	100.00	62.00
3	Ziraat Portföy Yönetimi A.Ş.	Istanbul / TURKEY	60.00	65.44
4	Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	Istanbul / TURKEY	66.67	52.50
5	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara / TURKEY	62.50	64.60
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	Moskow/RUSSIA	100.00	99.87
9	Kazakhstan Ziraat Int. Bank	Germany/KAZAKHSTAN	100.00	93.88
10	Ziraat Banka Ad Skopje	Skopje/MACEDONIA	100.00	100.00

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

	Total Assets	Shareholder' Equity	Total Non-Current Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	279,028	82,355	149,145	1,253	-	16,187	10,521	-
2	57,530	49,578	19,979	4,000	3,108,941	8,233	8,262	-
3	6,902	6,288	113	1,071	49,399	1,914	2,000	-
4	12,667	7,485	2,208	416	105	4,370	3,795	-
5	6,198	3,532	148	406	163	322	349	-
6	956,958	331,113	588,003	39,861	10,972	8,130	3,786	298,834
7	166,489	74,921	75,033	11,626	739	774	2,846	44,660
8	37,514	25,880	13,353	2,150	90	673	210	26,217
9	79,426	36,838	60,312	7,602	573	617	3,851	51,009
10	73,724	36,559	31,831	3,451	886	669	-	32,357

- For the subsidiaries, other than those presented by their fair values, since these subsidiaries are not traded in the stock market fair values can not be determined.
- The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are representing the net sales.
- Information on subsidiaries shown in the above table have been provided from the unaudited financial statements as of December 31, 2008, the prior period profit/loss balances of Ziraat Finansal Kiralama A.Ş., Ziraat Yatırım Menkul Değerler A.Ş., Ziraat Portföy Yönetimi A.Ş., Ziraat International A.G. and Kazakhstan Ziraat Int. Bank have been provided from audited financial statements as of 31.12.2007. For other subsidiaries, prior year information has been obtained from unaudited financial statements as of December 31, 2007.
- The Skopje/Macedonia branch of the Bank has started to operate as a separate legal entity under the name of Ziraat Banka AD Skopje on March 11, 2008. TRY 28,439 Thousand capital contribution has been presented as subsidiaries in the financial statements.

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

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

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

c) Subsidiaries which are quoted to a stock exchange:

None (December 31, 2007: None).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

Entities under Joint Control (Joint Ventures) ¹	Parent Bank's Share ²	Group's Share	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
TURKMEN -TURKISH COM.BANK	3,032	3,032	18,474	2,245	536	15,790	13,202
UZBEKISTAN-TURKISH BANK	5,878	5,878	78,753	4,019	146	5,720	3,836
AZERBAYCAN-TURKEY BİRGE SEHİMDAR KOMMERSİYA BANK	10,784	11,722	49,812	38,221	531	22,929	18,710
Total	19,694	20,632	147,039	44,485	1,213	44,439	35,748

¹ Information on entities under joint control is provided from the unaudited financial statements as of December 31, 2008.

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

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

The Bank did not consolidate its entities under joint control in accordance with the following provision of the paragraph 5 "Requirement for Preparing Consolidated Financial Statements" of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on 8 November 2006: "If total assets of an associate, subsidiary or an entity under common control qualified as financial institution is less than 1% of the Parent Bank's total assets and if total of assets of associates, subsidiaries or an entities under common control qualified as financial institution is less than 5% of the Parent Bank's total assets, those entities may be excluded from consolidation under the consideration of the materiality principle".

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

10. Information on finance lease receivables (net):

None (December 31, 2007: None).

11. Information on derivative financial assets for hedging purposes:

None (December 31, 2007: None).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

12. Information on tangible fixed assets:

	Land and Buildings	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Prior Period End:					
Cost	1,184,864	53,962	19,996	386,653	1,645,475
Accumulated Depreciation (-)	584,333	23,879	19,996	368,698	996,906
Net Book Value	600,531	30,083	-	17,955	648,569
Current Period End:					
Net Book Value as of January 1, 2008	600,531	30,083	-	17,955	648,569
Change during the period (Net)	160,339	5,138	1,103	4,677	171,257
Depreciation Charge-net (-)	(10,961)	11,213	1,103	(348)	1,007
Impairment Loss	(4,078)	-	-	-	(4,078)
Foreign Currency Differences from Foreign Sub. (-)	-	-	-	-	-
Period End Cost	1,341,125	59,101	21,099	391,330	1,812,655
Period End Accumulated Depreciation (-)	573,372	35,092	21,099	368,350	997,913
Period End Net Book Value	767,753	24,009	-	22,980	814,742

13. Information on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	30,963	28,094	2,869
Establishment Costs	3,112	1,010	2,102	1,134	690	444
Goodwill	-	-	-	-	-	-
Intangible Rights	19,244	10,052	9,192	17,032	7,877	9,155
Total	22,356	11,062	11,294	49,129	36,661	12,468

14. Information on investment property:

None (December 31, 2007: None).

15. Information on deferred tax assets, if any:

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

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

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

	Current Period	Prior Period
Deferred tax assets	173,527	115,168
Deferred tax liabilities	3,065	10,761
Net deferred tax assets	170,462	104,407
Net deferred tax income/expense	28,288	48,573

	Current Period	Prior Period
Retirement pay provision	81,420	78,400
Short term employee benefits	19,870	15,720
Other provisions	12,049	10,031
Fixed assets	(2,158)	(1,816)
Valuation of financial assets	57,458	(1,164)
Other	1,823	3,236
Net Deferred Tax	170,462	104,407

	Current Period	Prior Period
As of 1 January	104,407	87,305
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax Income / (Expense)	28,288	48,573
Deferred Tax Expenses (Net)	28,288	48,573
Deferred Tax recognized Under Shareholders' Equity	37,767	(31,471)
Deferred Tax Assets	170,462	104,407

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

17. Information on other assets:

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

II. EXPLANATIONS AND NOTES TO LIABILITIES

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

1) For deposit banks:

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

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	2,768,728	-	5,061,179	26,190,577	2,232,892	342,855	320,933	-	36,917,164
Foreign Currency Deposits	2,429,360	-	2,863,724	3,121,608	887,371	262,756	2,568,628	-	12,133,447
Residents in Turkey	2,364,903	-	2,779,868	2,824,872	841,760	254,074	2,299,799	-	11,365,276
Residents Abroad	64,457	-	83,856	296,736	45,611	8,682	268,829	-	768,171
Public Sector Deposits	3,822,652	-	1,185,204	2,054,755	143,709	83,099	80,145	-	7,369,564
Commercial Inst. Deposits	1,304,018	-	1,481,718	2,157,565	192,597	18,826	1,186	-	5,155,910
Other Inst. Deposits	893,909	-	397,698	4,400,640	382,677	25,036	16,097	-	6,116,057
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	23,921	-	531,330	2,374	-	-	-	-	557,625
CBRT	1,322	-	2,109	-	-	-	-	-	3,431
Domestic Banks	2,080	-	499,534	-	-	-	-	-	501,614
Foreign Banks	20,519	-	29,687	2,374	-	-	-	-	52,580
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	11,242,588	-	11,520,853	37,927,519	3,839,246	732,572	2,986,989	-	68,249,767

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

1. b) Information on Saving Deposits

1) Amounts exceeding the deposit insurance limit:

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

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	25,931,528	23,019,461	19,514,005	13,766,088
Foreign Currency Saving Deposits	6,428,120	6,418,549	5,312,328	3,242,814
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ^(*)	181,497	167,560	29,523	22,686
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

(*) In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and balances in insurance limit are calculated by the system, TRY 15,094 Thousand of legal entity's deposits of Sofia and TRY 1,267 thousand of legal entity's deposits of Athens and Komotini can not be decomposed and included in the table above. (Sofia; December 31, 2007: TRY 6,694 Thousand).

Based on the Council of Minister's decree dated December 29, 2003 and numbered 2003/6668, TRY 4,646 Thousand of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş..

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TRY 50 Thousand attributable to a real person is covered by the insurance, TRY 517,846 Thousand of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on "Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated November 7, 2006 and numbered: 26339.

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

The Bank's head office is located in Turkey.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

3) Amounts which are not covered by deposit insurance:

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

	Current Period	Prior Period
Deposits and other accounts in branches abroad	4,689	4,959
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman and members of the Board of Directors and their close families	744	855
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading:

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

Financial Liabilities Held-for-Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	1,026	104	-	7
Swap Transactions	-	2,889	417	388
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1,026	2,993	417	395

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from CBTR	-	-	-	-
Domestic Banks and Institutions	23,764	3,937	5,227	1,784
Foreign Banks, Institutions and Funds	-	656	-	625
Total	23,764	4,593	5,227	2,409

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	23,729	3,475	4,745	1,784
Medium and Long-Term	35	1,118	482	625
Total	23,764	4,593	5,227	2,409

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

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

The Bank's 80.34% of its 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 20% of the balance sheet total:

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

5. Information on finance lease payables (Net):

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

Information on Finance Lease Payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	2	-	911	875
Between 1-4 Years	1,950	1,945	3,447	3,326
More than 4 Years	-	-	-	-
Total	1,952	1,945	4,358	4,201

6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes (December 31, 2007: None).

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

7. Explanations on Provisions:

a) Information on General Loan Provisions:

	Current Period	Prior Period
General Loans	247,013	148,002
Allocated for Group- I Loans and Receivables	206,609	120,378
Allocated for Group- II Loans and Receivables	4,120	41
Allocated for non-cash loans	12,450	5,342
Other	23,834	22,241

b) There are no foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivable.

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amounts to TRY 3,872 Thousand.

d) Information on other provisions:

1) Information on generic provisions for possible risks:

	Current Period	Prior Period
Generic provisions for possible risks	607,508	431,924

Based on the decision of the Bank's Assets and Liabilities Committee, TRY 600,840 (31 December 2007 426,028 thousand) Thousand of generic provision is allocated for possible risks as general loan loss provision at a rate of %3, except for the fund sourced loans.

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

TRY 674,926 Thousand of other provision amount consists of TRY 3,872 Thousand for uncollected non-cash loans, TRY 6,600 Thousand for cash transfers made by the clerks, TRY 600,840 Thousand of provision according to the decision made by the Assets and Liabilities Committee, TRY 50,152 Thousand for remunerations liabilities, TRY 9,250 Thousand for possible legal liabilities and TRY 4,212 Thousand of other provisions.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

7. Explanations on Provisions: (cont'd)

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

3) Employee pension right liabilities for the Bank personnel:

The Bank's employees are the members of T.C. Ziraat Bankası and T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund) which was established by 20th provisional article of Social Security Agency' (SSK) Act of no 506. In accordance with 23rd provisional clause of the Banking Act No:5411, the pension fund is expected to be transferred to the Social Security Agency within three years following the declaration of the Banking Act No: 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Act No: 5411 allowing pension funds to be transferred to Social Security Agency is annulled by Constitutional Court as of March 31, 2007.

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

In accordance with the Act No: 5754 "Act about the Amendments in Social Security and General Health Insurance Act and Some of Acts and Decrees" published in the Official Gazette No: 26870 on May 8, 2008, bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9.80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

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

The technical balance sheet report as of December 31, 2008 which is prepared in accordance with the principles Act No: 5754 declared in the Official Gazete dated June 8, 2008 numbered 26870, with technical interest rate of 9.80%, concludes no technical deficit arises in the above mentioned fund.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

7. Explanations on Provisions: (cont'd)

e) Vacation and retirement pay obligations:

The Bank accounts for its vacation and retirement pay obligations in accordance with the Turkish Accounting Standards No: 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation.

Movement table of the retirement pay:

	Current Period	Prior Period
As of 1 January	392,000	322,221
Payments in the period	(40,442)	(19,473)
Charge for the period (*)	55,542	89,252
Total	407,100	392,000

(*) The balance shows the netted off retirement pay provision expense equal to TRY 66,842 Thousand and reversal of provisions equal to TRY 11,300 Thousand.

As of December 31, 2008 unpaid vacation liability amounted to TRY 99,350 Thousand (December 31, 2007: TRY 78,600 Thousand) is presented under the "Employee Benefits Provision" in the financial statements.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

8. Information on tax liability: (cont'd)

a) Information on current tax liability: (cont'd)

1) Information on tax provisions:

As of December 31, 2008, the remaining tax liability after deducting temporary taxes paid for the period is TRY 193,976 Thousand (December 31, 2007: TRY 171,604 Thousand).

a) Information on current tax liability:

	Current Period	Prior Period
Corporate tax payable	193,976	171,604
Taxation on income on marketable securities	173,538	129,546
Property tax	302	254
Banking Insurance Transactions Tax (BITT)	25,538	20,501
Foreign Exchange Transactions Tax	3	337
Value Added Tax Payable	781	701
Other	17,696	16,561
Total	411,834	339,504

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums – Employee	18	13
Social Security Premiums – Employer	27	20
Bank Social Aid Pension Fund Premium – Employee	44	17
Bank Social Aid Pension Fund Premium – Employer	74	22
Pension Fund Membership Fees and Provisions – Employee	4	4
Pension Fund Membership Fees and Provisions – Employer	7	3
Unemployment Insurance – Employee	106	60
Unemployment Insurance – Employer	211	118
Other	29	9
Total	520	266

c) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TRY 3,065 Thousand. However, this amount is netted off against the deferred tax asset and subsequently TRY 170,462 Thousand of net deferred tax asset is presented in the financial statements.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

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

None.

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

a) Information on the subordinated loans the Bank used:

None.

11. Information on Shareholders' Equity:

a) Presentation on Paid-in Capital:

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

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

The Bank does not have a registered share capital system.

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

There is no share capital increases and increased capital shares.

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

There is no increase from capital reserves.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

The Bank has no capital commitments.

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

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

- g) **Information on Preferred Shares:**

The Bank has no preferred shares.

- h) **Information on Marketable Securities Value Increase Fund**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Entities under joint control	-	-	-	-
Valuation difference (*)	-	44,419	-	-
Foreign exchange difference	-	-	-	-
From Available for Sale Marketable Securities	113,344	(81,957)	173,270	22,125
Valuation difference	123,966	(81,957)	216,421	27,318
Deferred tax effect	(10,622)	-	(43,151)	(5,193)
Foreign exchange difference	-	-	-	-
Total	113,344	(37,538)	173,270	22,125

(*) Subsidiaries and entities under joint control domiciled and operating abroad are followed by fair values. For these entities, fair value is determined by independent valuation firm and revaluation differences are shown in above.

12. Information on minority interests:

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

1. Information On Off-Balance Sheet Liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	2,311,720	639,476
Asset Purchase Commitments	169,961	182,556
Commitments for Credit Card Expenditure Limits	1,427,784	1,145,847
Loan Granting Commitments	111,031	77,575
Other Irrevocable Commitments	207,084	199,933
Subsidiaries and Associates Capital Contribution Commitments	250	250
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	2,487	4,914
Total	4,230,317	2,250,551

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

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

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

	Current Period	Prior Period
Guarantee Letters	3,567,826	1,973,841
Bank Acceptance	16,305	1,366
Letter of Credit	707,899	460,641
Total	4,292,030	2,435,848

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

	Current Period	Prior Period
Letter of Temporary Guarantees	65,429	38,786
Letter of Certain Guarantees	1,738,076	1,036,697
Letters of Advance Guarantees	1,018,884	587,024
Letters of Guarantees given to Customs Offices	58,946	7,005
Other Letters of Guarantees	686,491	304,329
Total	3,567,826	1,973,841

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

1. Information on Off-Balance Sheet Liabilities (cont'd):

c) 1) Total Non-Cash Loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	660,601	299,282
With original maturity of one year or less	87,114	56,179
With original maturity of more than one year	573,487	243,103
Other non-cash loans	3,631,429	2,136,566
Total	4,292,030	2,435,848

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	24,468	1.88	3,815	0.12	-	-	-	-
Farming and Raising Livestock	23,849	1.83	3,427	0.11	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	619	0.05	388	0.01	-	-	-	-
Industry	385,638	29.65	1,542,783	51.58	201,998	27.10	1,120,783	66.30
Mining	93,324	7.17	89,493	2.99	2,127	0.28	3,675	0.22
Production	275,696	21.19	1,396,867	46.70	148,015	19.86	905,476	53.56
Electricity, Gas and Water	16,618	1.29	56,423	1.89	51,856	6.96	211,632	12.52
Construction	100,029	7.69	51,295	1.71	47,072	6.32	62,168	3.68
Service	721,677	55.48	616,934	20.63	454,093	60.92	349,204	20.65
Wholesale and Retail Trade	111,778	8.59	7,425	0.25	159,147	21.35	251,356	14.86
Hotel and Food Services	4,833	0.37	82	0.00	3,019	0.41	825	0.05
Transportation and Communication	166,824	12.84	25,347	0.85	52,490	7.04	15,951	0.95
Financial Institutions	330,198	25.38	246,995	8.26	176,546	23.69	68,011	4.02
Real Estate and Leasing Services	185	0.01	2	-	401	0.05	-	-
Self-employment Services	1,696	0.13	-	-	35,824	4.81	2,081	0.12
Educational Services	2,382	0.18	31,499	1.05	5,548	0.74	6,650	0.39
Health and Social Services	103,781	7.98	305,584	10.22	21,118	2.83	4,330	0.26
Other	68,958	5.30	776,433	25.96	42,211	5.66	158,319	9.37
Total	1,300,770	100.00	2,991,260	100.00	745,374	100.00	1,690,474	100.00

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

1. Information on Off-Balance Sheet Liabilities: (cont'd)

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

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	1,290,981	2,991,051	9,789	209
Letters of Guarantee	1,290,981	2,266,847	9,789	209
Bill Guarantees and Acceptances	-	16,305	-	-
Letters of Credit	-	707,899	-	-
Endorsements	-	-	-	-
Purchase guarantees on marketable security underwritings	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Contingencies	-	-	-	-

2. Derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	259,834	219,131
Forward Foreign Currency Buy/Sell Transactions	144,921	1,440
Currency Buy/Sell Swap	114,913	217,691
Currency Futures	-	-
Currency Put/Call Options	-	-
Interest related derivative transactions (II)	-	-
Interest Rate Contracts	-	-
Interest Rate Buy/Sell Swap	-	-
Interest Rate Put/Call Options	-	-
Interest Rate Buy/Sell Futures	-	-
Other trading derivative transactions (III)	-	-
A. Total trading derivative transactions (I+II+III)	259,834	219,131
Types of derivative transactions for hedging		
Fair Value Fluctuations Hedging	-	-
Cash flow Risk Hedging	-	-
FC Investment in Associates Risk Hedging	-	-
B. Total derivative transactions for hedging	-	-
Total Derivative Transactions (A+B)	259,834	219,131

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

3. Information on contingent liabilities and assets:

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

The Bank's liability resulting from the cheques given to its customers amounts to TRY 2,311,720 Thousand (December 31, 2007: TRY 639,476 Thousand) and this amount is recognized under the off-balance sheet commitment accounts. If cheques that are paid to beneficiaries qualify as bad cheques, the Bank may have an obligation to pay up to TRY 470 for the portion of bad cheques amount according to the numbered 2003/1 "Declaration of Ordering of Payments of Check and the Act of about Protection of Check Bearers" that was published on the April 9, 2003 dated and 25074 numbered.

Since the Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, in accordance with the information obtained from legal department, in the accompanying the financial statements provision of TRY 9,250 Thousand is provided for the lawsuits which have concluded against the Bank but has not been certain among the individual law suits over TRY 100 Thousand with total of TRY 204,697 Thousand.

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

4. Services supplied on behalf of others:

Explanation about services supplied on behalf of others is disclosed in the 9.1 footnote of Section Four.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

IV. EXPLANATIONS RELATED TO INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans(*)	4,467,527	49,392	3,192,611	33,187
Short term loans	1,820,724	40,474	1,288,559	19,299
Medium and long term loans	2,570,553	8,918	1,854,958	13,888
Interest on non-performing loans	76,250	-	49,094	-
Premiums from Resource Utilization Support Fund	-	-	-	-

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

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of the Republic of Turkey	421,323	11	-	3
Domestic Banks	15,262	3,243	21,724	1,907
Foreign Banks	9,146	73,555	49,531	129,356
Head Office and Branches	-	-	-	-
Total	445,731	76,809	71,255	131,266

c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial assets held for trading	109,117	5,071	234,693	18,366
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available-for-sale	3,403,129	437,206	3,727,825	419,054
Investments held-to-maturity	4,128,576	108,072	2,715,550	41,065
Total	7,640,822	550,349	6,678,068	478,485

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	4,637	2,975

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks(*)	1,336	159	1,695	490
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	1,336	124	1,695	369
Foreign Banks	-	35	-	27
Head Office and Branches	-	-	-	94
Other Institutions	-	-	-	-
Total	1,336	159	1,695	490

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

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

	Current Period	Prior Period
Interest expenses to subsidiaries and associates	367	440

c) Information on interest on securities issued:

None.

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

Account Name	Demand Deposits	Time Deposits						Cumulative Deposit	Total
		Up to 1 Month	Up to 3 months	Up to 6 Months	Up to 1 Year	More than 1 Year			
TRY									
Interbank Deposits	1	12,919	33	35	-	-	-	12,988	
Saving Deposits	15,278	978,946	4,630,199	295,303	50,382	50,754	-	6,020,862	
Public Deposits	13,338	84,853	318,080	12,672	5,049	527	-	434,519	
Commercial Deposits	6,088	216,422	493,624	34,872	6,711	487	-	758,204	
Other Deposits	4,892	155,055	861,735	114,336	8,567	16,180	-	1,160,765	
7 days Call Accounts	-	-	-	-	-	-	-	-	
Total	39,597	1,448,195	6,303,671	457,218	70,709	67,948	-	8,387,338	
FC									
Foreign Currency Deposits	9,499	79,244	98,978	29,972	3,789	89,818	-	311,300	
Interbank Deposits	-	7,202	19	19	-	-	-	7,240	
7 days Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	-	-	-	-	-	-	-	
Total	9,499	86,446	98,997	29,991	3,789	89,818	-	318,540	
Grand Total	49,096	1,534,641	6,402,668	487,209	74,498	157,766	-	8,705,878	

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

3. Information on dividend income:

	Current Period	Prior Period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	8,434	13,160
Other (*)	18,017	12,480
Total	26,451	25,640

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

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

	Current Period	Prior Period
Profit	609,980	288,957
Profit on trading account securities	76,876	74,414
Profit on derivative financial instruments	64,566	2,173
Other	12,310	72,241
Foreign Exchange Gains	533,104	214,543
Loss (-)	663,051	146,846
Loss from the Capital Market Operations	124,442	2,520
Loss on trading account securities	124,239	2,216
Other	203	304
Foreign Exchange Gains	538,609	144,326

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:

In current period the Bank has TRY 112,849 Thousand income from sale of real estate. Other than this, 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 and income from forward sale of assets.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	244,842	113,592
III. Group	81,305	31,466
IV. Group	125,367	60,165
V. Group	38,170	21,961
General loan provision	102,630	46,223
Provision expenses for the possible losses	175,843	88,138
Marketable securities impairment expense	3,073	2,436
Financial assets at fair value through profit and loss	1,410	162
Financial assets available for sale	1,663	2,274
Impairment losses from associates, subsidiaries, joint ventures and marketable securities held to maturity	371	-
Investment and Associates	28	-
Subsidiaries	343	-
Entities under common control	-	-
Investment securities held to maturity	-	-
Other	19,269	1,980
Total	546,028	252,369

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses ^(*)	915,128	782,966
Reserve for employee termination benefits ^(*)	66,842	89,252
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	4,078	9,598
Depreciation expenses of fixed assets	40,916	39,922
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	2,568	3,735
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	27	3
Impairment expense for property plant and equipment held for sale and discontinuing operations	-	-
Other operating expenses	307,671	229,602
Operational leasing expenses	28,011	22,904
Maintenance expenses	45,787	31,350
Advertisement expenses	19,120	10,545
Other expenses	214,753	164,803
Loss on sales of assets	7,213	10,070
Other	380,087	329,541
Total	1,724,530	1,494,689

(*) TRY 40,442 Thousand of retirement and termination benefit payments which have been recorded under the personnel expenses by the Bank in the current period is presented under the provision for employee termination benefits row (Prior period: TRY 19,473 Thousand).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

	Current Period	Prior Period
Net Interest Income	4,102,277	3,801,729
Net Fees and Commissions Income	572,031	563,818
Dividend Income	26,451	25,640
Net Trading Income/Expense	(53,071)	142,111
Other Operating Income	338,370	176,820
Provision for loan or other receivables losses (-)	546,028	252,369
Other Operating Expenses (-)	1,724,530	1,494,689
Income(Loss) From Continuing Operations	2,715,500	2,963,060

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

As of December 31, 2008, the Bank's income tax provision amounting to TRY (581,241) Thousand (December 31, 2007: TRY (611,969) Thousand) consists of TRY (609,529) Thousand (December 31, 2007: TRY (660,542) Thousand) of current tax charge and TRY 28,288 Thousand (December 31, 2007: TRY 43,573 Thousand) of deferred tax income.

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

The Bank's net operating income after tax amounts to TRY 2,134,259 Thousand (December 31, 2007: TRY 2,351,091 Thousand).

11. Information on net profit/loss:

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

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

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

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (December 31,2007: None.).

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

None.

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

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

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

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

- a) Explanations on inflation adjustment differences for equity items:**

As per the BRSA's Circular No: 5 announced on April 28, 2005 it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the banking system has been ceased as of January 1, 2005 in accordance with the BRSA' decree numbered 1623 on April 21, 2005.

- b) Explanations on profit distribution:**

On the basis of the decision agreed on the Board of Meeting held on April 24, 2008, TRY 1,649,555 Thousand of net dividend which had been accrued in favor of the Turkish Treasury and TRY 3,716 Thousand of excess amount which had been left from the distribution to personnel has been transferred to the accounts of the Turkish Treasury.

Bank is planning to distribute its 2008 profit based on the articles of association. However, as of the report date, there is no decision regarding the profit distribution.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

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

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

c) Explanations on exchange differences:

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

d) Explanations on available for sale financial assets:

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

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

e) Profit Reserves:

As of the balance sheet date, legal reserves amount to TRY 1,568,647 Thousand, extraordinary reserves amount to TRY 90,121 Thousand and other profit reserves amount to TRY 275,718 Thousand.

VI. EXPLANATIONS RELATED TO CASH FLOW STATEMENT

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

“Operating Profit before Changes in Operating Assets and Liabilities” amounting to TRY 1,038,951 is composed mainly from interest received from loans and securities amounting to TRY 13,608,254 and interest paid to deposit and money market operations which is amounting to TRY 9,119,435. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of the change in the foreign exchange rate on the cash and cash equivalents is stated, approximately, TRY 1,243,705 Thousand as of December 31, 2008 (December 31, 2007: TRY (775,153)).

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

Period opening and end cash and cash equivalents balance:

Period Opening	31.12.2007	31.12.2006
Cash in TRY and in Foreign Currency	753,830	875,111
Central Bank of the Republic of Turkey and Other Banks	7,258,490	8,178,097
Money Market Operations	2,611,226	-
Total Cash and Cash Equivalents	10,623,546	9,053,208

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK

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

a) Current Period:

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

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

** The cash loans amount is including the equity amounts of the subsidiaries.

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

a) Prior Period:

Risk Group	Subsidiaries, Associates and Entities Under Joint Control		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Beginning Balance	437,881	277,448	-	-	-	-
Closing Balance	445,341	270,078	-	-	-	-
Interest and Commissions Income	2,975	-	-	-	-	-

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

** The cash loans amount is including the equity amounts of the subsidiaries.

*** The TRY 9,885 Thousand placement amount, which has made to the foreign branches that are part of the risk group, is included at the cash loan amount.

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

Risk Group	Subsidiaries, Associates and Entities under joint control		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						
Beginning Balance	53,601	233,216	-	-	-	-
Closing Balance	103,835	53,601	-	-	-	-
Interest expense on deposits	367	440	-	-	-	-

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

Risk Group	Subsidiaries, Associates and Entities Under Joint Control		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	-	-	-	-	-	-
Beginning Balance	-	-	-	-	-	-
Closing Balance	28,894	-	-	-	-	-
Total Profit/Loss	793	-	-	-	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Beginning Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information about fees paid to Bank top executives:

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

	Current Period	Prior Period
Wage	6,100	4,632
Dividend and additional payments	580	283
Total	6,680	4,915

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

	Number of Branches	Number of employees			
Domestic Branches ^(*)	1,258	17,343			
			Country		
Agencies Abroad	1	1	1- Pakistan		
	1	1	2- Iran		
				Total Asset	Capital
Foreign Branches ^(**)	1	6	1- USA	1,795,607	170,409
	1	4	2- England	293,352	81,356
	1	3	3- Bulgaria	54,427	29,895
	1	3	4- Georgia	20,547	12,034
	1	3	5- Iraq	11,969	10,780
	2	3	6- Greece	41,880	38,525
	5	43	7- T.R.of Northern Cyprus	336,978	5,168
Off-shore Branches	-	-	-	-	-

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

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

SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE ACTIVITY OF THE BANK

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

SECTION VII: EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and footnotes of the Bank disclosed herein were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditors' Report dated March 6, 2008 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.