



Serving Turkey for 145 years

Annual Report 2008



Prof. Dr. İlhan ULUDAĞ
Chairman of the Board of Directors (2005-2008)

In 2008 we were deeply pained by the loss of Professor İlhan Uludağ, Chairman of the Ziraat Bank Board of Directors. Dr. Uludağ and the extraordinary contributions that this esteemed scholar made to the Turkish banking sector will never be forgotten nor will the tremendous efforts that she made on behalf of our bank as its chairman. We shall remember her with the utmost respect, knowing that her legacy will guide our bank as it continues its journey of change.



T.C. ZİRAAT BANKASI A.Ş.

Annual Activity Report Compliance Opinion

To the General Assembly of T.C. Ziraat Bankası A.Ş.;

We have audited the accuracy and compliance of the financial information in the accompanying annual activity report of T.C. Ziraat Bankası A.Ş. (the "Bank") with the audit report issued as of December 31, 2008. The Board of Directors of the Bank is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual activity reports as set out by the Banking Act No: 5411. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the annual activity report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of T.C. Ziraat Bankası A.Ş. as of December 31, 2008 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the summary management report and our audit opinion on these financial statements.

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

Erdem Selçuk
Partner
Ankara, April 8, 2009

ZİRAAT BANK SHAREHOLDER STRUCTURE

T.C. Başbakanlık Hazine Müsteşarlığı (Undersecretariat for the Treasury of the Republic of Turkey) is the sole owner of T.C. Ziraat Bankası. Neither the chairman nor the members of the Ziraat Bank Board of Directors, nor the statutory auditors, nor the general manager, nor any assistant general manager is a shareholder in the bank.

CHANGES MADE IN THE ARTICLES OF INCORPORATION DURING THE REPORTING PERIOD

No changes were made in the bank's articles of incorporation during the reporting period (1 January 2008 - 31 December 2008).

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A 145 year long journey of change...

The founder of the Turkish banking industry and the engine of our national economy, T.C. Ziraat Bankası (Ziraat Bank) has been both an innovator and a leader of change in our country for a hundred forty-five years.

Regarding change as the means by which one can do better no matter what market conditions may be, Ziraat Bank has remained committed to that course since the day it was founded.

At a time when global economic and financial balances are being recast, Ziraat Bank is focused on and committed to making the most effective use possible of change while creating increasingly more added value for Turkey as a whole.



Our vision

By further strengthening our leading role in the banking industry, to be an extensive and trusted bank that offers high-quality service and is taken as a model by our competitors in Turkey and around the world.

Our mission

To support the real sector with a focus on agriculture, to deliver a broad range of suitably-priced products to retail customers through an extensive branch network, and to contribute to the development of the national economy and of the Turkish banking industry in keeping with our sense of social responsibility and commitment to the rules of banking ethics.

Corporate Profile

The symbol of banking in Turkey and the driving force of the national economy, Ziraat Bank was founded in 1863.

The bank employs 21,299 people at 1,258 service points located everywhere in the country to supply congenial, high-quality service to more than a million and a half customers a day.

With unmatched service delivery scales and competencies, Ziraat Bank is the only provider of banking products and services at no fewer than 435 locations in Turkey.

An important guiding principle of Ziraat Bank is to go wherever Turkish businesspeople go and if possible to be there already when they arrive. In line with this approach and with its eye on pursuing international growth, Ziraat Bank serves customers at 64 locations in 17 other countries. Active in the corporate, commercial, and retail segments, Ziraat Bank is particularly focused on SMEs in manufacturing and on MBAE (medium and big-scale agricultural enterprises) in farming.

As of end-2008, Ziraat Bank's assets amounted to more than TL 104 billion, about 14% of the Turkish banking industry's total.

Financial Indicators

(TL million)	2008	2007	(%) Change
Total Assets	104,412	80,942	29
Liquid Assets and Banks	13,086	11,167	17
Securities Portfolio	58,522	46,577	26
Loans	30,836	21,604	43
Deposits	83,883	68,250	23
Shareholders' Equity	7,361	7,218	2
Interest Income	13,368	11,329	18
Interest Expense	9,266	7,528	23
Pretax Profit	2,715	2,963	-8
Net Profit	2,134	2,351	-9

Ziraat Bank registered a 29% rate of year-to-year growth in 2008. The bank posted a net profit of TL 2.1 billion on total assets worth TL 104.4 billion.

30,836

TL million

The steady year-on-year rise in the ratio of total bank loans to total bank assets continued in 2008. Ziraat Bank's lendings amounted to 30% of its assets in 2008, up three percentage points from the previous year's 27%.

83,883

TL million

Ziraat Bank's total deposits were up 23% in 2008. They accounted for an 18% share of the sector's total deposits and a 25% share of its savings deposits.

20.1%

According to end-2008 results, Ziraat Bank's standard capital adequacy ratio was 20.1%.

Total Assets
TL million

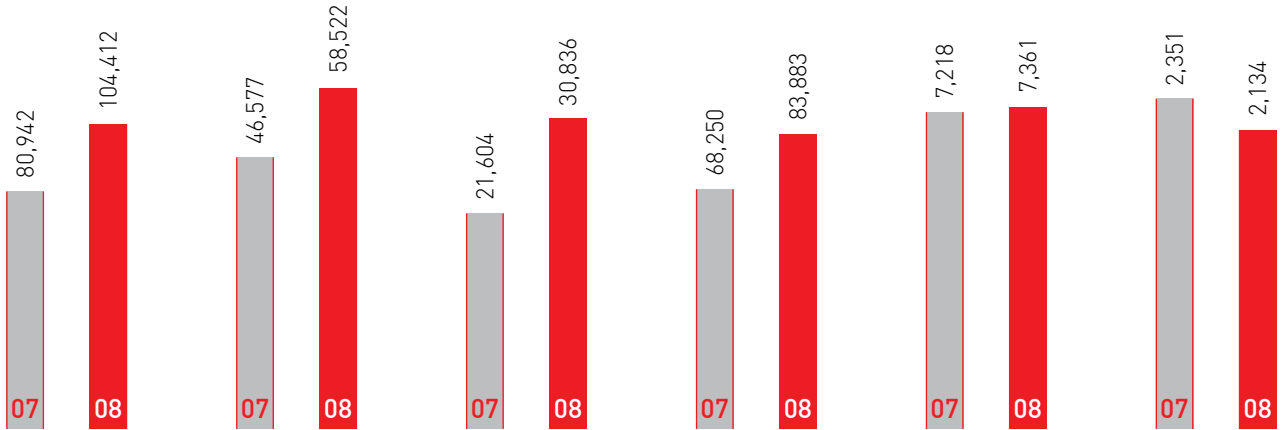
Securities Portfolio
TL million

Loans
TL million

Deposits
TL million

Shareholders' Equity
TL million

Net Profit
TL million



The invariable leader of the Turkish banking sector, Ziraat Bank has also led the industry in profits for the last five years.

Highlights from Ziraat Bank's History

The “Homeland Coiffers” established in the town of Pirot in 1863 planted the seeds from which Ziraat Bank grew... Mithat Pasha, then the Ottoman governor of Nis, set up the “Homeland Coiffers” in the town of Pirot in 1863 to provide financial support to farmers.

A set of regulations governing such funds that was promulgated in 1867 became the legal framework for the first regulated credit system in the Ottoman Empire.

In 1883 the Homeland Coiffers were replaced by “Benefit Funds.

On 28 August 1888, the governing statute of Ziraat Bank was promulgated and the bank's headquarters became operational about three weeks later on September 17th.

The War of Independence...

During the first world war and the ensuing Turkish War of Independence, Ziraat Bank undertook vitally important duties. Money supplied by Ziraat Bank in 1919 to cover the expenses of detachments of the Turkish Nationalist Army during the War of Independence was used to purchase gear for soldiers.

When the Grand National Assembly of Turkey met in Ankara on 23 April 1920, the Ankara branch of Ziraat Bank was put in charge of all the branches and assistance funds in territories subject to the assembly's jurisdiction.

Subsequently, control of the bank's İzmir and İstanbul organizations was taken over by the Ankara branch.

As of 23 October 1922, Ziraat Bank's national unity was completely restored.

Together with the Republic of Turkey...

With the establishment of the Turkish Republic, Ziraat Bank embarked upon a period of rapid growth and development, expanding its branch and service network so as to reach firstly to farmers and to the entire society everywhere in Turkey.

Ziraat Bank's mission was no longer confined to agriculture. Ziraat Bank served as the engine in the process of Turkey's economic recovery and development.

The 1980s and beyond...

Ziraat Bank continued to grow, ultimately becoming the banking institution with a truly global scale that it is today. In 1983 the bank's New York representative's office was turned into a branch while other offices went into service in Duisburg, Berlin, Munich, Stuttgart, and Rotterdam.

In Euromoney magazine's 1988 list of the world's five hundred biggest banks in terms of equity, Ziraat Bank ranked 452nd.

During this period, Ziraat Bank publicly opened Turkey's first museum devoted to banking in its headquarters building in the Ulus district of Ankara and it also launched the country's first banking school.

Keeping pace with technological developments, Ziraat Bank joined the SWIFT system in 1990 and introduced self-service banking the same year.

T.C. Ziraat Bank Moscow, Kazkommerts Ziraat International Bank (KZI Bank), Turkmen Turkish Commercial Bank (TTC Bank), and Uzbekistan Turkish Bank (UT Bank) were all founded and became operational in 1993.

The same year, the Euromoney survey of the world's top 500 banks showed Ziraat Bank in 202nd place overall, in 41st place on the basis of net profit, and in 1st place worldwide in terms of return on equity.

By 1999, the bank had 21 subsidiaries and it opened a branch in Skopje that year as well.

A new century...

Statute 4603 passed by Parliament in 2000 transformed Ziraat Bank into a joint-stock company. This change was a milestone in Ziraat Bank's journey towards becoming a stronger, more effective, and profitable financial institution.

In 2001, Ziraat Bank embarked upon a thorough-going transformation in which the bank's organizational structure was completely overhauled to bring it into line with the needs of modern banking and international competition. In this process Emlak Bankası, another state-owned bank, was merged into Ziraat Bank.

In 2003 M. Zeki Sayın was appointed chairman of a board of directors that had been set up and given responsibility for the administration of all state-owned banks while Can Akın Çağlar became

general manager of Ziraat Bank. Having successfully completed its mission, the joint board of directors was disbanded in 2005.

Over the last five years, Ziraat Bank's financial performance has been excellent by any measure.

The bank undertakes and fulfills the mission embodied in the phrase "the engine of the Turkish economy" by supplying more resources to more customers day after day.

Ziraat Bank was Turkey's most profitable bank and the sector's profit leader in 2004, 2005, 2006, 2007, and 2008.

As the strike force of the Turkish economy, Ziraat Bank will continue to manage change in the future just as it has been doing for nearly a century and a half as it goes on delivering high quality banking products and services with the same dedication and commitment to millions of customers everywhere in the country.



Chairman's Message



In 2008 Ziraat Bank continued to advance without interruption towards the corporate aims laid out in its strategic roadmap.

As the leader of the Turkish banking sector, our bank further strengthened its presence in all the business lines on which it is focused, created increasingly more employment, and was the expression of respect and high added value in the eyes of all of its stakeholders.

The fifth consecutive year of high profitability

The high profitability momentum that Ziraat Bank gained in 2003 continued without interruption in 2008.

Our bank completed 2008 as the sector's leader in total assets and profit. Through the prudent and responsible policies to which it adhered all year long, it successfully fulfilled its duties on every front from helping maintain macroeconomic balances to transferring resources to the real sector even in a year in which the effects of the global economic crisis were beginning to make themselves felt. The year-end financial and operational results that are presented elsewhere in this report clearly reveal the progress of our bank's growth and development last year. What I should like to do here is to state the driving forces underlying our growth and then share my views about the future with you.

In addition to being a company whose roots run deep, Ziraat Bank is a bank with long-standing business traditions and disciplines and with well-defined corporate values that all of its employees identify with.

Ziraat Bank is an organization whose roots reach 145 years into the past and whose corporate values are shared by all of its employees.

Our bank is a deep-rooted institution in every sense. Our 145-year-old heritage has acquired special importance at a time when corporate values everywhere are being questioned and even major international financial institutions have been driven into bankruptcy. Our own vast experience and our competencies combined with our financial strength have bolstered our identity as an esteemed, rock-solid institution. As we embark upon 2009 it gives me pleasure to state that in addition to being a company whose roots run deep, Ziraat Bank is not just a bank with long-standing business traditions and disciplines and with well-defined corporate values that all of its employees identify with but also a bank that is fully committed to taking that identity into the future and building upon it.

The attributes that I have just summed up are the crucial building-blocks which give us the strength to execute our roadmap and which allow us to focus on perfection. The very same qualities position us as a strategy-focused bank that is fully aware of its strength and dimensions while also defining the core of our competitive strength.

Ziraat Bank's most important capital consists of the human resources that make up its intellectual potency.

A point that we have repeatedly emphasized in recent years I want to reiterate and underscore here: a company's most important asset is its employees.

Without the dedicated efforts of our employees it would never be possible for us to achieve success much less perfection. The 21,299 individuals who make up the Ziraat Bank family are pleased and happy to be a part of this bank. The satisfaction—both material and moral—that our employees take in being with us is a matter of importance for us.

In line with its underlying philosophy of constant change, Ziraat Bank is fully focused on adhering to best practices in the management of its human resources, on creating new employment opportunities, and on devoting resources to the training and development of its personnel.

Ziraat Bank is a preferred service provider and business partner in the national and international arenas.

Another issue in which we take the utmost pride is the reputation and favor that our bank enjoys in both national and international markets. Nearly half of all the bank accounts by number in our country have been entrusted into the safekeeping of our bank, which puts them to work so as to achieve the very best possible results that market conditions allow. At the same time, Ziraat Bank stands by the farmers that represent its most important stakeholders at every stage of their professional and personal lives while also serving effectively everyone from SMEs to the biggest industrial concerns and from private individuals to retirees. Our bank is both a precious cornerstone and a driving force of sustainable economic growth and development in Turkey.

At the international level we are a bank that has the ability to serve the Turkish business community wherever its representatives may be in the world. Our international network delivers service through 64 different locations, which not only positions us as the biggest Turkish bank outside Turkey but also expresses our truly global identity. Our access to an extensive correspondent network plays an instrumental role in our ability to negotiate a huge part of Turkey's international trade and to provide our customers with high added value solutions.

Our bank will continue to ensure that the growth potential inherent in the incomparable location of our country and its hinterland is fully reflected in its performance.

Ziraat Bank is respectful of its customers and of society.

Both our customers and the community of which we are a part are of the utmost priority and importance for us. To put it succinctly, the customer is everything for us and the starting-point of all our activities. All our activities are focused on fully responding to the constantly changing needs and demands of our customers.

Our bank is also both mindful and respectful of the social and cultural values of the different communities in which it is active. This is a fundamental and invariable truth of our corporate makeup.

We believe that it is a fundamental tenet of all economic activity that one must give something back to the society that makes its existence possible. We must never forget that every action with economic consequences however great or small exists only in the context of "customers", which is to say society in the largest sense, and that it is sustainable only to the degree that society is.

The four fundamental issues that I have endeavored to sum up here are also the foundations on which Ziraat Bank's strategic vision rests.

The tremendous assets placed under our control are an indication of the crucial importance of our position in the national economy.

Our strategic vision is to support banking in the sector of which we are the leader with the most sophisticated practices, to provide customers in every segment of society with the best possible service at the most suitable price, and to sustain our national and international growth and development as a bank that is highly regarded for its reputation.

In keeping with the place of importance we have in the national economy and our sector...

The tremendous assets placed under our control are an indication of the crucial importance of our position in the national economy. In addition to fulfilling the essential mission incumbent upon us as a nationally-owned concern, we shall also continue to aim for the best and to register strong results for our customers, our employees, and for all of Turkey in the period ahead as our country's biggest and most profitable bank.

We believe that our country will be embarking upon a new phase of growth and development after 2009. However much we may be affected in the short term by global economic volatilities, the huge potential contained within Turkey's demographic and economic foundations is a matter on which everyone is in agreement.

Our bank will continue to ensure that the growth potential inherent in the incomparable location of our country and its hinterland is fully reflected in its performance. The values to which we subscribe and the sound foundations I mentioned briefly above will give us the energy we will need on this journey.

In memoriam: Prof. Dr. İlhan Uludağ.

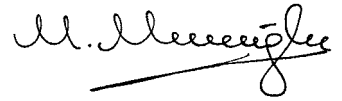
Before ending this message I wish to mention the deep and painful loss that our bank and its community have suffered while also touching upon the sentiments and thoughts provoked by that loss both in myself and among the members of the Ziraat Bank Board of Directors.

Prof. Dr. İlhan Uludağ, who made an enormous contribution to our bank in the course of her many years of service both as a member of the Ziraat Bank Board of Directors and as its chairman, passed away in 2008.

Prof. Dr. Uludağ was one of the most valuable academicians ever to emerge in the discipline of banking in our country. The countless studies of which she was the author not only provided guidance for our sector but also were instrumental in the education of thousands of young people. İlhan Uludağ will forever hold a place of special importance in the history of our bank by virtue of her inestimably valuable services. Our sincerest condolences go out to her family and friends. May she rest in peace.

Thank you all for your efforts and contributions.

The conditions that prevailed in 2008 were extraordinary indeed. For my own part and on behalf of the Ziraat Bank Board of Directors, I thank our customers, our correspondents, and all our employees for efforts and contributions that were truly vital to our ability to maintain such a high level of profitability in such a precarious business climate. So long as Ziraat Bank can count on your support, dedication, and favor, it will continue to successfully manage change and reflect it in its performance in the future, just as it has been doing now for a hundred and forty five years.



Mehmet Mumcuoğlu

Deputy Chairman of the Board of Directors

General Manager's Message



In 2008 Ziraat Bank once again maintained its standing as the undisputed leader of the Turkish banking industry and continued its resolute demonstration that it is a model of growth and success.

In a year during which the global economy was confronted by the most serious upheavals since the 1930s, our bank further entrenched its position at the top of the sector.

Strong, sustained performance despite extraordinary conditions in 2008

2008 was a year during which some of the world's most august international banks that hitherto had been regarded as invincible fortresses collapsed. While the rules and institutions of financial markets everywhere came under withering scrutiny, Ziraat Bank's solid performance further strengthened its position at the summit.

Our 2008 financial results position Ziraat Bank as a model of success that is sustainable in every respect and once again confirm the validity of its business strategies.

In 2008 Ziraat Bank raised the standard in the Turkish banking industry yet another notch by maintaining its status as the sector's profit leader for the fifth consecutive year.

Adding yet another successful year to the previous four as the country's most profitable bank, Ziraat Bank continued to be the driving force of the national economy and a financial institution that everyone trusts and chooses to do business with. Ziraat Bank's pretax profit in 2008 was TL 2,715 million and its net profit was TL 2,134 million.

Although the sector's total profits were down 10% on a year-to-year basis in 2008, no changes whatsoever were made in our own bank's profit projection and the targeted year-end figure was met with ease. At end-2008 our bank had a 2.4% rate of return on assets and

Ziraat Bank remained faithful to its true mission and continued to support the real sector in the face of all market conditions.

a 31.7% rate of return on equity. Both percentages are indicative of profitability ratios that are higher than sector averages.

In 2008, Ziraat Bank became the first Turkish bank to have assets worth more than TL 100 billion.

The bank's total assets at end-2008 amounted to TL 104.4 billion, which corresponds to a year-on-year rise on the order of 29%.

Registering growth rates above the sectoral average, Ziraat Bank also reached the highest level of total assets on a non-consolidated balance-sheet basis ever achieved in the Turkish banking industry.

Despite the unfavorable market conditions that prevailed last year, Ziraat Bank remained faithful to its true mission as it continued to support the real sector.

During 2008 Ziraat Bank once again continued to resolutely deploy its strategies while also adhering completely to its policy of lending in support of the real sector. In the course of the year—during even the worst days of the financial sector crisis—the bank lent more than a billion liras a week on average. In 2008, Ziraat Bank registered a 43% rate of growth in its total lending, which was also well above the sector average. When external fund-sourced loans are excluded, the rise is an even higher—and record-breaking—48%.

Our total lending reached TL 30.8 billion in value with year-to-year rises of 112% in commercial loans and 33% in retail loans. The steady increase in the ratio of loans to total assets experienced in recent years continued in 2008. That ratio, which was 27% in 2007, reached 30% last year.

Our support for agriculture continued and gained additional momentum last year with the introduction of new products and services.

In keeping with its unwavering mission, Ziraat Bank provides uninterrupted support to Turkey's farmers. Loans to agriculture were up 32% compared with 2007 and they reached TL 6.4 billion last year. In 2008 Ziraat Bank introduced its MBAE program aimed at supplying credit to medium and big-scale agricultural enterprises. As part of this program, the bank opened "agricultural" branches in Antalya and Adana with the aim of catering to the needs of this segment.

Over the last five years, Ziraat Bank has extended TL 19 billion as agricultural loans to 2.3 million farmers. As of end-2008, loans to finance investments in agriculture accounted for a 30% share of the bank's lending in this category. Lending an average of TL 109 million a week to the agricultural sector, Ziraat Bank's financial support for farming is designed to be comprehensive and it runs the gamut from loans for water conservation and productivity increase investments to dairy livestock raising.

Ziraat Bank was the first financial institution in Turkey to provide financing solutions to meet the specific needs of SMEs affected by the global economic crisis.

Ziraat Bank's lending to the SME (small and medium-sized enterprise) segment in 2008 was up 23% year-on and amounted to TL 2.5 billion. The bank responded to the credit requirements of a hundred thousand SMEs located all over the country last year while also continuing to take care of all of the financing and banking needs of small businesses in Turkey's 435 county seats and townships where no other bank has a presence.

Realizing that they were likely to encounter serious financing problems in the face of the global economic crisis, Ziraat Bank was the first financial institution in Turkey to take specific measures aimed at supporting SMEs in their time of need. As a first step, the bank offered extended debt servicing terms for borrowers in this group that were experiencing payment difficulties.

A fundamental service philosophy to which Ziraat Bank adheres is to always stand by its customers in both good times and bad. Our bank will continue to act in line with the responsibilities incumbent upon it as a leader and to provide the most rational support that its customers in every segment may be in need of. To put it another way, Ziraat Bank will remain the most faithful solution and business partner for each and every customer in whose productivity and future potential it believes.

A symbol of reliability for depositors, Ziraat Bank once again was the banking sector's anchor of stability.

Ziraat Bank is the symbol of confidence in bank deposits.

One out of every four savers in Turkey has entrusted their savings to Ziraat Bank. With 34 million savings accounts, our bank holds nearly half of all such accounts in Turkey. Throughout 2008 Ziraat Bank continued to behave as a leader aware of its responsibilities towards the sector while remaining a symbol of reliability for depositors and the banking industry's anchor of stability.

Total deposits, which amounted to TL 68.3 billion in 2007, increased 23% to TL 83.9 billion in the twelve months to end-2008 and successfully maintained Ziraat Bank's position as the bank with more deposits than any other.

Our bank controls an 18% share of the sector's total deposits and a 25% share of its savings deposits. Ziraat Bank refrained from competing with other banks on interest rates in an attempt to stave off any loss of market share in deposits during the economic crisis. In keeping with its tradition of responsible banking, our bank made every possible effort to preserve the sector's and the national economy's balances.

Our international structure is undergoing rapid development.

Standing by its countrymen and entrepreneurs abroad at 64 service points in 17 countries, Ziraat Bank is the Turkish bank with the most extensive international as well as national service networks. Our bank is looking to strengthen this service network even more, particularly in the region of the world of which Turkey is the center. In line with this, the bank's branches in Athens and Komotini both went into service in 2008.

We are determined to continue our efforts and ventures to strengthen Ziraat Bank's presence in the Balkans in 2009. In line with this, we are currently working on a project to open five branches in Bulgaria. In another venture in the Balkans, we will be opening a branch operation in Kosovo in the very near future after which we plan to develop a presence there as a full-fledged bank. As always, our aim in the Balkan region is to make it easier for our bank to respond to the needs of Turkish entrepreneurs in the conduct of their business in other countries and to go wherever Turkish businesspeople go and if possible to be there already when they arrive.

VTM: A first in Turkey

We are proud to have presided over another Ziraat Bank innovation with the launching of the first video teller machine (VTM) service in Turkey in 2008. Representing a brand-new delivery channel for the banking industry in Turkey, VTM is a bold and potent example of Ziraat Bank's determination to make banking products and services accessible to its customers without any constraints as to time or place.

In order to serve its customers more effectively, particularly in places where there is no convenient access to a physical branch, Ziraat Bank launched Turkey's first "clerkless banking" pilot branch at the beginning of 2009.

Making use of video conferencing and associated technologies via this new VTM channel, our customers can perform a wide range of banking transactions 24 hours a day/seven days a week. Based on the success of this project, our bank now plans to have 1,000 VTM units at the service of its customers by the end of 2009. Our first

priority is 45 county seats where there are as yet no bank branches. The first units in the Ziraat Bank VTM network will be installed at these locations.

Notwithstanding the current adverse market conditions, Ziraat Bank is fully committed to its policy of increasing both branch and personnel numbers and it will continue to open new branches and hire new personnel.

As of end-2008 Ziraat Bank had a total of 1,156 domestic branches and was serving customers through 1,270 service points. We provide employment some 27,000 people taking into account all of the bank's international branches as well as the companies in which it has stakes or serves.

In 2008 Ziraat Bank provided new jobs for nearly 2,000 people. We plan to open another 100 new branches in 2009. In line with our goal of further improving our own employee demographics, we will continue to reduce the average age of our employees and raise their overall educational level, principally by hiring and training qualified young people. Our goal over the next three years is to add 6,000 young people to the Ziraat Bank family.

Change, profitability, and productivity are the three constant tenets of our business philosophy.

Our 2008 year performance and our ambitious goals for the future which I have just summarized give us both the substance and the appearance of a strong institution that is 145 years young. The radical changes and the sustainable growth that our bank has achieved in recent years are indicative of the beneficial progress that it has made towards its tenet of channeling its efforts according to the principles of profitability and productivity.

Our next objective on the path of change is to relocate our headquarters to İstanbul.

Change is never over at Ziraat Bank.

Our bank now stands on the threshold of a new period of even more rapid growth and development.

Our conviction is that Ziraat Bank will demonstrate its stature as the uncontested leader of 2009's dynamic market conditions while continuing to be an element of strength and confidence at the same time. In the process of economic recovery that we expect to get under way in 2010, our bank will be giving even greater importance to lending policies that impart momentum to our country's growth and development.

Our goal is to relocate to İstanbul in the near future.

Our next objective on the path of change is to relocate our headquarters to İstanbul.

The relocation of our bank's headquarters to İstanbul should be perceived as a step whose importance goes beyond physical movement. Our objective in this next stage of our ongoing change is to take our 145 years of corporate culture and experience to a whole new level.

We are committed to this move both because it will entail a multi-dimensional and thorough remaking of our bank in every respect from operational structures to service platform and because it will open up a brand-new horizon in the motivation of our more than 20,000 employees. Because we are attaching the utmost importance to this project, we are obtaining outside professional support for its planning when necessary.

The relocation to İstanbul will accelerate our bank's globalization as well.

Long a center of attraction for international capital, the İstanbul market as Ziraat Bank's new home will enable the bank to play an even more potent and committed role as a leading representative and defender of Turkey's national values and interests.

The 2007-2008 global crisis has brought with it new opportunities all over the world by reshaping long-standing macroeconomic dynamics.

Our national economy and banking sector encountered the global economic crisis in a position of considerable strength with the result that significant success has been achieved so far in minimizing the adverse affects of the turmoil. Nevertheless the process that lies before us is one that will certainly be difficult and demand care.

The fact, which we have repeatedly stressed in recent years, that Turkey has become far more integrated in to the global economy than many realize, is the most important factor that we must take into account as we determine our strategies and policies for 2009 and beyond. The immediate and lingering effects of the global economic contraction must inevitably have repercussions in Turkey as well.

What is important here is that each and every one of us should be more mindful of developments and more sensitive to risk than ever before. Our approach needs to be one of being able to take timely action immediately.

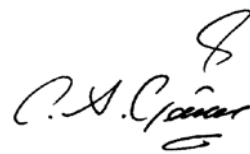
Having witnessed world wars, played key roles in our national struggle and the formation of a republic, successfully overcome every economic setback in

its history, and emerged even stronger from every test of its endurance, Ziraat Bank views the future with the utmost confidence.

We believe that the Turkish economy will be among the national economies that are the first to emerge from the global crisis around the end of 2009 and this will present important opportunities for us all. Ziraat Bank's strong financial structure, its superior and extensive service channels, its competent and dedicated human resources, and its excellent technological infrastructure will enable our bank to continue to create value for everyone while serving as its sector's leader and guide.

Having internalized each and every change with the greatest success for a hundred and forty-five years, Ziraat Bank will stand by our country's farmers, tradesmen, artisans, and businessman at all times and it will continue to create value. In closing, I extend my thanks to all our national and international customers, business partners, employees, and correspondents for the never-ending confidence that they have in us.

As I end this message I also recall with fond memory our former chairman, Prof. Dr. İlhan Uludağ, a most esteemed scholar whose eternal departure from our midst in 2008 was a source of the deepest pain for us all.



Can Akın Çağlar
Member of the Board of Directors and
General Manager

The World Economy

With the world economy plunged into the most far-reaching economic crisis since the 1930s, ensuing developments began to have an impact on developing economies as much as it had already had on the developed ones.

The global upheavals that began in 2007 and whose macroeconomic effects were felt mostly in the developed countries initially mutated into a global financial crisis as a result of rapid developments experienced in the second half of 2008. The turmoil originating in the world's financial sector began to affect real-sector economic indicators in the rest of 2008. After nearly two decades of rapid economic growth that began in the 1990s, the developed countries were confronted by the realities of economic contraction once again. In the wake of sharp declines in the US economy in the last quarter of 2008, economic activity in the Eurozone began to drop off significantly as well.

Severe losses and wealth erosion in financial markets

The global financial crisis adversely affected the financial positions of banks everywhere.

The most important development amplifying the volatility that began with the collapse and distress sale of investment bank Bear Stearns to JP Morgan in the second half of 2008 was the bankruptcy of the 158-year-old firm of Lehman Brothers. During this period, investment banks which carried huge quantities of derivatives in their balance sheets and which were confronted by soaring losses as a result were bought up by commercial banks one by one and turned into commercial banks themselves.

As the world's biggest consumer society, the emergence of the US economy from recession will play a crucial role in economic recovery in other countries.

In the half-year to January 2009, the period in which the effects of the crisis began to reveal themselves, the market values of some global-class banks shrank to barely one twentieth of their former value. Meanwhile the losses racked up by banks, insurance companies, and public-supported financial institutions topped a trillion dollars as the crisis process unfolded.

The developments taking place in 2008 resulted in a serious erosion in wealth in every country of the world. According to Asian Development Bank estimates, the total impairment in the value of financial assets worldwide in 2008 was on the order of USD 50 trillion. That loss corresponds to nearly half the value of all the goods and services produced in the global economy in a single year.

Liquidity measures notwithstanding...

The deep impact of the financial crisis on the global economy manifested itself as reduced demand, higher unemployment, cutbacks in private sector consumption, and a slowdown in world trade. In response, many countries one after the other announced "packages" of measures whose common aims were to put an end to economic contraction and to restore impaired balances.

In the same process, attention was also given to developing and implementing measures on both the monetary policy and the fiscal policy fronts. The governments of the world's developed countries began loosening up the monetary policies of their central banks in addition to pumping liquidity into financial markets. In the course of 2008,

the US Federal Reserve Bank reduced its prime interest rate 425 basis points while the Bank of England and the European Central Bank reduced their own rates by 350 and 150 basis points respectively.

... Real macroeconomic numbers continue to decline.

In the United States, where the crisis got started in the first place, authorities pronounced the economy officially in recession as of December 2007. The economic downturn brought with it the problem of unemployment as well. The jobless rate in the USA, which was 4.9% at the beginning of 2008, soared to 7.2% by year-end. A similar situation was to be observed elsewhere in both the developed and the developing countries.

On current estimates, year-to-year global growth in 2008 slipped to 3.4%. Worse is in store inasmuch as it is expected that the contraction will continue into 2009 and that worldwide economic contraction this year is expected to be in the 0.5-1.0% range.

The crisis is likely to be the top agenda item in 2009 as well.

The global financial crisis is almost certain to be the most important issue in 2009. The outcome of the "packages" that countries put into effect to deal with the crisis and their impact on macroeconomic indicators cannot be expected to become clear any time before the second half of 2009. As the world's biggest consumer society, the emergence of the US economy from recession will play a crucial role in economic recovery in other countries.

Paralleling expectations that the economic slowdown will persist in the United States in 2009, it is likely that the world's other developed countries will perform more or less the same.

For the developing countries, 2009 is going to be a difficult year too however. In particular, a possible slowdown in countries like China and India that have been the engines of global growth in recent years will play a critical role by lessening or worsening the contraction in global growth in 2009.

Forecasters are of the opinion that, having loosened up monetary policy as much as possible and introduced generalized fiscal measures, the US economy may begin to recover towards the end of 2009.

Inflationary expectations down

Inflation, which exerted enormous pressure on most economies in 2008, is expected to recede in response to falling commodity prices and to depressed demand. Projections put inflation in the United States at the 0% level or so, prompting fears in some quarters that deflation may be looming on the horizon.

Although continued global recession in 2009 is expected to exert downward pressure on oil prices, if economic recovery does get under way in the second half of the year, we might be seeing them on the rise again.

The Turkish Economy

In the half-decade to end-2007, the Turkish economy grew an average of 6.9% a year. This process was sharply reversed and there was a sudden slowdown in 2008 in response to developments taking place in the global economy.

The global financial crisis began to effect our own country in the last quarter of 2008.

First-quarter 2008 growth in the Turkish economy was a strong 7.3% whereas in the second quarter, growth plummeted to 2.8% as both interest and exchange rates began to rise.

In the third quarter, when the impact of the global crisis clearly began to take hold, growth fell again, this time to a mere 0.5%; the nine-month growth rate was at the lowest level witnessed in the last six years. In the last quarter of the year there was actually a 6.2% contraction. Twelve-month growth in 2008 thus ended up a still barely positive 1.1%. In addition to the overall contraction in demand, the biggest reason for this development is said to be the cutback in private sector investment outlays brought on by the disappearance of available credit.

Volatile exchange rates and a depressed stock market

Increasing volatilities in world markets in 2008 fueled a general rise in currency exchange rates in Turkey. This trend was supported by two developments: a propensity on the part of international investors to convert their holdings to cash on the one hand and a reduction in foreign currency inflows from abroad on the other. The Turkish lira lost 31.26% of its value against the US dollar in 2008 while share prices on the İstanbul Stock Exchange, where activity paralleled worldwide developments, lost 51.63% of their value on average.

In September however, commodity prices began to fall sharply and continued to slide as did food prices as well.

A year of two distinct phases in inflation

The posted rates of 12-month inflation in 2007 were 8.39% (CPI) and 5.94% (PPI). In 2008, these rose to 10.06% and 8.11% respectively.

During the first half of the year, rapidly rising oil and commodity prices were influential in the increase in inflation. In September however, commodity prices began to fall sharply and continued to slide as did food prices as well. As a result of these trends, inflation also began to subside towards the end of the year. In the period ahead, a slowdown in the demand for durable consumer goods, continued declines in oil and other commodity prices, and restrained movements in farm prices should all have the effect of reducing inflationary pressures.

Interest rates cut in response to economic contraction

Policy interest rates contracted to the 15.25% level in the first quarter of 2008 after which, beginning in April, they gradually rose to the 16.75% level paralleling increases in market interest rates. As a result of fears that the slowdown in economic activity would grow worse and also taking into account the expectation that 12-month inflation would be below its target, the Central Bank of the Republic of Turkey (TCMB) began pulling interest rates down again beginning in November. By the end of the year, the bank's base interest rate was back down to 15%.

The situation in foreign trade and the current account deficit...

Turkey's foreign trade deficit in 2007 amounted to USD 62.8 billion; in the twelve months to end-2008 it increased to USD 70 billion. Despite the considerable decline in the country's exports last year, further growth in the foreign trade deficit was largely prevented by the contraction in oil prices and by a weak Turkish lira.

The current account deficit, which was USD 38.2 billion at end-2007, rose 8.9% to USD 41.6 billion in 2008. Declining oil prices and a weak Turkish lira towards the end of the year kept further growth in the current account deficit in check though the heightened impact of the global crisis played a role by worsening the quality of the current account deficit's financing. The severe liquidity crunch led to a decline in foreign direct investment and in foreign investors' portfolio investments as well. The main cause of the growth in the current account deficit was real sector borrowing off international markets. For 2009, expectations that oil prices will remain below their 2008 levels, a weak Turkish lira, and sluggish domestic demand should all continue to play a role in suppressing the current account deficit.

Manufacturing industry output and capacity utilization rates are in decline.

Industrial output in Turkey during January 2009 was down 21.3% on a month-to-month basis compared with the previous year.

At the same time, manufacturing industry capacity utilization was down to 63.8%, the lowest rate on record for eighteen years. On the basis of currently available figures, it is very likely that growth in manufacturing will be negative in the first six months of 2009.

Another possible effect of the economic slowdown brought on by the crisis is a reduction in tax revenues, which could lead to an increase in national budget deficits.

In 2009...

On current expectations, existing market conditions will remain in effect during 2009 while:

- Currency exchange rates will continue to be volatile
- There should be no serious problems encountered in domestic borrowing
- Monetary policy will stay loose so long as inflation stays low
- Bank deposit interest rates will remain low even as the cost of borrowing remains relatively high.

The Turkish Banking Sector

Having been subjected to a radical restructuring beginning in 2001, the Turkish banking sector was in a condition to confront the global financial crisis from a position of considerable strength.

Turkey's banking industry continued to grow in 2008, registering growth in its total assets, total lendings, and total deposits as well as in its personnel and branch numbers.

The Turkish banking sector confronted the global financial crisis during a period of considerable strength.

There are 49 banks active in the Turkish banking industry which, having undergone a comprehensive restructuring in 2001, encountered the global financial crisis at a time of considerable strength. This played a substantial role in containing the impact of the global crisis on the real sector of the Turkish economy, unlike the situation that prevailed elsewhere, especially among the world's developed economies.

The growth in banks' assets is expected to slow down in 2009.

Highlights from 2008...

- The sector's total assets reached TL 732.5 billion as of end-2008. This corresponds to a year-to-year rise on the order of 26%.
- There was a slight drop in the rate of growth in the sector's lending last year. Total loans were up 28% year-on in 2008 and amounted to TL 377 billion while their ratio to total assets reached 51.5%.
- The sector also experienced a 36% rise in its non-performing loans, which was 8 percentage points higher than the increase in its overall lending. 3.6% of banks' loans went into default in 2008, slightly higher than the 3.4% rate in 2007.

- Total deposits were up 27% in 2008 and reached TL 466.6 billion while 80.9% of those deposits were lent out again (as compared with 80.3% in 2007.)
- The banking industry's total equity amounted to TL 86.4 billion as of 31 December 2008, 13.9% higher than what it was at the beginning of the year.
- Net profit on the other hand was down 9.7% year-to-year and amounted to TL 13.4 billion.

The growth in banks' assets is expected to slow down in 2009.

In a process in which the effects of the global financial crisis have begun to be felt in the Turkish real sector, it is expected that the slowdown in lending will continue into 2009 as well.

Another issue that may affect the Turkish banking sector is the reduction in long-term borrowing opportunities and the increasingly higher cost of credit in international markets. In an environment in which domestic growth looks set to falter, one may foresee that banks will be unable to grow their assets as fast as they have been used to.

Turkish banking sector: Principal indicators

(TL million)	2007	2008	% change
Assets	581,606	732,536	26.0
Loans (less NPL)	294,918	377,317	27.9
Deposits	367,309	466,644	27.0
Equity	75,850	86,425	13.9
Paid-in capital	31,623	39,406	24.6

(TL million)	2007	2008	% change
Total interest income	70,553	85,768	21.6
Net interest earnings	26,049	30,982	18.9
Net profit	14,859	13,422	(9.7)

An Assessment of 2008: Strategies and Developments

At a time when every aspect of the national economy, including the real sector, was being affected by the global financial crisis, Ziraat Bank made a special effort and played a crucial role in maintaining sectoral and general economic balances as the undisputed and unwavering leader of the Turkish banking industry.

The global financial volatilities that became increasingly more violent in the second half of 2007 began to have an adverse impact on the world's banking industry in 2008, manifesting itself as impairments in banks' financial structures and significant erosions in their asset values.

During 2008, when the crisis resulted in substantial losses in the market values of the world's global banks, Ziraat Bank continued to post successful results despite such externalities and it achieved the profit figure that it had targeted for the year.

While satisfactorily shielding its customers from the effects of the worldwide crisis, Ziraat Bank expanded the size of its customer base through the strength of its being a "trusted bank" and continued to uphold its responsibility of being "a bank that symbolizes confidence" by means of credit opportunities and new products and services capable of enhancing the financial well-being of individuals and organizations despite the prevailing economic climate.

Ziraat Bank's total assets at end-2008 amounted to more than TL 104 billion while its total lendings were worth TL 31 billion. The bank's pretax profit as of the same date was TL 2.7 billion and its net profit was TL 2.1 billion.

Ziraat Bank's 2008 balance sheet performance made it the first Turkish bank to have assets worth more than TL 100 billion.

In 2008 the bank continued to resolutely deploy its strategies while also abiding by its policy of lending in support of the real sector and maintaining its standing as the bank with the highest level of deposits even at such a difficult time. Ziraat Bank's total deposits, which amounted to TL 68.3 billion in 2007, increased 23% to TL 84 billion in 2008.

Calling on the knowledge and experience that it has built up over the course of its 145 years of life, Ziraat Bank continues to contribute to the Turkish economy even during these difficult times by means of its innovative practices, its competent personnel, and its extensive service network.

The first Turkish bank with assets over TL 100 billion

Ziraat Bank's total assets registered a 29% rate of year-to-year growth in 2008, a figure that was above the sector average, and they reached over TL 104.4 billion in value. This figure represents the highest level of total assets on a non-consolidated balance-sheet basis ever achieved in the Turkish banking industry.

At end-2008 Ziraat Bank had a 2.4% rate of return on assets and a 31.7% rate of return on equity. Both percentages are indicative of profitability ratios that are higher than sector averages.

The sector's profit leader five years in a row

Ziraat Bank built on its previous major successes in 2008 by once again becoming the sector's profit leader, a title that it had already held for four consecutive years.

Ziraat Bank posted a pretax profit of TL 2,715 million and a net profit of TL 2,134 million in 2008.

Although the banking industry's total profits were down 10% on a year-to-year basis in 2008, no changes whatsoever were made in our own bank's profit projection and the targeted year-end figure was met. While there was a decline in the bank's net profit on a year-to-year basis, the drop was less than the sector average.

Branch network development continues.

Ziraat Bank's service network has a greater reach than that of any other financial institution in the Turkish banking sector. It consists of:

- 1,156 domestic branches
- 70 special transaction centers
- 29 bureaus, 1 charge bureau, 2 mobile branches
- 11 international branches, 1 international sub-branch, 1 international bureau, 8 international banking subsidiaries, and 2 international representative offices active at 64 locations in 17 countries.

In 2008 the total number of Ziraat Bank national and international branches reached 1,270. Despite the current global crisis, the bank will continue opening new branches and hiring personnel wherever there may be a need in keeping with its policy of increasing both its branch and its employment numbers.

Long the sector's leader in terms of transaction volumes, in 2008 Ziraat Bank performed an average of

1.5 million transactions a day when all of its pension and direct income support payments are taken into account.

One out of every four savers in Turkey entrusts their savings to Ziraat Bank.

Ziraat Bank remained the unchallenged leader in bank deposits, controlling approximately a one-fifth share of the sector's total in 2008. The bank increased its total deposits 23% from TL 68.3 billion to TL 84 billion in the twelve months to end-2008, a performance that gave it 17.8% of all deposits and 24.7% of savings deposits.

Ziraat Bank controls 34 million of the 72 million bank accounts in Turkey.

Deposits account for about 80.3% of Ziraat Bank's balance sheet liabilities. In the face of intense competition and slimmer profit margins in 2008, Ziraat Bank focused on increasing its profitability by reducing funding costs through effective liability and deposit management. At the same time, special care was given to maintaining a predominantly TL -weighted deposit structure in view of the bank's lending policies and asset makeup. For this reason, the share of Turkish lira deposits in total deposits followed a stable course similar to that of 2007.

Ziraat Bank holds more bank deposits than any other single financial institution in Turkey and for this reason it plays a highly influential role in the determination of market interest rates. This function becomes even more important at times when markets are especially volatile. The bank carefully fulfills its duties as market-maker for

43%

In 2008 Ziraat Bank registered a 43% rate of growth in its total lending, which was also well above the sector average.

the sector through the rational pricing and competition strategies that it adheres to.

The share of saving deposits in total deposits is more than 50%.

In 2008 Ziraat Bank further increased the volume of its savings deposits while also strengthening both the breadth and the durability of its deposit base. The share of saving deposits is increased from 54.1% in 2007 to 54.3% in 2008.

High growth rates in lending

In keeping with its long-standing traditions as a responsible banker, Ziraat Bank continues to implement the lending policies that it has set out and to resolutely support the real sector without exception. In the course of the year—including even the worst days of the financial sector crisis—the bank clearly demonstrated its commitment on this issue by lending out more than a billion liras a week on average.

Last year Ziraat Bank registered a 43% rate of growth in its total lending, which was also well above the sector average. When external fund-sourced loans are excluded, the rise is an even higher—and record-breaking—48%.

Ziraat Bank's 2008 performance figures indicate that the bank largely achieved its strategic objectives in lending. Total credit disbursements last year reached TL 30.8 billion. Broken down by segment this corresponds to year-to-year rises of 112% in commercial loans, 33% in retail loans, and 32% in agricultural loans.

The steady rise witnessed in recent years in the ratio of loans to total assets continued last year. In the twelve months to end-2008, their share increased three points from 27% to 30%.

Ziraat Bank's non-performing loans continued to remain below the sector's average.

During 2008, Ziraat Bank made still more progress in the direction of improving its asset quality as it continued to manage its loan book with an approach that was even more sensitive to risk than ever.

The ratio of the bank's non-performing loans to the total loans was 1.96%. When external fund-sourced lendings (for which the bank does not have to set aside provisions) and other receivables are excluded, this ratio is an even better 1.6%. Although the default rate in 2008 was slightly higher than the previous year's 1.8%, it was still significantly below the sector's more than 3% average.

We continue to support the real sector.

Ziraat Bank continuously develops and offers innovative products and services in order to create attractive financing opportunities for a broad range of customers from the biggest national and multinational firms to small and medium-sized enterprises while also contributing towards the economic growth of the country as a whole.

The most important competitive advantages that Ziraat Bank enjoys in the conduct of its lending activities are its international brand strength, its asset dimensions, its equity structure,

Ziraat Bank has been handling an increasingly greater share of the commercial banking transactions in Turkey.

and its extensive international reach. With all of the richness and diversity needed in commercial banking products and services, Ziraat Bank has an edge over its competitors in the form of a superior ability to put low-cost funds and liquidity to work in order to address even the biggest financing needs of its customers.

Ziraat Bank's extensive service network is the most important factor in its ability to supply commercial banking products to large-scale corporate customers and organizations as well as to SMEs. The bank's activities in this business line are focused on taking a share of all of the banking transactions and cash-flow operations of such customers.

In addition, the dealers, suppliers, retailers, and other smaller firms with which large-scale customers have business relationships also make up an important target group for Ziraat Bank.

A prudent, solution-focused, and selective credit allocation culture

Ziraat Bank's credit allocation culture is widely regarded as prudent, solution-focused, and discerning. Its primary objective is to broaden the bank's risk base as much as possible by lending to firms with different scale factors.

The aim of the bank's commercial marketing efforts is not just to sell products and services but also to achieve customer satisfaction through customer-focused, high-quality service and to establish and maintain all-inclusive and long-term relationships with customers.

Throughout 2008, Ziraat Bank continued to supply increasingly more financing to the real sector and to commercial markets. Despite the contraction experienced in commercial lending especially during the last quarter of the year, the bank expanded the net volume of its lending activities, demonstrating a growth performance in this area that was above that of the sector as a whole.

During 2008, Ziraat Bank contributed towards keeping domestic interest rates under control through the judicious management of the rates that it charged on its lendings. By doing so, the bank clearly demonstrated its role as a market marker.

An increasing share of the commercial banking line

Within the framework of the restructuring that began at the bank in 2001, Ziraat Bank both strengthened its technological infrastructure and expanded its product diversity. One result of this is that the bank has been handling an increasingly greater share of the commercial banking transactions in Turkey.

Ziraat Bank's total cash loans to the commercial segment in 2004 amounted to about TL 2,074 million in value. This increased 15% to TL 2,389 million in 2005, 27% to TL 3,026 million in 2006, 18% to TL 3,558 million in 2007, and most recently 112% to TL 7,549 million in 2008.

In order to increase profitability by creating no-cost funding and cross-sale opportunities, Ziraat Bank entered into 48 new collection, payment, and general banking service-related agreements with a number of public organizations and private firms. With this addition, the number concerns with which the bank works under such agreements reached 197.

The first loan restructuring application in the industry for the SMEs

In order to serve small and medium-sized enterprises (SMEs) better, devote more of its attention to SME lending, and become specialized in SME banking in general, Ziraat Bank split SME loans from commercial loans and made them the responsibility of a separate SME Banking Department specially set up for that purpose.

Although Ziraat Bank's commercial loan portfolio consists largely of lendings made to corporate customers and organizations, the bank's loans to SME customers make up a significant share of the total in this category.

Ziraat Bank's SME loans increased 23% in 2008 and reached TL 2.5 billion in value.

Realizing that they were likely to encounter financing problems in the face of the ongoing global crisis, Ziraat Bank came to the support of SMEs by offering them extended repayment terms on their existing loan obligations.

100,000

Ziraat Bank now has about 100 thousand SME loan customers in its portfolio.

More than 100 thousand SME loan customers

Partly because it also meets the financing needs of small businesses at no fewer than 435 locations in Turkey where there are no other bank branches, Ziraat Bank now has about 100 thousand SME loan customers in its portfolio.

Ziraat Bank has entered into agreements with the SME Development and Support Administration (KOSGEB) to provide financing support to small and medium-sized enterprises in the form of:

- SME Export Support Credit
- SME Manufacturer, Tradesman, and Artisan Business Support Credit
- SME Employment-Indexed Manufacturer, Tradesman, Artisan, and SME Support Credit

As of 31 December 2008, Ziraat Bank had made Turkish lira and foreign currency cash loans amounting in total to TL 103.7 million and to USD 43.9 million respectively to SME customers under all such agreements with KOSGEB.

Taking advantage of its wide-reaching branch network, Ziraat Bank intends to take part in more KOSGEB projects in the future, to strengthen its collaboration with commercial, industrial, and professional organizations, and to offer financial solutions specially designed to meet SMEs' needs with the overall aim of continuously increasing the share that SME loans account for in the bank's commercial lending portfolio.

Future strategies in commercial banking

In the years ahead, Ziraat Bank will continue to supply credit to the real sector in line with the bank's policies while also accelerating its efforts to expand the both the breadth and the depth of its corporate customer portfolio.

The bank will continue to collaborate with corporate customers, further develop its current relationships with public agencies and organizations, and give additional importance to marketing activities targeted particularly at commercial firms in light of its existing customer structure.

Commercial banking is a business line that the bank intends to continuously pursue growth in. The goals that Ziraat Bank has set for itself in commercial banking are supporting the product line through innovation, increasing the percentage of commercial lending among total assets, steadily raising the level of customer satisfaction-focused service quality, and achieving customer loyalty by establishing and maintaining long-term, multi-dimensional relationships with customers.

To increase productivity in cash management

In line with a decision made in 2008, Ziraat Bank has set up a separate Cash Management Department to ensure a continuous flow of no-cost/low-cost funding through effective and productive customer-focused cash management practices, all of which activities are to be centralized in the hands of a single unit.

Agricultural loans from Ziraat Bank's own resources increased 32% in the year to end-2008 and reached TL 6.4 billion in value.

As a result of both the products developed by the office and of the bank's collections agreements with other concerns, the office handled 47.1 million transactions worth a total of TL 34.4 billion.

Ziraat Bank intends to maintain and build upon its existing competitive advantage in cash management through even more effective practices and by offering its corporate and commercial customers high-quality, advanced cash management products and services.

New products and services for agriculture

Agricultural banking is Ziraat Bank's traditional business line.

In keeping with its original mission as embodied in its name, Ziraat Bank has been the greatest source of financial support for agriculture in Turkey in the course of its 145-year history. That support has played a huge and constant role in both the development and the modernization of agricultural production in this country.

Agricultural loans from Ziraat Bank's own resources increased 32% in the year to end-2008 and reached TL 6.4 billion in value. During the same period, the ratio of bank-sourced lending in the non-performing loan category decreased slightly from 2.6% in 2007 to 2.4% in 2008.

Ziraat Bank lent an average of TL 109 million a week to the agricultural sector during 2008.

In 2008 Ziraat Bank again channeled its lending to the agricultural sector into activities that contribute to the country's agriculture and increase the added value of agricultural enterprises.

Interest-free irrigation project loans

In 2008 Ziraat Bank continued with the program of interest-free loans that it introduced in 2007 to finance investments in drip and sprinkler irrigation systems aimed both at increasing the quality and productivity of agricultural production and at achieving water conservation, an issue of great importance in Turkey and other countries due to global warming and persistent drought conditions in recent years.

As of end-2008, the bank had lent a total of TL 574 million to 42,000 producers under this program. These loans financed drip/sprinkler irrigation systems capable of irrigating 1,275,000 decares of agricultural land located in many different regions of the country. Ziraat Bank will be continuing this loan program in 2009.

Effective practices in agricultural loans

In 2008 Ziraat Bank introduced many new practices that were influential in achieving the positive developments observed in the bank's agricultural loan portfolio.

- Product and service diversity was increased with the introduction of new types of loans designed to provide financing for producers' other needs. Among the loan packages in the new category are "Farmer Support Credit",

"Transport Vehicle Credit", and "Agricultural Overdraft Account".

- The bank has begun issuing letters of guarantee for its agricultural loan customers.
- "Harvest" and "Marketing" loans are now being supplied to meet the short-term cash needs of agricultural enterprises.
- "Land and Enterprise Acquisition" loans are being offered to finance purchases of land and farms with the aims of achieving greater economic viability among smallholdings and of restoring idled agricultural enterprises to productivity.
- Producers who suffered from the drought conditions that prevailed during the spring of 2008 were granted deferments on their agricultural loan obligations to the bank. Under Council of Ministers decrees concerning this issue, farmers are allowed to repay their loans without falling into default.
- A framework agreement was signed on 18 March 2008 between Ziraat Bank and Credit Guarantee Fund Inc (KGF) concerning the principles and procedures pertaining to the fund's guaranteeing agricultural loans. Under this agreement, which went into effect in May and which only covers loans that are extended to individual farmers or to agricultural enterprises that satisfy the requirements for SME status, it has become possible for the bank to provide credit financing to producers who would otherwise have difficulty putting up security on their own.

Agricultural banking is Ziraat Bank's traditional business line.

Ziraat Bank has been the greatest source of financial support for agriculture in Turkey throughout its 145-year history. That support has played a huge and constant role in both the development and the modernization of the country's agricultural production.

- An agreement was signed between Toprak Mahsulleri Ofisi A.Ş. (Agricultural Products Office Inc) and Ziraat Bank under which it is now possible for the bank to extend credit against commodity receipts which are issued by that agency to customers who deposit their product to the agency and which comply with the legal requirements of the Turkish Commercial Code.
- Under an agreement entered into with the Union of Agricultural Credit Cooperatives of Turkey and with the Meat and Fish Authority under the TAR-ET Project, credit limits worth a total of about TL 8 million have been assigned to 53 agricultural credit cooperatives.
- Agreements were signed with nine firms under the "Contract Production Model" and TL 61.8 million in credit was extended to 8,168 producers.
- Ziraat Bank's Başakkart credit card program was extended. Under this program producers are able to purchase agricultural inputs from Başakkart merchant partners on interest-free repayment terms of five to six months. Last year 26,278 producers took advantage of this program to purchase their needs from 3,448 Başakkart merchant partners.

Fund-source credit

In addition to the agricultural loans that it makes from its own resources, Ziraat Bank also provides negotiation services pertaining to loans from the credit resources of other agencies and organizations. Under these programs in 2008:

In 2008 Ziraat Bank introduced MBAE loans program designed to meet the financing needs of large and medium agricultural enterprises in a coherent and uniform way.

- TL 73 million in credit provided through the Agriculture Ministry was made available to a number of cooperatives from the resources of the Social Mutual Assistance and Solidarity Fund of the Prime Ministry.
- TL 16 million in credit was provided to agricultural sales cooperatives from the resources of the Support and Price Stability Fund.

A brand-new concept in the banking industry: MBAE

Ziraat Bank became the author of yet another first by introducing a brand-new concept to the banking industry.

Last year Ziraat Bank introduced its medium and big-scale agricultural enterprise (MBAE) loans program. This program is designed to support the formation of large and medium agricultural enterprises in our country by addressing all of their financing needs in a coherent and uniform way.

The primary aims of this project are:

- To raise the production capacity of agricultural enterprises in our country to economically viable levels
- To increase agricultural production quality and productivity by enabling agricultural enterprises to take advantage of economies of scale
- To contribute towards the formation of an agricultural sector capable of competing globally by reducing production costs.

As part of this program, Ziraat Bank has opened "agricultural" branches in Antalya and Adana with the aim of catering to the needs of enterprises that are active in the agricultural sector and have farming income of at least TL 750,000 a year. Loans are provided under this program to finance projects whose investment value is at least TL 1,000,000.

Ziraat Bank intends to expand the scope of its agricultural banking branches in areas where farming is concentrated in line with the customer satisfaction feedback that it receives and taking the benefits and usefulness of such branches into account.

Developments in retail lending

Retail loans make up a significant portion of Ziraat Bank's credit portfolio and in 2008 the bank continued to increase its market share in this segment. Ziraat Bank reaches the students, retirees, merchants, entrepreneurs, housewives, farmers, and others who make up this huge retail audience spread all over the country, serving them not just through its physical branches but through electronic channels as well.

The bank's total retail loans in 2008 topped TL 13 billion in value. Home-finance lending accounted for TL 5 billion while general-purpose loans, in which Ziraat Bank is the undisputed leader, approached TL 7.5 billion.

The biggest player in sectoral campaigns

Ziraat Bank gave additional impetus to its efforts to gain new customers among people working in specific sectors in 2008. Specialized loan campaigns were targeted at those employed in the health industry, the Turkish armed forces, the justice ministry, and education. The bank's "Colleague Loan" campaign aimed at those employed in the banking industry continued last year in line with Ziraat Bank's image as "The Bank For Bankers".

During the year the bank also continued to meet the particular financial needs of customers through specialized campaigns providing loans for holiday purchases, home improvements, credit card refinancing, KEY program refunds, and the like.

A loan for self-employed persons to help them pay off their Bağ-Kur premium obligations was introduced.

We are number one in customer satisfaction in the retail banking segment.

According to the 4th-quarter 2008 results of the Turkish Customer Satisfaction Index published at three-month intervals by the Turkish Quality Association (KalDer), Ziraat Bank retained its 2007 standing at the head of the list as the number 1 brand and leading provider of retail banking services in Turkey.

195,000

Over the last four years, Ziraat Bank has made it possible for 195,000 people to have their own homes.

Attractive opportunities for customers

- Under various campaigns organized during 2008, Ziraat Bank extended a total of TL 1.4 billion in loans to 143,317 individuals. Of this number, 48,447 were first-time borrowers and 21,179 were new customers of the bank.
- Under these campaigns, Ziraat Bank credit cards were issued to 36,654 individuals.
- In line with a recent finance ministry rule requiring rents to be paid through a bank, Ziraat Bank introduced its "Advantaged Rent Service Package". This program has not only added to the bank's customer base but has also increased the volume of no-cost funds to which it has access.
- On 22 April 2008 Ziraat Bank began offering free prepaid toll cards on condition that recipients purchase at least a minimum balance.
- On 31 March 2008 Ziraat Bank began issuing automated toll system tags for a charge of only TL 1 a month.
- On 28 July 2008 Ziraat Bank began selling prepaid toll cards through its branches in Germany. These cards are being targeted at Turkish citizens who reside and work in Germany and they are designed to allow their users to conveniently pay toll charges when they travel around Turkey.
- On 10 March 2008 "Retail Loan Group Life Insurance Certificates" were introduced and began to be issued to customers who had taken out life insurance policies under mortgage-backed personal loans, home-finance loans, and motor vehicle finance loans and who qualified for recent

improvements in policy premium terms.

- As a result of collaboration with companies acting as agents in the life/private pension and non-life branches, Ziraat Bank's total insurance premium production was up 42% year-to-year in 2008.

Home-finance lending activities

Over the last four years, Ziraat Bank has made it possible for 195,000 people to have their own homes.

Sales and after-sales services continued to be provided in 2008 under the series of agreements entered into between Ziraat Bank and the Housing Development Administration (TOKİ) on 17 May 2002. Last year a total of TL 102.9 million in bank-sourced financing was provided to 1,800 people for various TOKİ projects. Similarly under the heading of TOKİ projects, Ziraat Bank negotiated the sale of 29,730 dwellings worth a total of TL 2.4 billion.

A new credit product introduced for customers in 2008 was a loan to finance purchases of land.

Innovative, effectiveness-focused products in alternative delivery channels

In addition to its huge physical branch network, Ziraat Bank also makes intensive use of alternative delivery channels in its efforts to reach an increasingly greater number of customers.

In 2008 Ziraat Bank launched yet another innovative service channel: video teller machines (VTM).

Special attention was given throughout the bank in 2008 to new ways to encourage customers to make greater and more effective use of Ziraat Bank's alternative delivery channels.

VTM: Another banking innovation from Ziraat Bank

As the leader of Turkish banking for 145 years, Ziraat Bank has introduced many new products to the industry. In 2008 the bank launched yet another service channel for both the sector and its customers: video teller machines (VTM). A video-supported service point that opens a brand-new dimension in banking service channels, VTM is the first "clerkless" bank branch in Turkey.

VTMs are designed essentially for service in towns where there is as yet no Ziraat Bank branch and also at selected locations in densely populated metropolitan areas. VTMs provide the basic banking services available via telephone banking with the added convenience of video and audio support provided by Ziraat Bank call center personnel.

Making use of video conferencing and associated technologies via this new VTM channel, customers can perform banking transactions 24 hours a day/ seven days a week.

2,279 ATMs

The number of Ziraat Bank ATM units in active use increased 7.5% year-to-year in 2008 and reached 2,279.

Ziraat Bank's ATM network is also at the service of the customers of four other financial institutions with which the bank has entered into joint ATM use agreements.

Credit cards and bank cards

Ziraat Bank has issued more plastic cards (14 million as of end-2008) than any other bank in Turkey.

Twenty-three banks are currently active in the Turkish Visa credit card market. Ziraat Bank has the distinction of being the number one bank in this market with more than 10 million of a total of 56.6 million Visa cards in its own portfolio.

Ziraat Bank's credit card turnover was up 67% year-on in 2008 and reached TL 3,278,154,000. During the same period, the bank gained access to 498,993 new credit card customers and issued 551,051 new credit cards. Effective marketing campaigns increased the number of the bank's credit card customers some 31% last year.

In Turkey's intensely competitive credit card market, the bank organizes credit card sales activation campaigns. In last year's campaign, 228,108 new credit card customers were taken on in a short time.

The number of Ziraat Bank-issued bank (ATM) cards increased 11.6% year-to-year in 2008 and reached 11,852,958.

Turkish Armed Forces Smartcard Project

In another important development taking place in the bank card business line in 2008, Ziraat Bank was selected as a business partner by the Office of the Chief of the General Staff under the Turkish Armed Forces Smartcard Project, whose aim is to expand the scope of the Digital Wallet System and make it operational throughout the country.

Merchant partner activities

Along with the introduction of its Virtual POS application in 2008, the number of Ziraat Bank merchant partners increased 79.1% to 32,056. There was also a net 80.1% rise in the number (now 9,780) of merchant partners accepting payments on installment.

Ziraat Bank Call Center and telephone banking

The number of customers served via the Ziraat Bank Call Center in 2008 was 95,200.

New modules expand online banking services

Ziraat Bank continued to expand the scope of its online banking services with the addition of many new applications to its existing transaction set in 2008. There was a 53% rise last year in the number of Ziraat Bank online banking customers, which reached 266,975, while the number of transactions was up 58% to 7,304,173. There was also a comparable 54% increase in the online branch's business volume, which topped TL 15 billion in value.

During 2008, Ziraat Bank's liquidity and investment securities portfolio continued to be effectively managed so as to ensure that the bank's activities and profitability remained unaffected by the global financial crisis.

In the period ahead, Ziraat Bank will continue to undertake and carry out new projects that will raise the numbers of customers using alternative delivery channels in order to lighten branches' operational workloads while also increasing such channels' transaction volumes.

Effective liquidity, interest rate, and securities portfolio management

The Ziraat Bank Treasury Management Unit (TMU) is responsible for managing both the bank's liquidity and its balance sheet risks, for determining interest rate and exchange rate policies, and for providing all branches with centralized treasury operations and investment vehicle pricing services.

The principal duties of the TMU are to monitor and manage the financial risks to which the bank's balance sheet may be exposed and to ensure that both product diversity and high-quality service are provided by exploiting the advantages of the bank's extensive branch network, all with the ultimate aim of maximizing profits.

In addition to complying with the risk-related rules set forth by Ziraat Bank management, during 2008 the unit effectively managed the bank's liquidity and investment securities portfolio with an eye on the possible effects of the global financial crisis that began in 2007 and became increasingly more severe in 2008. Through such efforts the TMU ensured that the bank's activities and profitability remained unaffected by the adverse financial conditions that prevailed.

With 64 service points in 17 countries, Ziraat Bank is the Turkish bank with the most extensive international and national service networks.

International activities

Most of Ziraat Bank's international units were integrated into the bank's headquarters system in 2008. As a result of this, a uniform and centralized structure has now been achieved for treasury operations. Work is currently in progress to complete the integration of the few foreign units that remain outside the system.

The procedures governing operations between the TMU and international units were revised last year as a result of which, it has become possible for Ziraat Bank to deal directly both with the European Central Bank and with the US Federal Reserve Bank.

Thanks to the competitive exchange rate policy that it adheres to at its branches, Ziraat Bank registered an 86% year-to-year rise in its foreign currency transactions with its customers and a 105% increase in such transactions with other banks.

A market maker in Turkish government debt securities

Ziraat Bank was a designated market maker in Turkish government debt securities when the market maker system was launched by the Treasury Undersecretariat in September 2002. In the seventh round of the system that began in September 2008, the bank was once again designated as a market maker in such instruments.

During 2008, Ziraat Bank focused its attentions on issues in the primary market and once again it bought up a significant portion of the securities

issued by the Treasury for its own portfolio. Ziraat Bank takes part in eurobond auctions organized by the Turkish Treasury Undersecretariat as a co-manager along with other international banks and it currently controls a significant market share in eurobond issues.

The Turkish bank with the greatest international reach

Standing by Turkish citizens and entrepreneurs abroad through 64 service points in 17 countries, Ziraat Bank has the most extensive service network of any Turkish bank not just in Turkey but internationally as well.

Ziraat Bank has four branches (Lefkoşa, Girne, Gazimağusa, Güzelyurt) and an office (Paşaköy) in the Turkish Republic of Northern Cyprus; branches located one each in New York, Sofia, Tbilisi, Baghdad, Athens, and Komotini; a branch and a sub-branch in London; and representative offices located one each in Karachi and Tehran.

Ziraat Bank's international network is augmented by the branches, sub-branches, and offices of its international subsidiaries located in Azerbaijan, Bosnia-Herzegovina, Germany, Kazakhstan, Macedonia, Russia, Turkmenistan, and Uzbekistan, bringing the total number of its service points to 64.

Ziraat Bank plans to further expand the scope of its service network in the region of which Turkey is the center. With this goal in mind, the bank opened its Baghdad, Athens, and Komotini

branches in 2008 as part of its efforts to strengthen its presence in the Middle East and the Balkans. Work is currently in progress on a project to open a branch that will be located in the city of Jeddah in Saudi Arabia. In line with its vision of pursuing international growth, the bank will continue to expand its international service network in the years ahead.

To increase the presence and effectiveness of Ziraat Bank in the Balkans and the Caucasus region by setting up structures that address local needs:

- A project was launched in 2008 to open branches in five of Bulgaria's big cities (Plovdiv, Varna, Kardzhali, Razgrad, and Burgas) and to expand the scope of banking services. This project is part of an overall effort to create and expand a Ziraat Bank branch network throughout Bulgaria.
- The scope of Ziraat Bank's activities in Georgia will be enlarged. Consideration of a plan to reorganize the bank's existing Tbilisi branch as an international subsidiary and to expand the branch network in the country will be finalized.

Ziraat Bank has been active in the Turkish Republic of Northern Cyprus since 1974. For the last two years, the bank has been engaged in an effort to increase its presence and effectiveness and to expand the scope of its activities in that country. In line with this, a new branch is to be opened on the campus of Near East University and it is planned to have the branch go into service before the end of 2009.

628

Ziraat Bank maintains relations with 628 correspondent banks in 82 countries.

Strong relationships with the world's leading financial institutions

Ziraat Bank's extensive correspondent network, strong correspondent relations, and sound funding base give it a prestigious position in the international banking arena. Thanks to its longstanding credibility and reputation among numerous international banks and financial institutions, it has access to high limits that give it a substantial competitive advantage particularly in the financing of big-ticket projects.

At end-2008 Ziraat Bank was working with 628 correspondent banks in 82 countries. This extensive correspondent network is constantly changing and growing in parallel with customers' needs and with developments and trends in the global economy.

Export credit agencies

Ziraat Bank works very closely with export credit agencies such as Hermes, COFACE, SERV, and SACE.

Having entered into framework agreements with a number of its correspondents concerning the negotiation of credit made available to its customers by export credit agencies, Ziraat Bank has built up a solid and effective platform for the conduct of such business.

Ziraat Bank also has access to credit facilities on an individual transaction basis with banks such as US Exim and the Islamic Development Bank and under the GSM program of the US Department of Agriculture's Commodity Credit Corporation.

International confirmation of sustainable performance

Ziraat Bank's performance is evaluated annually by two of the world's most respected rating agencies, Fitch Ratings and Moody's Investors Service, which also regularly publish their ratings of the bank.

At meetings held every year with these rating agencies, the bank makes a detailed and transparent presentation of information about its brand position, developments in its principal business lines, its funding abilities, and its capital structure.

High added value information technology projects

Ziraat Bank continues to explore and develop products and services that make intensive use of technology in order to make its service delivery platform more effective and more productive and to create a high level of added value in the conduct of its business. Among the IT hardware and system software projects that were carried out in 2008 were:

The Compliance Department, which was set up in 2008, is currently developing a Compliance Program that will stave off the bank's legal, operational, and reputational risks.

- New Automation Project for International Branches and Subsidiaries
- Active Index Branch Extensification Project
- Branch Sequencing Systems Project
- Budget Planning Project
- Corporate Content Project (e-fax management, corporate portal, corporate document management, and scanner technology infrastructure)
- IT Infrastructure Upgrade Project
- Exchange Rate Panel LED Indicators Project
- Maximum Card Phase II Project

Employee Relations Management Department

To deal in the most effective and equitable way possible with the more than 20,000 personnel employed in its extensive national and international operations, Ziraat Bank has set up an Employee Relations Management Department. This new headquarters unit has begun work in line with its mission of upholding the bank's corporate culture and improving the level and quality of internal communication.

Compliance Department

Ziraat Bank has set up a Compliance Department as required by the "Regulations concerning program compliance with obligations pertaining

to the prevention of the laundering of income from criminal activities and to the prevention of the financing of terrorism" published in issue 26999 of Official Gazette on 16 September 2008 pursuant to the Anti-Money Laundering Act (Statute 5549 dated 11 October 2006).

The Compliance Department is currently developing a Compliance Program which will prevent the bank's products and services from being used to launder illegal income or to finance terrorism and which will also protect the bank against the legal, operational, and reputational risks to which it might be exposed on this account.

The software chosen for the bank's anti-money laundering risk management, monitoring, and control functions under the Compliance Program is the Siron AML system. Installation is currently in progress and the system is slated to become operational in June 2009.

The Compliance Department has arranged for system training at regional departments in coordination with the Training Department. A training module that has been prepared will be published on the website of the Banks Association of Turkey and will be accessible to the entire banking sector.

Ziraat Bank's Subsidiaries in 2008

An equity stakes portfolio that creates competitive advantages

A fundamental objective of Ziraat Bank is to offer all of its customers modern, comprehensive financial products and services in the most profitable way possible, to secure cost advantages, and to maximize its competitive position through product diversity. One of the most important ways in which the bank achieves this is through its domestic and international subsidiaries.

The basic tenets of Ziraat Bank's equity stake policy are to:

- Establish new subsidiaries that will generate synergies for the bank
- Acquire stakes in existing companies for the same purpose
- Ensure that existing subsidiaries provide the most effective service possible
- Make every domestic subsidiary in which it owns a controlling interest one of the leading firms in its respective sector.

Ziraat Bank's equity stake investments have reached TL 716.4 million in value.

As of 31 December 2008, Ziraat Bank had a total of TL 236.2 million in its domestic equity stakes. On the international side, the bank's equity stakes were worth USD 50.3 million, EUR 141.5 million, and MKD 950.5 million in their currencies of origin. On this basis, the bank's total equity stake investments amounted to TL 716.4 million in value as of the same date.

The principal developments taking place in the bank's subsidiaries during 2008 are summarized below.

- A project was completed to convert Ziraat Bank's Skopje branch into a full-fledged subsidiary operation. The capitalization of the new bank, whose name is Ziraat Banka AD Skopje, is MKD 903,548,997, all of which is owned by Ziraat Bank.
- A total of TL 45,376,685.50 was invested as share capital increases in the bank's international subsidiaries to improve their profitability and operational volumes.
- Ziraat Bank purchased shares in Ziraat Finansal Kiralama A.Ş. belonging to Başak Depoculuk A.Ş. and in Fintek A.Ş. belonging to Başak Groupama Sigorta A.Ş. and to Başak Groupama Emeklilik A.Ş. in order to increase the bank's controlling interests in those two firms.
- Operations were commenced at the Nuremberg and Essen branches of Ziraat Bank International AG, at the Gostivar and Tetovo branches of Ziraat Bank AD Skopje, and at the Shymkent branch of Ziraat International Bank in Kazakhstan. At the bank's Turkish Ziraat Banka Bosnia dd in Bosnia-Herzegovina, offices were opened in Kakanj (Zenica branch), Tesanj and Gracanica (Tuzla branch), and Novo Sarajevo (Sarajevo branch).
- Ziraat Bank gained a seat on the board of directors of AXA Sigorta A.Ş. The company is now being included in the Ziraat's consolidated financial statements as required by Banking Regulation and Supervision Agency regulations.

International Subsidiaries

Ziraat Bank currently has international banking subsidiaries that are active in eight different countries.

Ziraat Bank's international service platform consists of subsidiaries and associates that are focused on providing fully-integrated and synergetic services to international customers in all business lines with a particular emphasis on trade finance as well as on regular corporate, commercial, and retail banking products and services.

ZIRAAT BANK INTERNATIONAL AG

Active in the areas of corporate, commercial, and retail banking and with EUR 108 million in paid-in capital, EUR 155 million in shareholders' equity, and about EUR 447 million in total assets, Ziraat Bank International AG, stands in the front ranks of the Turkish-owned banks that are active in the European Union.

Cash and non-cash credit transactions related to financing foreign trade moving between Turkey and EU countries make up an important part of the bank's corporate and commercial banking services.

For the purposes of broadening the scope of its retail banking activities and expanding its transaction volumes in that business line, Ziraat Bank International AG increased the number of its branches in Germany from eight to ten while also enriching its existing internet banking services with the addition of an on-line loan application module.

TURKISH ZİRAAT BANK BOSNIA d.d.

The first foreign-owned bank to open its doors for business in Bosnia-Herzegovina, Turkish Ziraat Bank Bosnia commenced operations in 1997. The bank currently provides corporate, commercial, and retail banking products and services to customers at 20 locations through 7 branches and 13 sub-branches/offices and has an installed ATM network of 30 units.

As of end-2008, the bank had USD 108 million in total assets, USD 68 million in lendings, and USD 49 million in shareholders' equity. The bank plans to give additional impetus to efforts to increase its market share in 2009.

AZER-TÜRK BANK ASC

Azer-Türk Bank is a joint venture of Ziraat Bank and Azerbaijan Agrar Senaye Bank. Incorporated in 1995, the bank commenced operation the same year. Azer-Türk Bank provides service through three branches (two in Baku and one in Ganja). The bank's assets have increased threefold over the last five year and amounted to USD 57.2 million in value at end-2008. As of the same date, the bank's assets had increased 40% year-on while its loan portfolio had grown 28% during the same period. Net profit at year-end was USD 2.7 million. The bank's return on assets was 4.79% and its return on equity was 17.99%.

Regarded as one of the best managers of assets in the Azerbaijan financial services industry, Azer-Türk Bank once again ranked in the first rows among the 46 banks active in the country from the standpoint of return on assets as it has been doing now for several years in a row.

KAZAKHSTAN ZİRAAT INTERNATIONAL BANK

The first foreign-owned bank in Kazakhstan, Kazakhstan Ziraat International Bank commenced

operations in that country in 1993.

Headquartered in Almaty, the bank has branches in Kazakhstan's capital Astana and in Shymkent, the biggest city in southern Kazakhstan.

As of 31 December 2008, Kazakhstan Ziraat International Bank had USD 51,575,000 in assets and USD 23,921,000 in shareholders' equity and a net profit in the amount of USD 401,000.

UZBEKISTAN TURKISH BANK

Uzbekistan Turkish Bank (UTBANK) was founded in 1993 as a joint venture of Ziraat Bank and AT Pakhta Bank (Uzbekistan) in which each controls an equal stake. Headquartered in Tashkent, the bank commenced operations the same year and is fully licensed to perform all banking transactions. In the twelve months to 31 December 2008, UTBANK's total assets increased 133% to USD 54 million in value. During the same period, the bank's deposits were up 11% to USD 9.9 million, its shareholders' equity was up 15% to USD 7.6 million, and its net profit was up 9% to USD 1.2 million. The bank's lendings during 2008 amounted to USD 3.8 million.

ZİRAAT BANK (MOSCOW) CJSC

Ziraat Bank (Moscow) CJSC was founded in the Russian capital city Moscow in 1993. The bank takes a customer-focused approach to service in the conduct of its activities while meeting all of the banking needs of its Turkish and Russian customers.

Undergoing a recapitalization in 2007, Ziraat Bank (Moscow) seeks to play an active market role by catering particularly to the needs of the Turkish business community in Russia and of Russian firms in the areas of corporate and commercial banking and non-cash credit. At end-2008 the bank had total assets worth USD 24.4 million while its shareholders' equity amounted to USD 16.8 million in value.

TURKMEN TURKISH JOINT STOCK COMMERCIAL BANK (TTJSC BANK)

Turkmen Turkish Joint Stock Commercial Bank (TTJSC Bank) was founded in 1993 as a joint venture of TDT Dayhanbank (one of the biggest state-owned banks in Turkmenistan) and of Ziraat Bank in which each controls an equal stake. Providing the complete range of corporate, commercial, and retail banking products and services, the bank has played an important role in the strengthening of economic, commercial, and social links between Turkey and Turkmenistan since the day it was founded. According to end-2008 figures, the bank had total assets worth USD 13.5 million and shareholders' equity worth USD 3.9 million.

ZİRAAT BANKA AD SKOPJE

Originally set up in 1999 as the Skopje branch of Ziraat Bank, the operation was reconstituted as a full-fledged bank in March 2008 and renamed Ziraat Banka AD Skopje. The bank currently operates at four locations: a branch and a sub-branch in the capital city of Skopje and one branch each in the cities of Gostivar and Tetovo. The bank contributes towards strengthening of economic, commercial, and social links between Macedonia and Turkey.

In the twelve months to 31 December 2008, Ziraat Banka AD Skopje's total assets increased 18% to USD 49.2 million in value. During the same period, the bank's lending were up 18% to USD 20.2 million, its deposits were up 51% to USD 23.2 million, and its shareholders' equity was up 2% to USD 23.7 million.

Domestic Subsidiaries

Ziraat Bank-owned subsidiaries active in Turkey rank among the strongest players in the country's financial markets by virtue of their high-quality, effective, and customer-focused approach to service.

The bank's subsidiaries are active across a broad range of the financial services sector from banking to leasing and from investment banking and brokerage services to asset management and technology. Ziraat Bank subsidiaries create cross-sale opportunities for the bank while also contributing towards its growth by generating increasingly more added value year after year.

ZİRAAT FİNANSAL KİRALAMA A.Ş.

Founded in 1991, Ziraat Leasing provides lease financing services for investments in agriculture as well as in manufacturing, construction, and health. As a result of active marketing activities in 2008 the company wrote USD 111 million worth of new leasing contracts. The company's paid-in capital is worth TL 85.3 million. At end-2008 the company had TL 279 million in assets and TL 82.3 million in shareholders' equity.

ZİRAAT YATIRIM MENKUL DEĞERLER A.Ş.

Ziraat Yatırım Menkul Değerler is a brokerage house that supplies the investment banking products that make up an important part of Ziraat Bank's product line. Each of the bank's branches acts as an agent for the company and serves customers in that capacity.

Ziraat Yatırım makes active use of four alternative delivery channels in the conduct of its business: the company's website at www.ziraatyatirim.com.tr; "Ziraat Mobile", a mobile phone application that provides access to market information and allows orders to be placed; "Ziraat Ekspres", which allows orders to be placed via a data screen; and the bank's full-service call center on 444 00 00.

In 2008 the company handled TL 5 billion worth of stock market trades and TL 38.6 billion in repo/reverse repo transactions undertaken both on and off the İstanbul Stock Exchange. The company's outright trading in bonds and bills last year was worth TL 7 billion.

ZİRAAT PORTFÖY YÖNETİMİ A.Ş.

Ziraat Portföy Yönetimi is an asset management company that manages its clients' investment portfolios of capital market vehicles. With TL 1.5 million in capitalization, the company manages nine Ziraat Bank mutual funds, four Ziraat Yatırım mutual funds, and nine Başak Groupama Emeklilik private pension funds as well as a large number of institutional customers' portfolios.

Total assets under the company's management as of end-2008 amounted to TL 1,768 million, which ranked it in fifth place with a market share of 5.75% among the 23 asset management companies active in the sector. The company booked a net profit of TL 1,914,000 in 2008.

BİLEŞİM ALTERNATİF DAĞITIM KANALLARI VE ÖDEME SİSTEMLERİ A.Ş.

Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş. provides alternative delivery channel and payment system services to Ziraat Bank, T. Halk Bankası A.Ş., and Turkish Ziraat Banka Bosnia d.d.; card personalization services to Kuveyt Türk Katılım Bankası A.Ş.; and statement operations services to Halk Yatırım A.Ş. and Ziraat Yatırım Menkul Değerler A.Ş.

Bileşim A.Ş. has successfully passed audit for compliance with the security standards set by such major international payment card organizations as Visa and MasterCard. It was the fourth firm in the service provider category to be awarded Payment Card Industry Data Security Standards certification in Europe and the first in Turkey. The company continues to fulfill all the requirements of certification and successfully passed its audit for compliance with international standards in 2008.

At the service of one of the biggest ATM networks in Turkey, Bileşim A.Ş. advanced one position in the "Top 500 Information Technology Companies in

Turkey 2008" ranking to second place in the "Income from Outsourced Services" category. The company also once again ranked in the second "Top 50 Fastest-Growing Technology Companies in Turkey" conducted by Deloitte in Turkey and was designated as a candidate for inclusion in the list of the 500 fastest-growing companies in Europe, the Middle East, and Africa.

Bileşim A.Ş. again maintained its leading position in the sector in 2008 thanks to its strong financial and technological infrastructures, its expert personnel, and its dynamic ability to rapidly adapt to innovations.

FİNTEK FİNANSAL TEKNOLOJİ HİZMETLERİ A.Ş.

Fintek Finansal Teknoloji Hizmetleri A.Ş. provides information technology services in the areas of infrastructure, support & operations, application development, and technical consulting to Ziraat Bank. Fintek is also the firm that carried out the Fin@rt project that converted Ziraat Bank's distributed computer architecture to a centralized system.

Fintek ensures that Ziraat Bank's management information and decision support systems remain in operation and make increasingly more effective and productive use of information that is constantly being updated and consolidated by continuing to develop its Fin@rt basic banking software.

The information technology service provider, information technology investment consultancy, and software application development and maintenance services provided by Fintek have all been awarded TSE EN ISO 9001:2000 certification.

ARAP TÜRK BANKASI A.Ş.

Arap Türk Bankası was founded in 1977 as a joint venture of a number of Arab and Turkish financial institutions. The bank offers its customers the full range of banking products and services. According to end-2008 figures, the bank had TL 799.2 million in total assets and TL 257.2 million in shareholders' equity.

Public Relations, Culture & Art

Ziraat Bank continues its efforts to contribute to society. Ziraat Bank engages in a non-stop effort to contribute towards the development of individuals and society in many different areas such as culture, the arts, education, and sports. As the author of projects that add to the culture store of society as a whole, the bank is committed to advancing the social responsibility mission that it undertakes a new step further every year.

Advertising

Ziraat Bank launched a major image campaign in 2007 with the introduction of its "Turkey's Engine" ad. This was followed up in 2008 with another ad called "Everywhere".

National newspaper, TV, and radio advertising during 2008 also focused on the bank's corporate image and its products and services in a larger number of campaigns with specialized themes such as "Physicians' Day", "Automated Toll System", "Prepaid Toll Card System", "National Team Prep Match Sponsorship", "Drop Irrigation Loans", "Human Resources", "National Team Euro 2008", "MBAE", "145th Year", "VTM Launch", "Ziraat Maximum Launch", and "Başakkart Launch".

Ziraat Bank protects culture values.

Taking its sense of social responsibility and its spirit of social communion as its point of departure, Ziraat Bank provides continuous support for activities in the areas of culture and the arts. To help ensure that our culture and values are passed on to future generations in the best way possible, Ziraat Bank published a four-volume work called "Ziraat Art Collection" 5,000 copies in Turkish and 1,000 copies in English.

As part of its sense of social responsibility, Ziraat Bank also supports activities in the areas of health, education, services, and sports.

Supporting the arts is a Ziraat tradition.

The generous support that it has given to the arts and to artists since the day it was founded is summed up in the slogan "Supporting the arts is a Ziraat tradition." Ziraat Bank continues to undertake and support activities in every branch of the arts.

New links are constantly being added to Ziraat Bank's continuous chain of support for the arts. The bank owns and operates five exhibition spaces—the Mithatpaşa, Kuğulu, Tünel, and Kızıltan Ulukavak galleries and the Ömer Nafi Güvenli exhibition hall—that are regularly made available for the use of artists.

At the bank's Kuğulu and Mithatpaşa galleries in Ankara and at its Tünel gallery in İstanbul, 48 shows were mounted that were attended by more than 100,000 people during 2008. For hosting these exhibitions, the bank received 59 paintings that it added to its collection of original works now numbering 2,609. The Ziraat Bank art collection is widely regarded as one of the richest and most distinguished bank collections in Turkey.

Ziraat Bank's support extends into other branches of the arts as well. The bank's cinema at the Mithatpaşa Exhibition Center is the only venue of its kind

operating entirely as a public service. In 2008, 22 films shown at the Ziraat Bank cinema were attended by 60,500 viewers.

At the Fourth Art Fair organized by Artforum on 19-23 November 2008, Ziraat Bank received the "Institutional Award of Honor" for its ongoing support given to the arts and to artists.

Turkey's first museum devoted to banking

Located in the ceremonial hall of the bank's original headquarters building in the Ulus district of Ankara, the The Ziraat Bank Museum opened its doors to the public on 20 November 1981.

On display at this museum, the first in Turkey to be devoted entirely to banking, are artifacts representing the nearly century and a half during which Ziraat Bank was witness to momentous events in the history of Turkey.

The Ziraat Bank Museum offers a panoramic view of the commercial, economic, political, cultural, artistic, and educational transformations that the Turkish banking industry has undergone since the beginning down to the present day. On display in this historic setting are a host of objects and materials highlighting the progress and development of banking in Turkey.

Other activities

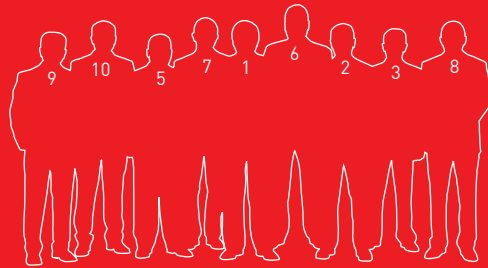
As part of its sense of social responsibility, Ziraat Bank also supports activities in the areas of health, education, services, and sports. A "Moneybox Project" was conducted jointly with Kızılay (Turkish Red Crescent) with the aim of fostering a sense of thrift among children and using the money that was collected to build schools. Ziraat Bank also received the "Social Responsibility Award" on account of its support for the construction of the Aegean Region Blood Center as part of the "Safe Blood Procurement Project" carried out by Kızılay.

During 2008, Ziraat Bank sponsored projects for a large number of fairs taking place in Turkey as well as in other countries.

Management and Corporate Governance Practices

Ziraat Bank Board of Directors

Prof. Dr. İlhan Uludağ, Chairman of the Ziraat Bank Board of Directors, passed away on 13 November 2008.



1. MEHMET MUMCUOĞLU

Deputy Chairman

Mehmet Mumcuoğlu graduated from İstanbul University (Faculty of Business Administration) in 1974 after which he served in various positions such as bank inspector, assistant branch manager, head of the Board of Inspectors, and personnel manager at Akbank and Dışbank and as a manager and consultant in a number of private-sector concerns. He became a member of the Board of Directors in 2003 and has been deputy chairman since 2005.

2. CAN AKIN ÇAĞLAR

General Manager and Member of the Board

Can Akin Çağlar is a graduate of İstanbul University (Faculty of Economics) and completed the money and banking master's program at the same school. He also holds a master's degree in banking and finance from Boston University. In 1985 he became a certified bank auditor for the Treasury Undersecretariat, assistant general manager of Egebank in 1997, and subsequently general manager of Ege Yatırım Menkul Değerler, a brokerage house of the same bank. Beginning in 1998, he served as a general manager of a private finance house. Mr. Çağlar speaks English. He has been a member of the Board of Directors and the bank's General Manager since 2003.

3. AHMET CANDAN

Member of the Board

Ahmet Candan is a graduate of Ankara University Faculty of Political Sciences (Department of Public Finance). Upon graduation he joined the Ministry of Finance as an assistant bank inspector. He subsequently served in management positions in private-sector concerns in Turkey and abroad and has published three works on economic and financial subjects. Mr. Candan became a member of the Board of Directors in 2006.

4. BURHANETTİN AKTAŞ

Member of the Board

Burhanettin Aktaş graduated from Ankara University (Faculty of Political Sciences) in 1987. He began his career at the Treasury Undersecretariat as a comptroller and was appointed chief comptroller of the Treasury in 1998. He completed the master's program in public administration at Carnegie Mellon University in 2000. In 2001-2002 he served as assistant and then deputy head of the Treasury Board of Comptrollers. He currently holds the position of assistant Treasury Undersecretary. Mr. Aktaş has been a member of the Board of Directors since 2003.

5. MEHMET EMİN ÖZCAN

Member of the Board

Mehmet Emin Özcan graduated from Ankara University (Faculty of Political Sciences, Department of Economics and Public Finance) in 1982. He began his career the same year as an assistant bank inspector at İşbank and subsequently served in management positions in the financial services industry. On 27 March 2003 he was elected to a seat on the board of directors of Halkbank and served as an executive director at that bank. He was appointed to a seat on the Ziraat Bank board of directors on 12 April 2005. He also serves as chairman of the Board of Directors of the Islamic Development Bank Association of National Development Finance Institutions (ADFIMI) of which Ziraat Bank is a member.

6. Dr. ÜMRAN DEMİRÖRS

Member of the Board

Ümran Demirörs graduated from the Bursa Academy of Economic and Commercial Sciences (Department of Economics) in 1976. He received an MA in economics in 1981 and a PhD in the same discipline in 1988 from New York University (Faculty of Economics). He was a research associate at the Institute for Economic Analysis of NYU from 1981 to 1982 and from 1983 to 1988, he worked for Project LINK as an economic consultant at the Department of International Economic and Social Affairs of the United Nations in New York. Between 1988 and 1989, he worked as an economist at the International Finance Department of the Federal Reserve Bank of New York. From 1989 to 1992, he served as senior economic and financial consultant at the International Management Consultant and Advisory (IMCA) Group. Between 1992 and 1994, he headed the Research and Strategy Department of VestcorPartners Group Asset Management and Investment Bank. From 1994 to 1995, he was the head of Investment Committee of Renaissance Fund. From 1996 to 2002, he headed the Investments Committee of the Global Bond Department of the Franklin Templeton Investment Company. Between 2002 and 2008, he worked as the founding and managing partner of Gables Investment Management, a boutique hedge fund and investment advisory firm. Dr. Demirörs has been serving as a chief advisor to the Prime Minister of the Republic of Turkey since 13 December 2007 and as a member of Ziraat Bank Board of Directors since April 2008.

7. OĞUZ KAYHAN

Member of the Board

Audit Committee Member

Oğuz Kayhan graduated from Ankara University (Faculty of Political Sciences, Department of Economics). He began his career in 1987 as an assistant certified bank auditor for the Treasury Undersecretariat of the Prime Ministry. In 1997 he was sent to the UK for a year to engage in research on issues related to the British banking and financial system. Mr. Kayhan was an assistant vice president of the Board of Certified Bank Auditors in 1998-2001, during which time he served as deputy president for a period of nine months. From February 2001 to November 2006 he headed a number of offices at the Banking Regulation and Supervision Agency. He was promoted to the position of a senior certified bank auditor in November 2006. Oğuz Kayhan has held a seat on the Ziraat Bank Board of Directors as a Member of the bank's Audit Committee since June 2007.

8. HİKMET AYDIN SİMİT

Member of the Board

Audit Committee Member

Hikmet Aydın Simit graduated from Ankara University (Faculty of Political Sciences, Department of Business Administration). After undertaking a variety of duties in privately-owned banks he joined the Ziraat Bank Board of Directors as a Member of the Board and bank's Audit Committee in June 2007.

9. ABDULLAH YALÇIN

Statutory Auditor

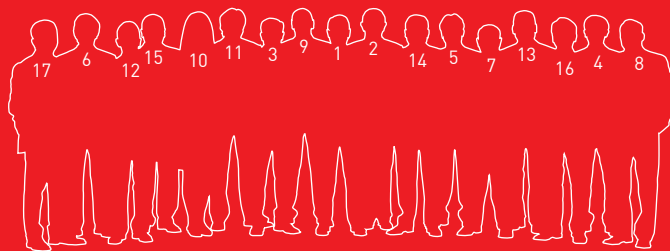
Abdullah Yalçın graduated from Ankara Academy of Economic and Commercial Sciences in 1977. His career began in 1975 at Etibank in its headquarters department of accounting and financial affairs. He later served at the Central Bank of the Republic of Turkey and in positions such as bank inspector, manager, and branch manager at Vakıfbank. After retiring from that bank, he worked as a manager in the private sector for a time. Mr. Yalçın has been a Ziraat Bank statutory auditor since 2003.

10. MUSTAFA BALTACI

Statutory Auditor

Mustafa Baltacı graduated from Ankara University (Faculty of Political Sciences) in 1994. He holds a master's degree in public administration and a diploma degree in financial management from Pennsylvania University. He began his career at the Prime Ministry Board of Bank Inspectors, successively undertaking the positions of assistant inspector, inspector, chief inspector, and board vice president. He served as an analyst for the World Bank on governance issues in 2005-2006 and is currently director of the Prime Ministry Regulatory Reform Group, a minister of state, and deputy prime minister consultant. Mustafa Baltacı has been serving as a statutory auditor for Ziraat Bank since April 2008.

Ziraat Bank Senior Management



1. CAN AKIN ÇAĞLAR
General Manager and Member of the Board

2. SENİH BOYACIĞIL
Chief Assistant General Manager
Senih Boyacıgil is a graduate of Ankara Academy of Economic and Commercial Sciences (Department of Business Administration) and holds a master's degree from the same school. He joined Ziraat Bank in 1981 and has served as a bank inspector, assistant manager, branch manager, department head, and assistant general manager. He was appointed to the position of chief assistant general manager in August 2008.

3. SELİM GÜRAY ÇELİK
Chief Assistant General Manager
Selim Güray Çelik is a graduate of Ankara University (Faculty of Political Sciences, Department of Business Administration) and holds a master's degree from the University of Illinois in the United States. He served as an assistant auditor, auditor, and chief auditor at the Treasury Undersecretariat and then as a department head at the Banking Regulation and Supervision Agency. He became an assistant general manager at Ziraat Bank in 2005 and has been serving as chief assistant general manager since August 2008. Mr. Çelik speaks English.

4. ERCÜMENT GÜLER
Assistant General Manager for Resource Management
Ercüment Güler graduated from Çukurova University (Faculty of Economic and Administrative Sciences). He began his career at Ziraat Bank in 1984 as an assistant bank inspector and subsequently served in the positions of inspector, unit assistant manager, and manager. After holding a senior management position at a state-owned enterprise for a time, he became a department head at Ziraat Bank in 2001. Mr. Güler has been an assistant general manager responsible for resource management since September 2008.

5. ALİ RIZA AKBAŞ
Assistant General Manager for Commercial Banking
Ali Rıza Akbaş is a graduate of Ankara University (Faculty of Political Sciences, Department of International Relations). After undertaking positions as an inspector and manager at a number of privately-owned banks and financial institutions, he was appointed a regional head manager at Ziraat Bank in 2005. Mr. Akbaş has been an assistant general manager responsible for commercial banking since August 2007.

6. A. MESUT GÜRAYLI
Assistant General Manager for Retail Banking
A. Mesut Güraylı is a graduate of Ankara University (Faculty of Political Sciences, Department of Business Administration). He began his career at the Treasury Undersecretariat as a certified bank auditor and served in senior management positions in the banking industry before joining Ziraat Bank in March 2006 as an assistant general manager. Mr. Güraylı speaks English.

7. NUH MEHMET YILMAZKOLUKISA
Assistant General Manager for Agricultural Banking
Nuh Mehmet Yılmazkolukisa graduated from Ankara University (Faculty of Political Sciences, Department of Economics). He began his career at Ziraat Bank as a bank inspector. After undertaking management positions in various banks, he served as a regional head manager from 2003 to 2008. Mr. Yılmazkolukisa has been an assistant general manager responsible for agricultural banking since September 2008.

8. KEMAL GÜLERDİ
Assistant General Manager for Loans and Overdue Loans
Kemal Gülerdi is a graduate of İstanbul University (Faculty of Economics, Department of Econometrics, 1985). He began his career in 1987 at T. Emlak Bankası as an assistant specialist at the bank's headquarters and subsequently undertook assistant manager, regional coordinator, and assistant general manager positions in the banking and financial services industry. Mr. Gülerdi has been an assistant general manager at Ziraat Bank since September 2008.

9. CEM ÖZŞEN
Assistant General Manager for Treasury
Cem Özşen is a graduate of Ankara University (Faculty of Political Sciences, Department of Business Administration) and holds a master's degree in business administration from Bentley College. After serving in various positions in the private sector, the Treasury Undersecretariat, and Ziraat Bank, he became an assistant general manager of the bank in 2002. Mr. Özşen speaks English.

10. ELİF ZEYNEP ERÜL
Assistant General Manager for Corporate Communication
Elif Zeynep Erül graduated from İstanbul University (Department of Business Administration). After serving in a variety of private sector positions in insurance, banking, and corporate communication, she joined Ziraat Bank as a department head in June 2007 and has been serving as an assistant general manager since September 2008. Ms. Erül speaks English.

11. SEYFETTİN SAĞLAM
Assistant General Manager for Human Resources
Seyfettin Sağlam is a graduate of Middle East Technical University (Faculty of Sciences & Literature). After working in a variety of private sector positions beginning in 2001, he joined Ziraat Bank as an assistant general manager in September 2008.

12. İ. ERDAL MAZLUM
Assistant General Manager for Accounting and Financial Management
İ. Erdal Mazlum graduated from Anadolu University (Faculty of Economic and Administrative Sciences, Department of Economics). He began working at Ziraat Bank in 1986 as an assistant bank inspector and subsequently served as a bank inspector and department head. Mr. Mazlum has been an assistant general manager since September 2008.

13. BÜLENT YALIM
Assistant General Manager for Banking Operations
Bülent Yalım is a graduate of Ankara University (Faculty of Political Sciences). He joined Ziraat Bank as an assistant bank inspector in 1987 and subsequently served as an inspector, assistant manager, branch manager, and department head. Mr. Yalım became an assistant general manager in 2005.

14. MUSTAFA ŞAHİN
Assistant General Manager for Support Services
Mustafa Şahin is a graduate of İstanbul University (Faculty of Political Sciences). He began his career at Ziraat Bank in 1991 as an assistant bank inspector and subsequently served as an inspector, assistant manager, branch manager, regional manager, and department head, and head of the Board of Inspectors. Mr. Şahin has been serving as an assistant general manager since September 2008.

15. ALİ ARAS
Head of the Board of Inspectors
Ali Aras graduated from Ankara University (Faculty of Political Sciences). He began his career at Ziraat Bank as an assistant bank inspector and subsequently served as a branch manager, regional manager, and department head. Mr. Aras has been head of the Ziraat Bank Board of Inspectors since August 2008.

16. YUSUF BİLMEZ
Internal Control Group Head
Yusuf Bilmez is a graduate of Hacettepe University (Department of Business Administration). He began his career at Ziraat Bank in 1983 as an assistant inspector. He subsequently served as an inspector, assistant manager, and branch manager and then as an assistant general manager in 2003-2006. Mr. Bilmez has been head of the Internal Control Group since December 2006.

17. MEHMET AYHAN ALTINTAŞ
Risk Management Group Head
Mehmet Ayhan Altıntaş graduated from Hacettepe University (Department of Business Administration) and holds a master's degree from University of Westminster. He began his career in 1985 as a certified bank auditor at the Treasury Undersecretariat, where he also served as head of the Office of Banking and as an economics advisor in London. In 2000 he was transferred to the Banking Regulation and Supervision Agency where he undertook duties as head of the SDIF Financing, Monitoring, and Research Office. He was appointed head of the Ziraat Bank Risk Management Group in August 2007. Mr. Altıntaş speaks English.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Information on the Activities of the Credit Committee

As required by the bank's "Regulation of Management Bodies", the Credit Committee engages in such activities as examining credit risk strategies and lending policies on a regular basis and, based on the results of such examinations, making recommendations to the Board of Directors concerning changes that need to be made in policies and strategies; taking proposed lendings under consideration if they are in compliance with the Banking Law and applicable legislation; approving those that fall within its authority and presenting those which exceed that authority and which are deemed appropriate to the Board of Directors with its favorable opinion; assessing credit-related regulations and presenting those that it regards suitable to the Board of Directors for its approval; taking into consideration lending policies and presenting those that are deemed appropriate to the Board of Directors for approval; coming to decisions related to lending proposals on such credit restructuring issues as new allocations, term extensions, increases, changes in conditions, and interest reductions. The Credit Committee met 29 times during 2008 and took 299 decisions.

Chairman

Can Akın ÇAĞLAR, General Manager and Member of the Board

Members

Mehmet MUMCUOĞLU, Deputy Chairman of the Board

Ahmet CANDAN, Member of the Board

Attendance by the Members of the Board of Directors and of the Audit Committee in the Meetings Held During the Reporting Period

Board of Directors

The Board of Directors meets regularly at least once a month and convenes upon summons by the chairman, the deputy chairman, or any member. The Board met 22 times during 2008 and passed 383 resolutions.

Audit Committee

The Audit Committee meets regularly at least once a month with attendance of all members. The committee met 34 times during 2008 and passed 93 resolutions.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Board of Directors Report

Ziraat Bank in 2008

In 2008 Ziraat Bank proudly completed its 145th year in operation. Last year, the Bank once again defended its superior position as the bank possessing the most extensive service network in the sector with 1,156 branches, 70 special transaction centers, 29 offices, 1 charge bureau and 2 mobile branches in Turkey and with 11 international branches, 9 subsidiaries, and 2 representative offices in 17 other countries. Ziraat Bank's 21,299 personnel represent 12% of the sector's employment while the number of its branches makes up 14% of the sector's total. Ziraat Bank has a presence in 435 counties and townships in Turkey that are served by no other bank.

In addition to its four branches and an office in the Turkish Republic of Northern Cyprus; Ziraat Bank also has branches in New York, London, Sofia, Tbilisi, Athens, Komotini, and Baghdad; representative offices in Karachi, and Tehran; and international subsidiary banks and their branches, sub-branches and offices in Germany, Macedonia, Azerbaijan, Bosnia & Herzegovina, Kazakhstan, Uzbekistan, Russia and Turkmenistan. All together they give Ziraat Bank a presence at 64 locations all over the world and the most extensive reach of any Turkish bank in the world.

In 2008, Ziraat Bank sustained its leadership in a number of aspects in the industry, led by total assets and net profit. While the bank's total assets exceeded TL 104 billion, its net profit stood at TL 2,134 million. The bank's gross profit last year amounted to TL 2,715 million, and TL 581 million was set aside as tax provision.

The progress made in the business of lending by Ziraat Bank in the last years continued in the reporting period. Although 2008 was characterized by the consequences of the global economic crisis, total loans were up 43% year-on and reached TL 31 billion at the end of the year.

Representing one of the bank's most significant contributions to national economy, uninterrupted financing support to agricultural sector continued to gain momentum in 2008. Up 32% year-on, agricultural loans reached TL 6,358 million. While the weekly average of the bank's agricultural lending was TL 86 million in 2007, this rose to TL 109 million in 2008. Over the past five years, the bank extended TL 19 billion in agricultural loans to 2.3 million producers.

A significant indicator of the bank's support to the real sector, commercial loans remarkably outperformed the growth in the overall sector's lending in this category and topped TL 7.5 billion in 2008 with 112% increase. Given special importance within commercial lending, SME loans reached TL 2.5 billion. The bank was the first to launch restructuring, an initiative that also served as a guide for the industry with a view to supporting the SMEs, which were reckoned by the bank to be confronted with funding issues due to global volatility.

Accounting for a large part of our bank's portfolio, retail loans increased 33% year-to-year and surpassed TL 13 billion, constituting nearly 11% of the sector. In general-purpose loans, one out of every five people across the country took out a loan from Ziraat Bank. Up to TL 7.4 billion at year-end 2008, total general purpose loans volume makes the bank by far the leader of the sector. The bank fulfilled the individual financing needs of a large number of customers with its specially designed products and interest rate policies adhered to. There was 30% growth in general purpose loans in the past one year bringing the bank's share in the sector to 22%.

Thanks to sound lending policies and to watchful credit-monitoring practices, the 1.6% ratio of non-performing loans (excluding those arising from funds and other receivables) to total lending represents a figure that is well below the sector average, despite the 43% year-on increase in total loans.

Ziraat Bank is the leader of its sector in deposits and holds about one-fifth of all deposits available to the entire sector. The deposits entrusted to the bank rose 23% year-on in 2008 to reach TL 84 billion. In keeping with responsible banking tradition, the bank refrained from competing on the basis of interest rates applied to deposits at the risk of losing share in the industry, and pursued a strategy that observed the balances of the sector and the economy during the crisis.


Conclusion

Having posted the highest profits of any bank in Turkey in the past four years, Ziraat Bank repeated that performance in 2008 by announcing a net profit in the amount of TL 2,134 million. The bank's return on assets was 2.4% in the reporting period, while its return on equity was 31.7%. These ratios represent a profitability that is above the sector average.

Serving Turkey and the Turkish people for 145 years, Ziraat Bank will continue uninterruptedly to offer its products and services molded in alignment with the requirements of modern banking to our people, the real source of its energy and momentum. Our bank stood by our country in good days and bad, and will continue to contribute to her development, working in line with profitability and productivity principles all along.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.


Can Akın ÇAĞLAR
General Manager


Mehmet MUMCUOĞLU
Deputy Chairman of the Board

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Human Resources Practices

With a view to fulfilling the requirements of modern banking and international competition, Ziraat Bank had been offering service with 21,299 employees as at 31 December 2008.

Recognizing that the key element that makes a difference in a competitive environment is the human resource and in keeping with its transformation strategy within the framework of the ongoing restructuring of the bank; Ziraat Bank has adopted a modern human resources management system that will enable it to accomplish its mission in line with the principles of transparency, participation, productivity and compliance with banking ethics.

Based on this understanding, our employees make up the bank's most important capital.

The bank's basic principle in the career paths formulated is to train its own management personnel itself. To this end, career planning based on objective criteria is established on the principle of equality of opportunity, and the bank adheres to human resources policies that encourage its people to pursue a long-lasting career.

Acting on its commitment to offer career opportunities in banking to young people as one of the long-established major enterprises in our country, the Ziraat Bank Family expanded with 1,954 new members in 2008 to fulfill the needs of its growing business volume and to respond to the staffing needs that arose during the year.

While personnel was recruited into assistant service officer positions that will be carrying out basic operations at branches, regional offices and headquarters units, the bank hired personnel into assistant inspector, assistant specialist, assistant internal controller and assistant risk analyst positions for assignment to positions requiring special qualifications and for the purpose of training the managers of the future.

In recruiting personnel into assistant service officer positions, attention is given to choosing university graduates who have the capability to effectively use technology, are young, and dynamic; can be team players; and possess effective communication skills and analytical thinking ability. In the recruitment of personnel into assistant inspector, assistant specialist, assistant internal controller and assistant risk analyst positions, priority is given to select candidates who are creative, possess analytical thinking ability and managerial qualities, in addition to the qualifications mentioned above.

Related Party Transactions

As per article 49 of the Banking Law no 5411 and because its capital belongs entirely to the Turkish Treasury, the risk group of which Ziraat Bank is a member consists of itself and the companies that it controls either directly or indirectly.

Relations between the bank and the members of the risk group in which it controls a stake are banking transactions conducted in compliance with the Banking Law within the framework of normal bank-customer relationships carried out at arm's length and consist primarily of borrowing and lending and of accepting and giving deposits.

Details of the amounts and reasons for the transactions that Ziraat Bank engaged in with members of its own risk group in 2008 are presented in footnote VII of section five of the year-end financial report that is included in this annual report.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Activities for Which Support Services are Outsourced in Accordance with the “Regulation Concerning the Outsourcing of Support Services by Banks and the Authorization of Organizations Providing Such Services” and the Persons and Organizations from Which They are Obtained

1. BİLEŞİM ALTERNATİF DAĞITIM KANALLARI VE ÖDEME SİSTEMLERİ A.Ş.

Bileşim was originally founded in 1995. In 1998, by taking the title “Ziraat Kart İşlemleri A.Ş.”, the company changed its field of activity. In 2002, it was reorganized with a new partnership structure under the current title of “Bileşim A.Ş.”. Bileşim is an information technology company that supplies operational and support services for alternative delivery channel and payment system services of Ziraat Bank.

The alternative delivery channel and payment system services and operations that Bileşim provides are concerned with Ziraat Bank’s credit cards, debit cards, ATMs, merchant partners (POS), and call center. As of end-2008, it was delivering service to more than 2.3 million credit cards and 11.9 million debit cards on Ziraat Bank’s behalf and managing the operations of 31.5 thousand POS and 2,279 ATM terminals. It also provides support services on information and screen use concerning the bank’s products and services through the Branch Support Hotline as well as through the Customer Communication Center on 444 00 00.

Maintaining the same service quality and customer-focused approach in responding to significant volumes in its areas of service in 2008, Bileşim successfully brought to finalization various projects relating to ATM, internet banking, merchant partners (POS), OGS (automated toll system), debit and credit cards, and extended support to Ziraat Bank VTM (Video Teller Machine) project, the new delivery channel of the bank that will enable self-service banking for customers.

2- FİNTEK FİNANSAL TEKNOLOJİ HİZMETLERİ A.Ş.

Fintek was set up in 2001 to provide information technology services to Ziraat Bank and Halkbank. Operating out of its offices in Ankara and İstanbul, Fintek plans to offer services to other public institutions as well as companies active in the financial services sector in Turkey and abroad, drawing upon its know-how and strength in human resource.

Fintek provides application development services on a variety of platforms as well as systems operation and management services, operational services, communication network and infrastructure installation services, project management services, and consultancy services.

Not just a provider of services and products in information technologies, the company contributes to the enhancement of enterprises’ competitive strength by helping them use information technologies more effectively through its research and development and product development services offered.

In 2008, Fintek developed applications for numerous important projects including the VTM, budget and board of inspectors projects, and facilitated the establishment of the fund transfer pricing system.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
Financial Information and Risk Management

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Statutory Auditors' Report

To the General Assembly of T.C. Ziraat Bankası A.Ş.

In the assessment relating to the accounts and transactions of T.C. Ziraat Bankası A.Ş. for the period 1 January 2008 to 31 December 2008 within the context of the Article No: 354 of the Turkish Commercial Code, it was observed that:

- The balance sheet dated 31 December 2008 and the 2008 profit & loss statement appended to the Ziraat Bank Board of Directors report and the statements made in that report conform to the books of account, and accurately reflect the true financial standing of the bank and the true results of its activities for that year.
- Decisions concerning the bank's management were duly entered into the Resolution Book.

We kindly submit to the information and evaluation of the General Assembly.

Ankara, 17 March 2009



Abdullah YALÇIN
Statutory Auditor



Mustafa BALTACI
Statutory Auditor

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems

Consisting of banks' audit, control and risk management units, internal systems is a management function aiming to ensure complete and secure pursuance of banking activities; realization of long-term profit targets, and reliable financial and administration reporting, and to minimize unexpected risks that might negatively affect the bank's reputation.

Carried out under the provisions of the Regulation on Banks' Internal Systems enacted pursuant to the Banking Law no 5411, reorganization was formulated in alignment with the diversity of the bank's activities and in a manner to be able to respond to changing conditions.

OPERATION OF THE INTERNAL AUDIT SYSTEM

Targeting to be the best in the industry on the basis of its activities, Ziraat Bank Board of Inspectors audits all of the bank's activities as well as all of its units including branches in Turkey or abroad and headquarters departments as per its risk-focused audit plans.

In line with the growth and audit strategies requiring effective use of technology and the instructions of the bank's senior management for full compliance with BRSA regulations, the Board of Inspectors commenced centralized auditing in 2004. Irregular transactions established by centralized auditing made up 36% of all investigations last year. The Centralized Audit Team also established 55% of investigations on embezzlement.

The necessary infrastructure has been established in order to review the information systems within the frame of the principles and procedures set out under Section Four – "Information Systems Audit" of the Regulation on Information Systems Audit to be made in Banks by Independent Audit Institutions. COBIT-based Information Systems Audit was conducted by inspectors who received "Information Systems Audit" training from TÜBİTAK (The Scientific and Technological Research Council of Turkey) National Electronics and Cryptology Research Institute.

An "Employee Satisfaction Survey" was administered among the members of the Board and a "Customer Satisfaction Survey" among the managers of 500 inspected branches, with a view to observing the reflections of the "customer-focused" approach to business and of the revised inspection perspective both on inspectors and the units inspected within the frame of research and development activities carried out during 2008.

To establish itself strongly in the world in terms of system and service quality, the Board of Inspectors filed an application on 10 April 2008 to get ISO:9001:2000 Quality System Management certificate so as to revise its organizational structure and approach to management as necessary by adopting total quality concept. As a result of the external audit conducted by Lloyd's Register Ltd. Şti. in this frame, the bank earned Quality Management Certificates of TÜRKAK (internationally recognized Turkish Accreditation Agency), UKAS (United Kingdom Accreditation Service), RVA (Dutch Accreditation Council), and TGA (German Association for Accreditation).

In the period ahead, the Board of Inspectors will continue to prepare and enforce a risk-based internal audit plan and make use of the working programs in the conduct of its audits. The Board will still be guided by a high sense of responsibility and duty, as it always has been, in the reporting of conclusions derived to the Audit Committee and to the Board of Directors via the Audit Committee, as well as in the monitoring of measures adopted by the managements of relevant units in the frame of audit reports.

OPERATION OF THE INTERNAL CONTROL SYSTEM

Control activities have been conducted on the basis of quarterly programs drawn up in view of various considerations including the share of the activities by a unit or branch in the bank's total transaction volume, the impact of the financial and operational risks they carry upon the bank's total risk profile, and capabilities such as the extent of automation and centralized control of day-to-day activities. While preparing the plans, consideration was given to other factors such as scales of branches, their transaction volumes, number of credit files and the number of internal controllers.

During 2008, Internal Control Reports started to be produced electronically and on the basis of departments, and hard copy report issuance was discontinued. In this way, reports and their conclusions can be continually and instantly tracked by the bank's senior management and the managers of related units. Electronic reporting also enabled production of detailed reports on the basis of branches, units, regions, control points, customers and employees, as well as monitoring of most frequent errors and whether they are repeated.

Based on quantifiable results made available by electronic reporting and data obtained from control activities, it is targeted to undertake process improvement efforts across the bank with a view to ensuring smooth operation of self-control mechanisms and reducing operational risks.

In 2008, weight was given to activities geared towards improvement of internal control system and automation of transactions previously performed manually. In this frame, Suggestion Reports were issued for bettering work processes, enhancing effectiveness of self-controls on processes, enabling automation of some transactions carried out by the employees, increasing productivity, identifying practices presenting cost saving opportunities, and conducting error-free transactions. These reports were submitted to relevant units for necessary action, upon which improvements/developments were secured in these matters.

As per article 18 of the Regulation on Banks' Internal Systems, Compliance Control Division set up under the Internal Control Department performed compliance controls to ensure that all of the activities carried out and planned to be carried out by the bank, as well as new transactions and products, are in compliance with the Law and other applicable legislation, the bank's own policies and rules, and established banking practices. In addition, active part was taken in efforts for updating the rules and regulations of the

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems

bank's units, and support was given for ensuring their compliance with the Law and other applicable legislation, the bank's own policies and rules, and established banking practices.

Three computer/electronic engineers were recruited to be assigned to Information Systems Controls, who were given necessary training. Pursuant to Article 16 of the Regulation on Banks' Internal Systems, Overall Information System Controls and Application Controls are carried out by Fintek and consultation is provided therefore by TÜBİTAK National Electronics and Cryptology Research Institute.

Within the frame of centralized control activities, reports and ancillary documents were produced for use by Internal Controllers assigned to branches during their control activities, thereby enabling them to focus on selected transactions considered to be posing risks in lieu of a large number of transactions. This saves labor and time, while also enhancing effectiveness of controls.

Internal controllers assigned to the site conducted detailed examinations on the transactions demanded to be examined by the headquarters units and regional offices and on those about which the bank's personnel had doubts or hesitations on the basis of established practices. The Preliminary Examination Reports issued helped the bank take action/adopt measures swiftly in relation to such transactions.

Proactive internal control will be sustained by making use of other technical capabilities, as well as the electronic reporting system that has been launched upon the introduction of a more effective and productive internal control system.

OPERATION OF THE RISK MANAGEMENT SYSTEM

The fundamental approach to risk management activities carried out at the bank is to achieve the best possible practices in risk management functions by inculcating a culture of risk-awareness throughout the bank and by continuously improving both the system and the bank's human resources. Maximum attention is given to ensuring that the risk management activities that take place are conducted with the coordinated participation of all units that are involved in every activity associated with each category of risk.

In this frame, the activities of the Risk Management Unit are conducted under the separate headings of credit risk, market risk, operational risk and balance sheet risk, and with the ultimate objective of achieving full compliance with the Basel-II criteria that are the reflections of best practices.

Under the heading of credit risk management, work is undertaken on project basis for measuring, analyzing, reporting and monitoring the amount of risk assumed by the bank employing methods that are in alignment with Basel II. In this context, the project for measuring credit risk using the standardized method has been completed and automated. Currently, calculations can be made with the standardized method, which are also supported by two different scenario analysis. R&D activities on advanced measurement methods are ongoing at the bank, as well as the project work focusing on other risk parameters.

Under the heading of operational risk management, operational risks are defined, classified and analyzed. In the determination of operational risk levels of branches and headquarters units, operational risk indicators are used and self-assessments are performed. A project has been launched for automated collection of operational risk data in the loss database. Furthermore, Basic Indicator Approach is employed in calculating operational risk base amount, and R&D activities are also continuing in relation to advanced measurement methods.

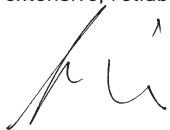
Under market and balance sheet risks management activities; market, liquidity, and structural interest rate risks are measured, analyzed, reported and monitored. Activities relating to market risk concentrate on measurement, monitoring, stress tests and scenario analysis based on internal model.

Furthermore, liquidity and structural interest rate risks the bank is exposed to are identified employing detailed analysis and advanced measurement methods, and supported with stress tests and scenario analysis. Efforts for automating the reporting made in this frame and intense R&D activities are also in progress.

Risk analysis performed under credit, market, operational and balance sheet risks headings are reported to the Audit Committee quarterly and to the Board of Directors via the Audit Committee semi-annually.

While the basic objective is to make the activities under all risk categories a fundamental element of all of the bank's strategic decision-making processes, the activities that we have been carrying out will continue also in the new operating period based on our awareness that it will be vital in the future for banks to maintain their activities on the basis of internationally accepted advanced risk management techniques.

In conclusion, the primary goal of the internal systems group that had a successful year in 2008 is to strengthen Ziraat Bank's leadership in the sector that has been built on experience accumulated through 145 years, and to contribute to the bank in offering extensive, reliable and high-quality service in Turkey and across the world.



Hikmet Aydın SİMİT
Audit Committee Member



Oğuz KAYHAN
Audit Committee Member

Türkiye Cumhuriyeti Ziraat Bankası 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.

Türkiye Cumhuriyeti Ziraat Bankası 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



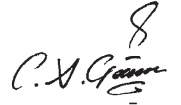
Mehmet MUMCUOĞLU
Deputy Chairman of the
Board of Directors'



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



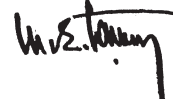
Hikmet Aydın SİMİT
Member of the Board of Directors
(Member of the Audit Committee)



Can Akın ÇAĞLAR
General Manager



İsmail Erdal MAZLUM
Assistant General Manager
Responsible for
Financial Reporting



Mehmet Şükrü TAŞÇI
Head of General Accounting
and Reporting Department -
By Proxy

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

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

(Amounts expressed in Thousand of the New Turkish Lira (YTL) 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.

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	Deputy Chairman 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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

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.

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Balance Sheet

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

THOUSANDS OF YTL								
ASSETS	Note	AUDITED CURRENT PERIOD (31/12/2008)			AUDITED PRIOR PERIOD (31/12/2007)			
		YTL	FC	TOTAL	YTL	FC	TOTAL	
		I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	7,792,291	1,583,306	9,375,597	4,098,681	1,542,149
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(2)	640,943	22,636	663,579	660,240	101,583	761,823	
2.1 Financial Assets Held for Trading		639,939	21,530	661,469	660,240	100,685	760,925	
2.1.1 Public Sector Debt Securities		639,938	21,530	661,468	660,239	100,685	760,924	
2.1.2 Securities Representing a Share in Capital		-	-	-	-	-	-	
2.1.3 Other Marketable Securities		1	-	1	1	-	1	
2.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-	
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-	
2.2.2 Securities Representing a Share in Capital		-	-	-	-	-	-	
2.2.3 Other Marketable Securities		-	-	-	-	-	-	
2.3 Derivative Financial Assets Held for Trading		1,004	1,106	2,110	-	898	898	
III. BANKS	(3)	9,237	3,701,113	3,710,350	569,463	2,345,652	2,915,115	
IV. MONEY MARKET PLACEMENTS		-	-	-	2,611,226	-	2,611,226	
4.1 Interbank Money Market Placements		-	-	-	-	-	-	
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-	
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	2,611,226	-	2,611,226	
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	3,970,104	5,100,940	9,071,044	24,752,943	7,207,273	31,960,216	
5.1 Securities Representing a Share in Capital		21,391	6	21,397	78,939	3	78,942	
5.2 Public Sector Debt Securities		3,637,410	3,582,741	7,220,151	24,674,004	7,198,604	31,872,608	
5.3 Other Marketable Securities		311,303	1,518,193	1,829,496	-	8,666	8,666	
VI. LOANS	(5)	29,589,641	1,246,553	30,836,194	21,083,716	520,418	21,604,134	
6.1 Loans		29,475,597	1,246,553	30,722,150	21,003,890	520,418	21,524,308	
6.1.1 Loans Granted to Risk Group of The Bank		18,715	41,511	60,226	35,810	25,799	61,609	
6.1.2 Other		29,456,882	1,205,042	30,661,924	20,968,080	494,619	21,462,699	
6.2 Loans Under Follow-up		595,747	8,533	604,280	383,558	7,399	390,957	
6.3 Specific Provisions (-)		481,703	8,533	490,236	303,732	7,399	311,131	
VII. FACTORING RECEIVABLES		-	-	-	-	-	-	
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	44,001,121	4,786,079	48,787,200	13,313,086	542,341	13,855,427	
8.1 Public Sector Debt Securities		43,997,649	4,785,670	48,783,319	13,309,591	541,953	13,851,544	
8.2 Other Marketable Securities		3,472	409	3,881	3,495	388	3,883	
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	121,399	-	121,399	17,386	-	17,386	
9.1 Accounted with Equity Method		74,147	-	74,147	-	-	-	
9.2 Unconsolidated Associates		47,252	-	47,252	17,386	-	17,386	
9.2.1 Financial Associates		43,426	-	43,426	13,697	-	13,697	
9.2.2 Non-financial Associates		3,826	-	3,826	3,689	-	3,689	
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	65,112	449,879	514,991	61,470	282,146	343,616	
10.1 Unconsolidated Financial Subsidiaries		60,313	449,879	510,192	57,157	282,146	339,303	
10.2 Unconsolidated Non-financial Subsidiaries		4,799	-	4,799	4,313	-	4,313	
XI. ENTITIES UNDER JOINT CONTROL (Net)	(9)	-	24,982	24,982	-	12,845	12,845	
11.1 Accounted with Equity Method		-	-	-	-	-	-	
11.2 Unconsolidated Entities Under Joint Control		-	24,982	24,982	-	12,845	12,845	
11.2.1 Financial Entities Under Joint Control		-	24,982	24,982	-	12,845	12,845	
11.2.2 Non Financial Entities Under Joint Control		-	-	-	-	-	-	
XII. RECEIVABLE FROM LEASING TRANSACTIONS (Net)	(10)	-	-	-	-	-	-	
12.1 Finance Lease Receivables		-	-	-	-	-	-	
12.2 Operating Lease Receivables		-	-	-	-	-	-	
12.3 Other		-	-	-	-	-	-	
12.4 Unearned Income (-)		-	-	-	-	-	-	
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-	
13.1 Fair Value Hedges		-	-	-	-	-	-	
13.2 Cash Flow Hedges		-	-	-	-	-	-	
13.3 Hedges for investments made in foreign countries		-	-	-	-	-	-	
XIV. TANGIBLE ASSETS (Net)	(12)	812,577	2,165	814,742	645,754	2,815	648,569	
XV. INTANGIBLE ASSETS (Net)	(13)	8,952	2,342	11,294	11,419	1,049	12,468	
15.1 Goodwill		-	-	-	-	-	-	
15.2 Other		8,952	2,342	11,294	11,419	1,049	12,468	
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(14)	-	-	-	-	-	-	
XVII. TAX ASSET	(15)	170,888	-	170,888	108,166	61	108,227	
17.1 Current Tax Asset		426	-	426	3,820	-	3,820	
17.2 Deferred Tax Asset		170,462	-	170,462	104,346	61	104,407	
XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(16)	4,143	-	4,143	1,475	-	1,475	
18.1 Held for Sale		4,143	-	4,143	1,475	-	1,475	
18.2 Held from Discontinued Operations		-	-	-	-	-	-	
XIX. OTHER ASSETS	(17)	282,525	23,568	306,093	420,946	28,008	448,954	
TOTAL ASSETS		87,468,933	16,943,563	104,412,496	68,355,971	12,586,340	80,942,311	

The accompanying notes form an integrated part of these financial statements

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Balance Sheet

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

		THOUSANDS OF YTL						
		AUDITED			AUDITED			
LIABILITIES AND EQUITY		Note	CURRENT PERIOD			PRIOR PERIOD		
			(31/12/2008)		(31/12/2007)			
			YTL	FC	TOTAL	YTL	FC	TOTAL
I.	DEPOSITS	(1)	67,317,998	16,565,437	83,883,435	55,944,489	12,305,278	68,249,767
1.1	Deposits Held By the Risk Group of the Bank		54,751	49,084	103,835	39,790	13,811	53,601
1.2	Other		67,263,247	16,516,353	83,779,600	55,904,699	12,291,467	68,196,166
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	1,026	2,993	4,019	417	395	812
III.	FUNDS BORROWED	(3)	23,764	4,593	28,357	5,227	2,409	7,636
IV.	MONEY MARKET BALANCES		7,267,869	-	7,267,869	196,265	-	196,265
4.1	Interbank Money Market Borrowings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3	Funds Provided under Repurchase Agreements		7,267,869	-	7,267,869	196,265	-	196,265
V.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset-backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		2,914,102	-	2,914,102	2,769,294	-	2,769,294
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		2,914,102	-	2,914,102	2,769,294	-	2,769,294
VII.	SUNDRY CREDITORS		335,891	145,074	480,965	270,764	116,898	387,662
VIII.	OTHER LIABILITIES	(4)	383,207	246,618	629,825	574,485	91,913	666,398
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	1,705	240	1,945	-	4,201	4,201
10.1	Finance Lease Payables		1,705	247	1,952	-	4,358	4,358
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Finance Lease Expenses (-)		-	7	7	-	157	157
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-	-	-	-
11.1	Fair Value Hedges		-	-	-	-	-	-
11.2	Cash Flow Hedges		-	-	-	-	-	-
11.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XII.	PROVISIONS	(7)	1,427,614	775	1,428,389	1,101,044	1,360	1,102,404
12.1	General Provisions		246,943	70	247,013	147,323	679	148,002
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Employee Benefits Provisions		506,450	-	506,450	470,600	-	470,600
12.4	Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5	Other Provisions		674,221	705	674,926	483,121	681	483,802
XIII.	TAX LIABILITY	(8)	411,869	485	412,354	338,995	775	339,770
13.1	Current Tax Liability		411,869	485	412,354	338,995	775	339,770
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
14.1	Held for Sale		-	-	-	-	-	-
14.2	Held from Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(10)	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(11)	7,398,774	(37,538)	7,361,236	7,195,977	22,125	7,218,102
16.1	Paid-in capital		2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital Reserves		670,231	(37,538)	632,693	718,910	22,125	741,035
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		113,344	(37,538)	75,806	173,270	22,125	195,395
16.2.4	Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5	Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6	Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7	Bonus Shares of Subsidiaries, Associates and Entities under Joint Control		12,764	-	12,764	2,158	-	2,158
16.2.8	Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9	Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10	Other Capital Reserves		544,123	-	544,123	543,482	-	543,482
16.3	Profit Reserves		1,934,486	-	1,934,486	1,466,178	-	1,466,178
16.3.1	Legal Reserves		1,568,647	-	1,568,647	1,251,782	-	1,251,782
16.3.2	Statutory Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		90,121	-	90,121	90,121	-	90,121
16.3.4	Other Profit Reserves		275,718	-	275,718	124,275	-	124,275
16.4	Profit/Loss		2,294,057	-	2,294,057	2,510,889	-	2,510,889
16.4.1	Prior Years Profit/Loss		159,798	-	159,798	159,798	-	159,798
16.4.2	Net Period Profit/Loss		2,134,259	-	2,134,259	2,351,091	-	2,351,091
16.5	Minority Interests	(12)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			87,483,819	16,928,677	104,412,496	68,396,957	12,545,354	80,942,311

The accompanying notes form an integrated part of these financial statements

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Off Balance Sheet Accounts

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

THOUSANDS OF YTL							
	Note	AUDITED			AUDITED		
		CURRENT PERIOD			PRIOR PERIOD		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		10,429,585	7,257,933	17,687,518	7,913,010	4,681,927	12,594,937
I. GUARANTEES AND SURETYSHIPS	(1), (3)	1,300,770	2,991,260	4,292,030	745,374	1,690,474	2,435,848
1.1 Letters of Guarantee		1,300,770	2,267,056	3,567,826	745,374	1,228,467	1,973,841
1.1.1 Guarantees Subject to Public Procurement Law		156,929	1,918,335	2,075,264	104,742	1,100,771	1,205,513
1.1.2 Guarantees Given for Foreign Trade Operations		747,124	-	747,124	456,994	-	456,994
1.1.3 Other Letters of Guarantee		396,717	348,721	745,438	183,638	127,696	311,334
1.2 Bank Acceptances		-	16,305	16,305	-	1,366	1,366
1.2.1 Import Letter of Acceptances		-	13,446	13,446	-	1,366	1,366
1.2.2 Other Bank Acceptances		-	2,859	2,859	-	-	-
1.3 Letters of Credit		-	707,899	707,899	-	460,641	460,641
1.3.1 Documentary Letters of Credit		-	707,899	707,899	-	460,582	460,582
1.3.2 Other Letters of Credit		-	-	-	-	59	59
1.4 Guaranteed Prefinancings		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to Central Bank of Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	-	-	-	-	-
1.9 Other Suretyships		-	-	-	-	-	-
II. COMMITMENTS	(1), (3)	9,056,597	4,079,057	13,135,654	7,104,436	2,835,522	9,939,958
2.1 Irrevocable Commitments		3,923,568	306,749	4,230,317	1,943,615	306,936	2,250,551
2.1.1 Asset Purchase Commitments		42,783	127,178	169,961	39,677	142,879	182,556
2.1.2 Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Subsidiaries and Associates		250	-	250	250	-	250
2.1.4 Loan Granting Commitments		111,031	-	111,031	77,575	-	77,575
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposits		-	-	-	-	-	-
2.1.7 Commitments for Cheques		2,311,720	-	2,311,720	639,476	-	639,476
2.1.8 Tax and Fund Dues from Export Commitments		-	-	-	-	-	-
2.1.9 Credit Card Expenditure Limit Commitments		1,427,784	-	1,427,784	1,145,847	-	1,145,847
2.1.10 Commitments for Credit Cards and Banking Services Promotions		2,487	-	2,487	4,914	-	4,914
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		27,513	179,571	207,084	35,876	164,057	199,933
2.2 Revocable Commitments		5,133,029	3,772,308	8,905,337	5,160,821	2,528,586	7,689,407
2.2.1 Revocable Loan Granting Commitments		5,132,677	3,772,308	8,904,985	5,160,469	2,528,586	7,689,055
2.2.2 Other Revocable Commitments		352	-	352	352	-	352
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	72,218	187,616	259,834	63,200	155,931	219,131
3.1 Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1 Fair Value Hedges		-	-	-	-	-	-
3.1.2 Cash Flow Hedges		-	-	-	-	-	-
3.1.3 Hedges for Investments made in Foreign Countries		-	-	-	-	-	-
3.2 Transactions for Trading		72,218	187,616	259,834	63,200	155,931	219,131
3.2.1 Forward Foreign Currency Buy/Sell Transactions		72,218	72,703	144,921	-	1,440	1,440
3.2.1.1 Forward Foreign Currency Transactions-Buy		36,142	36,300	72,442	-	719	719
3.2.1.2 Forward Foreign Currency Transactions-Sell		36,076	36,403	72,479	-	721	721
3.2.2 Currency and Interest Rate Swaps		-	114,913	114,913	63,200	154,491	217,691
3.2.2.1 Currency Swap-Buy		-	56,163	56,163	31,600	77,260	108,860
3.2.2.2 Currency Swap-Sell		-	58,750	58,750	31,600	77,231	108,831
3.2.2.3 Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4 Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3 Currency, Interest Rate and Marketable Securities Options		-	-	-	-	-	-
3.2.3.1 Currency Call Options		-	-	-	-	-	-
3.2.3.2 Currency Put Options		-	-	-	-	-	-
3.2.3.3 Interest Rate Call Options		-	-	-	-	-	-
3.2.3.4 Interest Rate Put Options		-	-	-	-	-	-
3.2.3.5 Marketable Securities Call Options		-	-	-	-	-	-
3.2.3.6 Marketable Securities Put Options		-	-	-	-	-	-
3.2.4 Currency Futures		-	-	-	-	-	-
3.2.4.1 Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Buy/Sell Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-

The accompanying notes form an integrated part of these financial statements

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Off Balance Sheet Accounts

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

THOUSANDS OF YTL							
		AUDITED			AUDITED		
		CURRENT PERIOD			PRIOR PERIOD		
Note		(31/12/2008)			(31/12/2007)		
		YTL	FC	TOTAL	YTL	FC	TOTAL
B.	CUSTODY AND PLEDGED ASSETS (IV+V+VI)	76,504,098	1,916,400	78,420,498	57,489,378	1,265,856	58,755,234
IV.	CUSTODIES	7,930,898	872,066	8,802,964	7,792,615	535,274	8,327,889
4.1	Assets Under Management	-	-	-	-	-	-
4.2	Marketable Securities in Custody	4,760,333	537,373	5,297,706	4,649,367	405,217	5,054,584
4.3	Cheques Received for Collection	555,466	17,808	573,274	766,010	7,106	773,116
4.4	Commercial Notes Received	2,086,407	58,806	2,145,213	2,037,372	31,716	2,069,088
4.5	Other Assets for Collection	5,896	-	5,896	5,067	-	5,067
4.6	Assets Received for Public Offering	307,096	-	307,096	125,232	-	125,232
4.7	Other Items under Custody	213,979	258,079	472,058	207,846	91,235	299,081
4.8	Custodians	1,721	-	1,721	1,721	-	1,721
V.	PLEDGED ASSETS	68,573,200	1,040,038	69,613,238	49,696,763	712,668	50,409,431
5.1	Marketable Securities	167,120	9,666	176,786	167,463	9,811	177,274
5.2	Guarantee Notes	7,636,373	464,480	8,100,853	6,464,863	273,717	6,738,580
5.3	Commodity	1,253,713	12,396	1,266,109	1,477,149	9,918	1,487,067
5.4	Warranty	-	-	-	-	-	-
5.5	Immovables	54,873,427	389,291	55,262,718	38,735,845	297,256	39,033,101
5.6	Other Pledged Assets	4,636,238	158,210	4,794,448	2,844,709	117,338	2,962,047
5.7	Pledgees	6,329	5,995	12,324	6,734	4,628	11,362
VI.	ACCEPTED BILL GUARANTEES AND SURETIES	-	4,296	4,296	-	17,914	17,914
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		86,933,683	9,174,333	96,108,016	65,402,388	5,947,783	71,350,171

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Income

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

		THOUSANDS OF YTL	
INCOME STATEMENT		AUDITED CURRENT PERIOD (31/12/2008)	AUDITED PRIOR PERIOD (31/12/2007)
I.	INTEREST INCOME	13,368,109	11,329,459
1.1	Interest Income from Loans	4,516,919	3,225,798
1.2	Interest Income from Reserve Deposits	26,654	403,370
1.3	Interest Income from Banks	522,540	202,521
1.4	Interest Income from Money Market Placements	101,895	333,342
1.5	Interest Income from Marketable Securities	8,191,171	7,156,553
1.5.1	Financial Assets Held for Trading	114,188	253,059
1.5.2	Financial Assets at Fair Value through Profit and Loss	-	-
1.5.3	Financial Assets Available-for-sale	3,840,335	4,146,879
1.5.4	Investments Held-to-Maturity	4,236,648	2,756,615
1.6	Finance Lease Income	-	-
1.7	Other Interest Income	8,930	7,875
II.	INTEREST EXPENSE	9,265,832	7,527,730
2.1	Interest Expense on Deposits	8,705,878	7,392,015
2.2	Interest on Borrowings	1,495	2,185
2.3	Interest on money market borrowings	476,926	123,114
2.4	Interest on marketable securities issued	-	-
2.5	Other interest expense	81,533	10,416
III.	NET INTEREST INCOME/EXPENSES (I - II)	4,102,277	3,801,729
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES	572,031	563,818
4.1	Fees and Commissions Received	654,725	628,418
4.1.1	Non-cash Loans	15,492	15,934
4.1.2	Other	639,233	612,484
4.2	Fees and Commissions Paid	82,694	64,600
4.2.1	Non-cash Loans	-	-
4.2.2	Other	82,694	64,600
V.	DIVIDEND INCOME	26,451	25,640
VI.	TRADING PROFIT/LOSS	(53,071)	142,111
6.1	Profit/Loss from Capital Market Operations(Net)	(47,566)	71,894
6.2	Foreign Exchange Gains/Losses (Net)	(5,505)	70,217
VII.	OTHER OPERATING INCOME	338,370	176,820
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)	4,986,058	4,710,118
IX.	PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)	546,028	252,369
X.	OTHER OPERATING EXPENSES(-)	1,724,530	1,494,689
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)	2,715,500	2,963,060
XII.	GAINS RECORDED AFTER MERGER	-	-
XIII.	PROFIT/LOSS ON EQUITY METHOD	-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION	-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)	2,715,500	2,963,060
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS	(581,241)	(611,969)
16.1	Current Tax Provision	(609,529)	(660,542)
16.2	Deferred Tax Provision	28,288	48,573
XVII.	NET PROFIT FROM CONTINUING OPERATIONS (XV±XVI)	2,134,259	2,351,091
XVIII.	NET PROFIT FROM DISCONTINUED OPERATIONS	-	-
18.1	Income from Assets Held for Sale	-	-
18.2	Income from Sale of Associates, Subsidiaries and Entities under Common Control (Business Partners)	-	-
18.3	Other Income from Discontinued Operations	-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)	-	-
19.1	Expense on Assets Held for Sale	-	-
19.2	Expenses on Associates, Subsidiaries and Entities under Common Control (Business Partners)	-	-
19.3	Other Expenses from Discontinued Operations	-	-
XX.	PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)	-	-
XXI.	PROVISION FOR TAXES ON INCOME FROM TERMINATED OPERATIONS (±)	-	-
21.1	Current tax provision	-	-
21.2	Deferred tax provision	-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)	-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	2,134,259	2,351,091
23.1	Profit/Loss of Group	2,134,259	2,351,091
23.2	Profit/Loss of Minority Interests	-	-
	Earnings per share	0.000854	0.000940

The accompanying notes form an integrated part of these financial statements

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Profit And Loss Accounted Under Shareholders' Equity
(Amounts expressed in Thousand of the New Turkish Lira (YTL) unless otherwise stated.)

PROFIT AND LOSS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF YTL	
	CURRENT PERIOD (01/01/2008-31/12/2008)	AUDITED PRIOR PERIOD (01/01/2007-31/12/2007)
I. FINANCIAL ASSETS AVAILABLE FOR SALE ADDED TO MARKETABLE SECURITIES		
VALUATION CHANGES ACCOUNT	(808,045)	522,923
II. REVALUATION CHANGES OF PROPERTY AND EQUIPMENT	-	-
III. REVALUATION CHANGES OF INTANGIBLE ASSETS	-	-
IV. EXCHANGE RATE DIFFERENCES FOR FOREIGN CURRENCY OPERATIONS	(14,425)	(21,397)
V. PROFIT/LOSSES ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (Active part of fair value changes)	-	-
VI. PROFIT/LOSSES ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES FOR INVESTMENTS MADE IN FOREIGN COUNTRIES (Active part of fair value changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENTS	-	-
VIII. OTHER INCOME/EXPENSE ACCOUNTS BOOKED IN SHAREHOLDERS' EQUITY IN ACCORDANCE WITH TAS	45,961	(5,433)
IX. DEFERRED TAX OF VALUATION CHANGES	38,495	(31,560)
X. NET INCOME/EXPENSE ACCOUNTS DIRECTLY BOOKED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(738,014)	464,533
XI. CURRENT PROFIT/LOSSES	618,425	(367,389)
11.1.Net changes in fair value at securities (Transferred to profit/loss)	618,425	(367,389)
11.2.Part of derivative financial assets held for cash flow hedges, reclassified and shown in income statement	-	-
11.3.Part of hedges for investments made in foreign countries, reclassified and shown in income statement	-	-
11.4.Other	-	-
XII. TOTAL PROFIT/LOSSES BOOKED IN CURRENT PERIOD (X±XI)	(119,589)	97,144

The accompanying notes form an integrated part of these financial statements

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Changes in Shareholders' Equity

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

	Note	Paid-in capital	Adjustment to paid-in capital	Share premium	Share cancl. profits	Legal reserves
CHANGES IN SHAREHOLDERS EQUITY						
PRIOR PERIOD						
(31/12/2007)						
I. Beginning Balance		2,221,978	543,482	-	-	962,392
II. Corrections according to TAS 8		-	-	-	-	-
2.1 The effect of corrections of errors						
2.2 The effects of changes in accounting policy						
III. New Balance (I + II)		2,221,978	543,482	-	-	962,392
Changes in Period						
IV. Increase/Decrease related to merger						
V. Marketable securities valuation differences						
VI. Hedging Funds		-	-	-	-	-
6.1 Cash-flow hedge						
6.2 Hedges for investments made in foreign countries						
VII.Revaluation differences of tangible assets						
VIII.Revaluation differences of intangible assets						
IX. Bonus shares of associates, subsidiaries and entities under common control (business partners)						
X. Foreign exchange differences						
XI.Changes resulted from disposal of assets						
XII.Changes resulted from reclassification of assets						
XIII.Effect of changes in shareholders' equity of associates to the Bank's shareholders equity						
XIV.Increase in capital		278,022	-	-	-	-
14.1 Cash						
14.2 From internal resources		278,022				
XV. Issuance of share certificates						
XVI.Share cancellation profits						
XVII.Adjustment to paid-in capital						
XVIII.Other						
XIX.Net profit or losses						
XX.Profit distribution		-	-	-	-	289,390
20.1 Dividend distributed						
20.2 Transfers to legal reserves						289,390
20.3 Other						
Closing Balance (III+IV+V +...+XVIII+XIX+XX)		2,500,000	543,482	-	-	1,251,782
CURRENT PERIOD						
(31/12/2008)						
I. Beginning Balance		2,500,000	543,482	-	-	1,251,782
Changes in Period						
II. Increase/Decrease related to merger						
III. Marketable securities valuation differences (**)						
IV. Hedging Funds		-	-	-	-	-
4.1Cash-flow hedge						
4.2 Hedges for investments made in foreign countries						
V.Revaluation differences of tangible assets						
VI.Revaluation differences of intangible assets						
VII. Bonus shares of associates, subsidiaries and entities under common control (business partners)						
VIII. Foreign exchange differences			70,523			
IX.Changes resulted from disposal of assets						
X.Changes resulted from reclassification of assets						
XI.Effect of changes in shareholders' equity of associates to the Bank's shareholders equity						
XII.Increase in capital		-	-	-	-	-
12.1 Cash						
12.2 From internal resources						
XIII. Issuance of share certificates						
XIV. Share cancellation profits						
XV.Adjustment to paid-in capital						
XVI.Other (*)			(69,882)			
XVII.Net profit or losses						
XVIII.Profit distribution		-	-	-	-	316,865
18.1 Dividend distributed						
18.2 Transfers to legal reserves						316,865
18.3 Other						
Closing balances (I+II+III+...+XVI+XVII+XVIII)		2,500,000	544,123	-	-	1,568,647

(*) Amount equal to YTL 69,882 Thousand is not a change in adjustment to paid-in capital, but is foreign currency reserve for foreign investments that is reclassified from profit reserves to capital reserves as a result of change in Uniform Chart of Accounts.

(**) Entities under joint control domiciled and operating abroad are followed by their fair values in current period. The revaluation differences according to about current values inspected from revaluation report prepared by independent valuation firm is presented in this row.

The accompanying notes form an integrated part of these financial statements

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Changes in Shareholders' Equity

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

THOUSANDS OF YTL AUDITED										
Statutory reserves	Extraordinary reserves	Other reserves	Current period net profit/(loss)	Prior period net profit/(loss)	Marketable sec. valuation differences	Rev. Ch. in tangible and intang. assets	Bonus shares from investments	Hedging funds	Val. Ch. in tangible held for sale/disc. operat.	Total Equity Except the Minority Interest
-	90,121	423,694	-	2,259,800	76,854	-	1,082	-	-	6,579,403
-	-	-	-	-	-	-	-	-	-	-
-	90,121	423,694	-	2,259,800	76,854	-	1,082	-	-	6,579,403
-	-	-	-	-	123,974	-	-	-	-	123,974
-	-	-	-	-	-	-	-	-	-	-
-	-	(21,397)	-	-	(5,433)	-	1,076	-	-	1,076
-	-	(278,022)	-	-	-	-	-	-	-	(26,830)
-	-	(278,022)	-	-	-	-	-	-	-	-
-	-	-	2,351,091	(2,100,002)	-	-	-	-	-	2,351,091
-	-	-	-	(1,810,612)	-	-	-	-	-	(1,810,612)
-	-	-	-	(289,390)	-	-	-	-	-	-
-	90,121	124,275	2,351,091	159,798	195,395	-	2,158	-	-	7,218,102
-	90,121	124,275	-	2,510,889	195,395	-	2,158	-	-	7,218,102
-	-	-	-	-	(105,164)	-	-	-	-	(105,164)
-	-	-	-	-	-	-	-	-	-	-
-	-	32,988	-	-	(14,425)	-	10,606	-	-	10,606
-	-	-	-	-	-	-	-	-	-	89,086
-	-	-	-	-	-	-	-	-	-	-
-	-	69,882	-	-	-	-	-	-	-	-
-	-	48,573	2,134,259	(2,351,091)	-	-	-	-	-	2,134,259
-	-	48,573	-	(1,985,653)	-	-	-	-	-	(1,985,653)
-	-	48,573	-	(365,438)	-	-	-	-	-	(1,985,653)
-	90,121	275,718	2,134,259	159,798	75,806	-	12,764	-	-	7,361,236

The accompanying notes form an integrated part of these financial statements

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Cash Flow

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

THOUSANDS OF YTL			
	Note	AUDITED CURRENT PERIOD (01/01/2008-31/12/2008)	AUDITED PRIOR PERIOD (01/01/2007-31/12/2007)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		1,038,951	2,984,764
1.1.1 Interest received (+)		13,608,254	10,643,662
1.1.2 Interest paid (-)		(9,119,435)	(7,462,859)
1.1.3 Dividend received (+)		18,320	25,640
1.1.4 Fees and commissions received (+)		656,709	790,279
1.1.5 Other income (+)		274,535	(8,273)
1.1.6 Collections from previously written off loans and other receivables (+)		341,530	185,094
1.1.7 Payments to personnel and service suppliers (-)		(915,128)	(782,966)
1.1.8 Taxes paid (-)		(714,588)	(816,707)
1.1.9 Other (+/-)	(2)	(3,111,246)	410,894
1.2 Changes in operating assets and liabilities		13,978,887	5,184,209
1.2.1 Net (increase)/decrease in financial assets held for trading (+/-)		(89,643)	1,747,295
1.2.2 Net (increase)/decrease in due from banks and other financial institutions (+/-)		368,936	(430,626)
1.2.3 Net (increase)/decrease in loans (+/-)		(9,290,000)	(4,180,603)
1.2.4 Net (increase)/decrease in other assets (+/-)		134,563	(117,845)
1.2.5 Net increase/(decrease) in bank deposits (+/-)		697,248	318,111
1.2.6 Net increase/(decrease) in other deposits (+/-)		14,827,066	8,212,438
1.2.7 Net increase/(decrease) in loans borrowed (+/-)		20,044	(6,932)
1.2.8 Net increase/(decrease) in matured payables (+/-)		-	-
1.2.9 Net increase/(decrease) in other liabilities (+/-)	(2)	7,310,673	(357,629)
I. Net cash provided from banking operations (+/-)		15,017,838	8,168,973
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net cash provided from investing activities (+/-)		(12,008,379)	(4,011,133)
2.1 Cash paid for purchase of associates, subsidiaries and entities under common control (business comb.) (-)		(18,744)	(43,466)
2.2 Cash obtained from sale of associates, subsidiaries and entities under common control (business comb.) (+)		-	7,678
2.3 Fixed assets purchases (-)		(276,879)	-
2.4 Fixed assets sales (+)		67,170	29,777
2.5 Cash paid for purchase of financial assets available for sale (-)		(5,277,240)	(7,031,943)
2.6 Cash obtained from sale of financial assets available for sale (+)		-	-
2.7 Cash paid for purchase of investment securities (-)		(12,115,996)	(3,720)
2.8 Cash obtained from sale of investment securities (+)		5,642,324	3,030,541
2.9 Other (+/-)	(2)	(29,014)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities (+/-)		(1,987,909)	(1,812,350)
3.1 Cash obtained from funds borrowed and securities issued (+)		-	-
3.2 Cash used for repayment of funds borrowed and securities issued (-)		-	-
3.3 Capital increase (+)		-	-
3.4 Dividends paid (-)		(1,985,653)	(1,810,612)
3.5 Payments for finance leases (-)		(2,256)	(1,738)
3.6 Other (+/-)	(2)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)	(2)	1,243,705	(775,152)
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		2,265,255	1,570,338
VI. Cash and cash equivalents at the beginning of the period (+)	(2)	10,623,546	9,053,208
VII. Cash and cash equivalents at the end of the period (V+VI)	(2)	12,888,801	10,623,546

The accompanying notes form an integrated part of these financial statements

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Profit Distribution Table

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

	THOUSANDS OF YTL	
	AUDITED	AUDITED
	CURRENT PERIOD	PRIOR PERIOD
	(31/12/2008)	31/12/2007)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1.CURRENT YEAR INCOME	2,715,500	2,963,060
1.2.TAXES AND DUTIES PAYABLE (-)	609,529	660,542
1.2.1.Corporate tax (Income tax)	609,529	660,542
1.2.2.Income withholding tax	-	-
1.2.3.Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	2,105,971	2,302,518
1.3.PRIOR YEARS LOSSES (-)	-	-
1.4.FIRST ROUND LEGAL RESERVES (-)	-	115,126
1.5.OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	2,187,392
1.6.FIRST ROUND DIVIDEND TO SHAREHOLDERS (-)	-	125,000
1.6.1.To owners of ordinary shares	-	125,000
1.6.2.To owners of preferred shares	-	-
1.6.3.To owners of preferred shares (preemptive rights)	-	-
1.6.4.To profit sharing bonds	-	-
1.6.5.To holders of profit and loss sharing certificates	-	-
1.7.DIVIDENDS TO PERSONNEL (-)	-	40,628
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.SECOND ROUND DIVIDEND TO SHAREHOLDERS (-)	-	1,820,025
1.9.1.To owners of ordinary shares	-	1,820,025
1.9.2.To owners of preferred shares	-	-
1.9.3.To owners of preferred shares (preemptive rights)	-	-
1.9.4.To profit sharing bonds	-	-
1.9.5.To holders of profit and loss sharing certificates	-	-
1.10.SECOND ROUND LEGAL RESERVES (-)	-	201,739
1.11.STATUTORY RESERVES (-)	-	-
1.12.GENERAL RESERVES	-	-
1.13.OTHER RESERVES	-	-
1.14.SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1.APPROPRIATED RESERVES	-	-
2.2.SECOND LEGAL RESERVES (-)	-	-
2.3.DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1.To owners of ordinary shares	-	-
2.3.2.To owners of preferred shares	-	-
2.3.3.To owners of preferred shares (preemptive rights)	-	-
2.3.4.To profit sharing bonds	-	-
2.3.5.To holders of profit and loss sharing certificates	-	-
2.4.DIVIDENDS TO PERSONNEL (-)	-	-
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1.TO OWNERS OF ORDINARY SHARES	-	0.93
3.2.TO OWNERS OF ORDINARY SHARES (%)	-	92.96
3.3.TO OWNERS OF PRIVILEGED SHARES	-	-
3.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1.TO OWNERS OF ORDINARY SHARES	-	0.88
4.2.TO OWNERS OF ORDINARY SHARES (%)	-	88.31
4.3.TO OWNERS OF PRIVILEGED SHARES	-	-
4.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) The profit distribution table belongs to prior period become definite with the decision of Ordinary General Assembly after the publishing of 31.12.2007 financial statement. It is rearranged in this direction.

(**) The deferred tax asset (YTL 28,288 Thousand) is not subject to profit distribution. (December 31, 2007: YTL 48,573 Thousand)

The accompanying notes form an integrated part of these financial statements

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

(Amounts expressed in Thousand of the New Turkish Lira (YTL) 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 YTL).

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.

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 YTL 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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

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.

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 represent 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.

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 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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

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 are 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.

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 YTL by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated YTL 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

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

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.

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 born 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 YTL 6,283,263 Thousand (December 31, 2007: YTL 196,230 Thousand), and YTL 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: YTL 2,611,226 Thousand).

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

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 YTL 4,177 Thousand consisting of YTL 4,004 Thousand on its commercial loans and YTL 173 Thousand on its agricultural loans. Total assets held for sale together with its movables amounting to YTL 31 Thousand equal to YTL 4,208 Thousand. Total depreciation expense is YTL 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.

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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.

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 Standard 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 YTL 100 Thousand amounts to YTL 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 YTL 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.

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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 YTL 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.

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 Gazette 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: 5520, 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.

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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.

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.

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.

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.

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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.

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.

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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	Commercial 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⁾ Commercial and corporate banking column includes results of operations and total assets and liabilities of 3 corporate and 24 commercial 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.

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	Retail Banking	Commercial 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	-	-	-	-	-	-

(*) Commercial and corporate banking column includes results of operations and total assets and liabilities of 3 corporate and 26 commercial branches of the Bank. Since any commercial 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 YTL 2,351,091 Thousand, YTL 316,865 Thousand is transferred to legal reserves, YTL 40,628 Thousand is distributed as dividend to employees provided that dividend amount does not exceed one month gross wage for each employee and YTL 1,649,555 Thousand is distributed to Undersecretariat of Treasury after deducting withholding tax of 15% (YTL 291,098 Thousand). Cash payment is done to Treasury on April 21, 2008. As of December 31, 2008, YTL 4,372 Thousand of dividend remained undistributed is transferred to Treasury after deducting withholding tax of 15%.

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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.

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE

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.

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 are 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.

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Information related to capital adequacy ratio:

Current Period	Risk Weights						
	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 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 YTL 114,044 Thousand. However, YTL 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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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 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 YTL 79,826 Thousand. However, YTL 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

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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
1st Degree Legal Reserves (TCC 466/1)	568,041	452,915
2nd 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.

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	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 arised 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.

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.

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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.

The Bank is assessing credibility of the customer as the essential factor in issuing credits and considers 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 transactions 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%.

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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 Profit/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.

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Sector concentration for cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	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 information 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

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Credit quality per class of financial assets is as follows:

	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
Financial Assets						
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 information 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	-	-

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.

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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

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 timely by the Bank's management and the personnel, errors and irregularities of the information systems, and due to the disasters earthquake, flood, or fire.

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

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

Operational Risk Management actions are conducted by Bank's Risk Management 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.

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- “Operational Risk Map” studies have been conducted by the help of operational risk indicators, operational risk database and unit/volume information 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.

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

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

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

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

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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 YTL 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, YTL 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 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.

Change in Interest Rate		Net Interest Income Effect (*) (**)	
YTL	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 (*) (**)	
YTL	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.

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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 YTL, 0.33 basis point increase in FC and 3 basis point increases in YTL 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 Current Period	Effect on Shareholders Equity Current Period	Effect on Profit/Loss Prior Period	Effect on Shareholders Equity Prior Period
YTL	FC				
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.

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.

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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 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank 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.

* YTL 2,696,027 Thousand of fund balance in other liabilities is shown under the "1 - 5 Years" column. YTL 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.

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Average interest rates applied to monetary financial instruments:

	EURO	USD	Yen	YTL
Current Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank 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.

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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 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.

* YTL 2,543,969 Thousand of fund balance in other liabilities is shown under the "1 - 5 Years" column. YTL 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.

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Average interest rate applied to the monetary financial instruments:

	EURO	USD	Yen	YTL
Prior Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank 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:

Current Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + YTL	FC	FC + YTL
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
Prior Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + YTL	FC	FC + YTL
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

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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.

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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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.

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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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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.

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 Republic of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash and Foreign Currency	545,710	156,566	618,363	135,467
Central Bank of 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 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 YTL liabilities and 9% for foreign currency liabilities. The Central Bank of 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 YTL. 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 Republic of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	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 YTL Thousand is presented in this line item (December 31, 2007: YTL 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.

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Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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

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

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

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

Derivative Financial Assets Held-for-Trading	Current Period		Prior Period	
	YTL	FC	YTL	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	
	YTL	FC	YTL	FC
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	
	YTL	FC	YTL	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.

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Notes to the Unconsolidated Financial Statements

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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	-

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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for the Year Ended December 31, 2008

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

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-specialized Loans	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 Loans	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 standard 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, YTL 764,741 Thousand could not be decomposed therefore not included in the table above.

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

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

	Short-term	Medium and long-term	Total
Consumer Loans-YTL	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-YTL	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-YTL	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-YTL	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 - YTL (Real Person)	94,643	-	94,643
Overdraft Accounts - FC (Real Person)	-	-	-
Total	1,468,756	11,877,926	13,346,682

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

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

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

	Short-term	Medium and long-term	Total
Commercial Installment Loans-YTL	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-YTL	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-YTL (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 are 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

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

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.

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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

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.

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3) Information on foreign currency non-performing loans:

	Group III. Loans and receivables with limited collectibility	Group IV. Loans and receivables with doubtful collectibility	Group V. Uncollectible loans and 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	-	-	-

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

	Group III. Loans and receivables with limited collectibility	Group IV. Loans and receivables with doubtful collectibility	Group V. Uncollectible loans and 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.

l) Explanations on write-off policy:

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

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

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

(*) YTL 1,198,462 Thousand consumer and YTL 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 information 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.

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 YTL 1,664,864 Thousand.

(**) YTL 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 YTL 997,494 Thousand.

(**) YTL 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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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 collateral/blocked:

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

	Current Period		Prior Period	
	YTL	FC	YTL	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	
	YTL	FC	YTL	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

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 YTL 855,000 Thousand as of December 31, 2007 resulted from the matured securities in January 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.

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The bank has reclassified securities previously classified in available for sale portfolio with nominal values of YTL 23,630,114,815, EUR 717,616,000 and USD 1,483,317,000 to held-to-maturity portfolio with fair values of YTL 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 YTL 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 YTL 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 YTL 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 YTL 10,752,523.

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/TURKEY	9.09	15.43
2	Bankalararası Kart Merkezi A.Ş.	İstanbul/TURKEY	12.50	17.98
3	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	11.11	9.09
4	Gelişen İşletmeler Piyasaları A.Ş.	İstanbul/TURKEY	10.00	5.00

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	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 has 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.

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b)1) Explanation regarding consolidated associates:

The Bank consolidates Axa Sigorta A.Ş. since the Bank's voting percentage is higher than required percentage defined with the following provision of the paragraph 5 "Requirement for Preparing Consolidated Financial Statements" of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette 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/TURKEY	12.50	80.35

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 1,512,356	446,323	53,196	-	-	112,643	50,271	-

- Current period information of Axa Sigorta A.Ş. has 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).

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.

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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.	İstanbul/TURKEY	100.00	50.01
2 Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	100.00	62.00
3 Ziraat Portföy Yönetimi A.Ş.	İstanbul/TURKEY	60.00	65.44
4 Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	İstanbul/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	Moscow/RUSSIA	100.00	99.87
9 Kazakhstan Ziraat Int. Bank	Almaty/KAZAKHSTAN	100.00	93.88
10 Ziraat Banka Ad Skopje	Skopje/MACEDONIA	100.00	100.00

	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	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. YTL 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:

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.

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c) Subsidiaries which are quoted to a stock exchange:

None (December 31, 2007: None).

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
AZERBAIJAN-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).

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

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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.

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

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.

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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.

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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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, YTL 15,094 Thousand of legal entity's deposits of Sofia and YTL 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: YTL 6,694 Thousand).

Based on the Council of Minister's decree dated December 29, 2003 and numbered 2003/6668, YTL 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 YTL 50 Thousand attributable to a real person is covered by the insurance, YTL 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.

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 282nd 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	-	-

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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	
	YTL	FC	YTL	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	
	YTL	FC	YTL	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	
	YTL	FC	YTL	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

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).

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Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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7. Explanations on Provisions:

a) Information on General Loan Provisions:

	Current Period	Prior Period
General Loan Provisions	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 YTL 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, YTL 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:

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

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.

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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 Gazette dated June 8, 2008 numbered 26870, with technical interest rate of 9.80%, concludes no technical deficit arises in the above mentioned fund.

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 YTL 66,842 Thousand and reversal of provisions equal to YTL 11,300 Thousand.

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

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

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

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c) Information on deferred tax liabilities, if any:

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

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.

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.

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g) Information on Preferred Shares:

The Bank has no preferred shares.

h) Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	YTL	FC	YTL	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.

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

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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

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			
	YTL	(%)	FC	(%)	YTL	(%)	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

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

	Group I		Group II	
	YTL	FC	YTL	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	-	-	-	-

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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.

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 YTL 2,311,720 Thousand (December 31, 2007: YTL 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 YTL 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 YTL 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 YTL 100 Thousand with total of YTL 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

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IV. EXPLANATIONS RELATED TO INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	YTL	FC	YTL	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	
	YTL	FC	YTL	FC
Central Bank of 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
Foreign 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	
	YTL	FC	YTL	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

2.a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks (*)	1,336	159	1,695	490
Central Bank of Republic of Turkey	-	-	-	-
Domestic Banks	1,336	124	1,695	369
Foreign Banks	-	35	-	27
Foreign 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

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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			
YTL								
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

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 from the Capital Market Operations	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 derivative financial instruments	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 YTL 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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

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

(*) YTL 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: YTL 19,473 Thousand).

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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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 YTL (581,241) Thousand (December 31, 2007: YTL (611,969) Thousand) consists of YTL (609,529) Thousand (December 31, 2007: YTL (660,542) Thousand) of current tax charge and YTL 28,288 Thousand (December 31, 2007: YTL 48,573 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 YTL 2,134,259 Thousand (December 31, 2007: YTL 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.

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, YTL 1,649,555 Thousand of net dividend which had been accrued in favor of the Turkish Treasury and YTL 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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

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 YTL 1,568,647 Thousand, extraordinary reserves amount to YTL 90,121 Thousand and other profit reserves amount to YTL 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 YTL, cash in foreign currency, Central Bank 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".

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 YTL 1,038,951 is composed mainly from interest received from loans and securities amounting to YTL 13,608,254 and interest paid to deposit and money market operations which is amounting to YTL 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, YTL 1,243,705 Thousand as of December 31, 2008 (December 31, 2007: YTL (775,153)).

The cash in YTL, the cash in foreign currencies, Central Bank 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 YTL and in Foreign Currency	753,830	875,111
Central Bank 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 YTL and in Foreign Currency	702,276	753,830
Central Bank 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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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

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 YTL 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 YTL 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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

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
Deposits						
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

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		Total Asset	Capital
Domestic Branches (*)	1,258	17,343			
			Country		
Agencies Abroad	1	1	1- Pakistan		
	1	1	2- Iran		
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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements

for the Year Ended December 31, 2008

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

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.

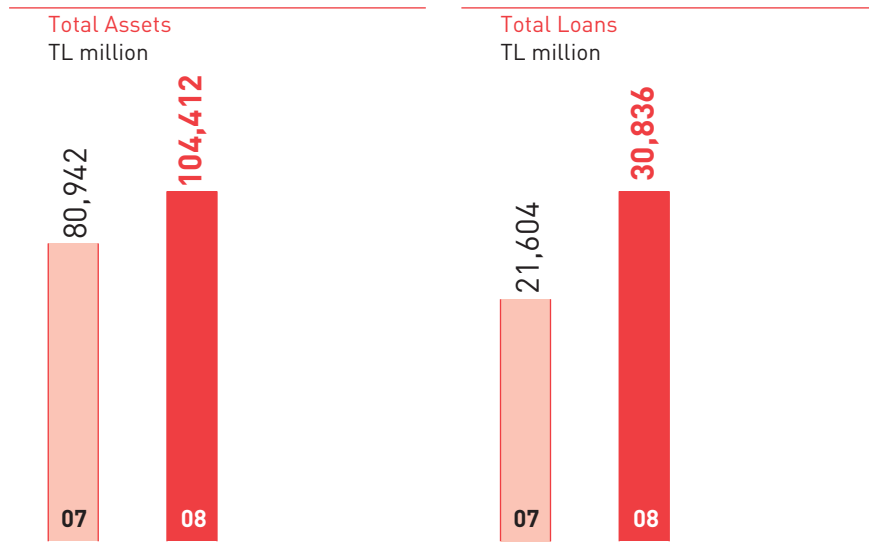
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Ziraat Bank's Financial Standing, Profitability, and Solvency

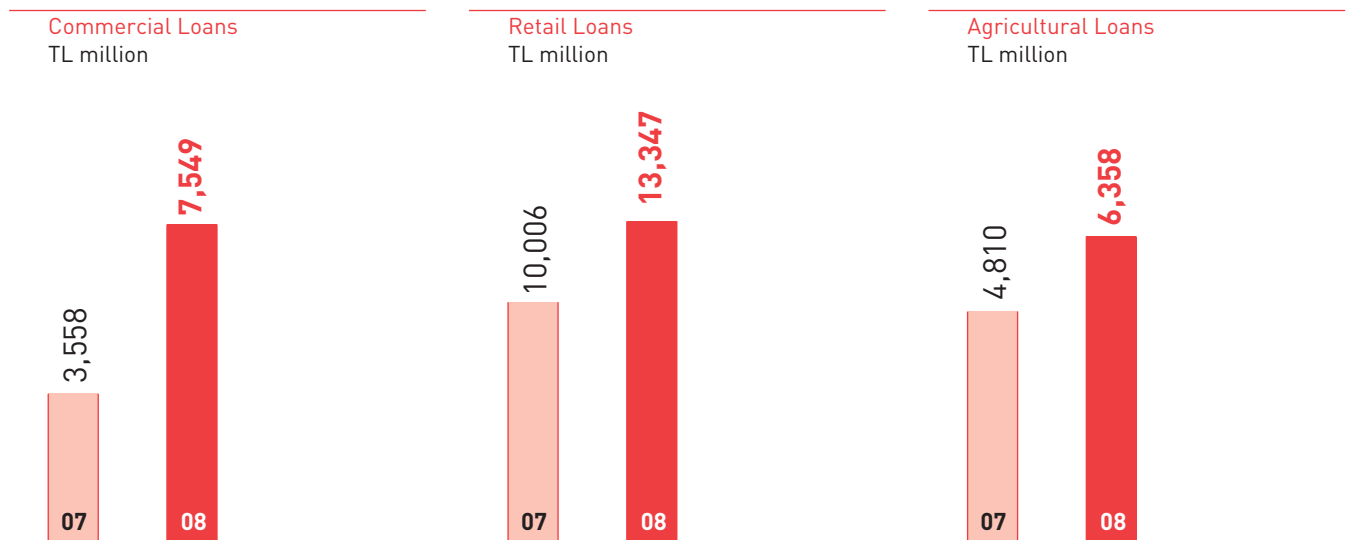
Ziraat Bank was the leader of the banking industry in total assets, deposits and net profit in 2008. The rate of increase in total assets and loans outdid the average rate of increase in the overall industry. Notwithstanding, the NPL/total loans ratio that stands well below that in the sector, healthy growth of market share in lending, and the increased share of loans in total assets in parallel therewith all indicate to the gradually higher quality asset structure available to the bank.

ASSET STRUCTURE

Ziraat Bank's total assets grew 29% year-on and topped TL 104.4 billion. Total lending also grew 43% to reach TL 30.8 billion. Broken down, commercial loans more than doubled and expanded 112%, while retail loans were up 33% and agricultural loans 32%. The greatest supporter of the agricultural industry by virtue of the agricultural loans extended, Ziraat Bank also preserved its leadership in the sector in general-purpose loans with a share of 22%. Year-to-year, loans increased their share in total assets from 27% to 30%, while the ratio of NPL to total loans stood at 1.96%. This figure is well below the sector's average of 3%.



Breakdown of Loans



Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Ziraat Bank's Financial Standing, Profitability, and Solvency

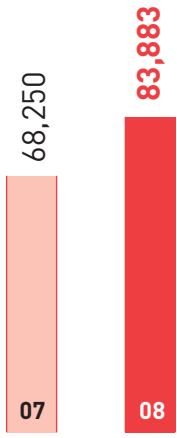
LIABILITY STRUCTURE

Deposits make up a vital source for the bank.

Deposits remained the vital source for Ziraat Bank also in 2008. 80% of the bank's total liabilities is constituted by deposits. This ratio is well above the sector's average that stood at 64% as at December 2008. TL 68 billion in 2007, total deposits grew 23% last year and reached TL 84 billion. Savings deposits make up the largest part of deposits with a share of 54%. The broad base secured in deposits represents a positive aspect with respect to the financing of the bank's assets.

Total Deposits

TL million



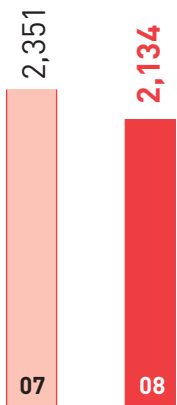
INCOME AND EXPENDITURES

Net profit

Net profit, which was TL 2,351 million at year-end 2007, was TL 2,134 million at year-end 2008. This result makes 2008 the fifth consecutive year in which Ziraat Bank was the most profitable bank in Turkey. Though there was a year-on decline in net profit, the rate of decrease was below the sector's average. The bank outperformed the sector's averages also in terms of return on asset and equity ratios.

Net Profit

TL million



Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Ratios

Ratios relating to financial strength, profitability and solvency are given below:

CAPITAL	2008 (%)	2007 (%)
Capital Adequacy Ratio (standard)	20.1	25.4
(Shareholders' Equity+Profit)/Total Assets	7.1	8.9
(Shareholders' Equity+Profit)/(Total Assets+Non-cash Loans)	6.8	8.7
(Shareholders' Equity+Profit)/(Deposits+Non-Deposit Resources)	7.8	10.1
ASSET QUALITY		
Total Loans/Total Assets	29.5	26.7
NPL (Gross)/Total Loans	2.0	1.8
NPL (Gross)/(Non-cash Loans+Cash Loans+NPL)	1.7	1.6
FC Assets/FC Liabilities	100.1	100.3
LIQUIDITY		
Liquid Assets/Total Assets	12.5	13.8
Liquid Assets/(Deposits+Non-Deposit Resources)	13.9	15.7
PROFITABILITY		
Net Profit (Loss)/Average Total Assets	2.4	3.1
Net Profit (Loss)/Average Shareholders' Equity	31.7	45.2
Net Profit (Loss)/Average Paid-in Capital	85.4	94.9
COST-INCOME STRUCTURE		
Interest Income/Interest Expenses	144.3	150.5
Non-Interest Income/Non-Interest Expenses	41.1	53.7
Total Income/Total Expenses	123.4	131.7
Interest Income/Total Income	93.3	92.1
Non-Interest Income/Total Income	6.7	7.9
Interest Expenses/Total Expenses	79.7	80.6
Non Interest Expenses/Total Expenses	20.2	19.4

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Risk Management Policies Adhered to According to Types of Risk

The fundamental approach to risk management activities is to achieve the best possible practices in risk management functions by inculcating a culture of risk-awareness throughout the bank and by continuously improving both the system and the bank's human resources, in parallel with the regulations issued by the Banking Regulation and Supervision Agency (BRSA).

Risk management activities cover the primary headings of credit risk, market risk, operational risk, liquidity risk and structural interest rate risk. Risk Management Policy and Implementation Principles that incorporate written guidelines are carried out in accordance with regulations on the basis of each type of risk, which are approved by the Board of Directors. Maximum attention is given to ensuring that the risk management activities that take place are conducted with the coordinated participation of all units that are involved in every activity associated with each category of risk.

Risk management guidelines enforced at the bank by the Board of Directors define the duties and responsibilities of the risk management group, level of risk, and measurement, analysis and monitoring processes. These are evaluated and updated as necessary in view of the developments in the market and the industry.

Risk analysis performed under credit, market, operational and balance sheet risks headings are reported to the Audit Committee quarterly and to the Board of Directors via the Audit Committee semi-annually.

Besides the activities carried out on the basis of fundamental risks, Information Systems Risk Management activities are conducted in coordination with the relevant units as per the Communiqué on Principles that will be made the Basis of Information Systems Management at Banks.

"Ziraat Bank Financial Strength and Performance Index" has been created whereby risk-based monitoring is undertaken for the bank's financial strength and performance. The index is revised and its performance is tracked monthly.

Internal capital is measured taking into consideration liquidity and structural interest rate risks in addition to the credit, operational and market risks included in the bank's legal capital adequacy ratio in order to observe the relation of the said risks with shareholders' equity.

Risk management group keeps a close eye on national and international regulations, as well as draft regulations, reports and announcements with a view to ensuring close follow-up of the rapidly developing banking industry.

The bank regards risk management as a field requiring specific expertise, and places emphasis on the human resource that is already trained and that will be trained in this field. In this regard, titles were converted by early 2008 so that risk management activities are carried out by professional employees.

Under the same approach, professional employees from outside the bank were recruited into assistant risk analyst position in 2008 and new-hire assistant risk analysts were given a comprehensive training program focusing on general banking, finance and risk management topics.

Importance is given to on-the-job training and certification of risk management employees; in keeping with this, efforts are spent to increase the number of employees entitled to receive, particularly, GARP (Global Association of Risk Professionals) FRM (Financial Risk Manager) certification.

Credit Risk

In relation to the credit risk that the bank is exposed to; credit risk management strategies are identified, and principles and procedures for implementation of credit risk management policy are carried out subject to the relevant regulation prepared.

The bank adopted the policy of credit risk management in line with the volume, nature and complexity of lendings, while adhering to the legal rules, regulations and restrictions of the BRSA as well as best practices.

In keeping with the strategy established, the bank undertakes measurement, monitoring, stress test and scenario analysis activities which are in line with the volume, nature and complexity of lendings in credit risk management.

Therefore, the credit risk taken is monitored by relating it to the capital both in view of the existing legal framework and the practices within the frame of Basel II.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Risk Management Policies Adhered to According to Types of Risk

Within the scope of best practices, work has been completed to change over to the Standardized Method primarily in calculating the credit risk base amount. Furthermore, in order to render credit management more effective and also to enable employing Advanced Measurement Methods in calculating credit risk base amount, projects are carried out across the bank to develop rating/scoring methods focusing on different credit portfolios.

In measuring credit risk, the bank also takes into consideration the European Union's Capital Adequacy Directives based on Basel II.

Operational Risk

Under the heading of operational risk management, operational risks are defined, classified and analyzed.

The bank puts together its losses arising from operational risks in a database. Data entry to the operational risk loss database, which is still in use, is performed on the basis of lines of business and types of losses identified under Basel II. In addition, the project for automated transfer of operational risk loss data to the database launched in view of the magnitude of the bank's scale will be completed in 2009, thereby data will be entered and monitored as and when operational risk incidents are recognized in the accounts.

Necessary activities are continuing in relation to the measurement of operational risk within the frame of national and international rules and regulations. Basic Indicator Approach is employed in calculating operational risk base amount included in the bank's legal capital adequacy ratio. In addition, R&D activities are also in progress to employ advanced measurement methods for calculating operational risk.

Operational Risk Map activities are carried out to establish the operational risk levels of branches and headquarters units. Via this activity, risk level of each branch is determined periodically through a model created by using the operational risk indicators identified along with the data from operational risk loss database.

Preparations are ongoing to carry out self-assessments that take a significant place among operational risk management tools, which were previously conducted within the scope of Operational Risk Map activity at the Bank.

The reports submitted to the Audit Committee and the Board of Directors address risk concentrations in the loss database, measurement of operational risk base amount, results of the risk map activity for branches and headquarters units, key risk indicators, operational risks that arise in information systems, external operational risks and concentrations in internal control points, etc.

Market Risks

The bank guarantees that the market risk is managed in line with the volume and nature of its activities within the frame of BRSA rules and regulations and taking best practices into consideration. Measurement, monitoring, limit creation, stress testing and scenario analysis are carried out in line with the structure and complexity of positions in relation to market risk management, and results are reported. An additional key principle is the assessment of new products and services with respect to market risk.

In this frame, market risk control is based on at least daily monitoring of the bank's accounts and positions exposed to market risk and of the developments that affect the values of these accounts and positions; as well as on analyzing the impact of ordinary or extraordinary downward and upward moves in markets upon the bank's accounts and positions exposed to market risk. Risk analysis prepared are periodically reported to relevant units.

Activities relating to market risk concentrate on measurement, monitoring, limit allocation, stress tests and scenario analysis based on standardized and internal models. The bank's market risk base amount, which is to be included in the legal capital adequacy ratio, is calculated employing the Standardized Method and is also estimated on the basis of Value at Risk computations using internationally accepted statistical methods. Then, its effects on the ratio are monitored.

Market risk limits approved by the Board of Directors and early warning signals under financial emergencies are followed-up periodically.

Under the consultancy service received for assessment of the fitness of the market risk internal model, the model has been reviewed along with all of its processes, and modifications recommended to be made to the software and necessary documentation have been completed. The consultancy service confirmed the fitness of the model.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Risk Management Policies Adhered to According to Types of Risk

Balance Sheet Risks

The bank assures that the balance sheet risks are managed in line with the volume and nature of its activities within the frame of BRSA rules and regulations and taking the best practices into consideration. Measurement, monitoring, limit creation, stress testing and scenario analysis in relation to balance sheet risk management are carried out under the supervision of the Board of Directors and the Audit Committee.

For the purpose of preventing the bank's financial strength from being significantly affected by increased volatility in the markets and potential mismatches in cash inflows and outflows in the performance of its day-to-day activities, liquidity and structural interest rate risk levels were restricted with limits and early warning signals were identified. In this frame, limits approved by the Board of Directors and early warning signals are periodically followed-up and adapted according to changes in the bank's strategy.

In liquidity risk management, liquidity gap, structural liquidity gap, average outstanding maturity and stress test analysis are conducted to be observed separately for Turkish lira and FX assets and liabilities. In addition, activities are undertaken to determine the stable and variable aspects of deposits which represent the primary funding item for the bank.

In structural interest rate risk management, Repricing Gap, Duration, Banking Accounts Interest Shock Value Loss and Net TL Interest Income analysis are conducted based on income and economic value approaches.

On the other hand, activities are taken on to manifest the bank's risk level and risk/return structure, and macroeconomic and financial data are analyzed within the frame of balance sheet risk management.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Credit Ratings

Credit Rating Agency	Type	Rating	Date
FITCH			
	Counterparty Foreign Currency	BB- / B	14 January 2005 (upgraded)
	Counterparty Local Currency	BB / B	14 December 2007 (upgraded)
	Outlook	Stable	1 November 2007
	Individual	C/D	30 January 2007 (upgraded)
	National (TL)	AA+ (TUR) (Stable)	14 December 2007 (upgraded)
	Support Rating	3 / BB-	17 May 2007 (first assessment)
Standard & Poor's			
	Counterparty Local and Foreign Currency	BB- / B	19 August 2004 (upgraded)
	Certificate of Deposit	BB- / B	19 August 2004 (upgraded)
	Outlook	Negative	17 November 2008 (downgraded)
	National Scale	trA / trA-1	17 November 2008 (downgraded)
Moody's			
	Foreign Currency Deposits	B1 / NP	20 December 2005 (upgraded)/ 13 January 1994 (downgraded)
	Outlook	Stable	20 December 2005
	Local Currency Deposits	Baa1/P-2	24 April 2007 (first assessment)
	Outlook	Stable	24 April 2007
	Financial Strength	D+	26 August 2008 (upgraded)
	Outlook	Stable	26 August 2008

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Summary Balance Sheet and Income Statement for the Period 2004–2008

(TL million)

ASSETS	2004*	2005	2006	2007	2008
Liquid Assets	7,892	10,306	9,150	11,167	13,086
Securities Portfolio	38,136	38,835	43,890	46,577	58,522
Loans	9,323	13,691	17,371	21,604	30,836
Associates and Subsidiaries	339	320	367	374	661
Fixed Assets	732	710	683	649	815
Other Assets	572	540	443	571	492
TOTAL	56,994	64,402	71,904	80,942	104,412
LIABILITIES	2004	2005	2006	2007	2008
Deposits	45,701	52,132	59,653	68,250	83,883
Money Markets	889	503	968	196	7,268
Funds	3,590	4,113	2,908	2,769	2,914
Provisions	781	664	891	1,102	1,428
Other Liabilities	986	1,150	905	1,407	1,558
Shareholders' Equity	5,047	5,840	6,579	7,218	7,361
TOTAL	56,994	64,402	71,904	80,942	104,412
PROFIT/LOSS	2004	2005	2006	2007	2008
Interest Income	9,032	7,924	9,436	11,329	13,368
Interest Expense	5,354	5,066	6,034	7,528	9,266
Net Interest Income	3,678	2,858	3,402	3,802	4,102
Fees and Commissions Income (net)	408	500	626	564	572
Dividend Income	-	28	17	26	26
Capital Market Trading Profit	124	186	104	72	-47
FX Gains (net)	153	80	1	70	-5
Other Operating Income	237	522	237	177	338
Total Operating Income	4,600	4,174	4,387	4,710	4,986
Provisions for Loans and Other Receivables	183	227	252	252	546
Other Operating Expenses	1,367	1,265	1,415	1,495	1,725
Operating Profit	3,050	2,682	2,720	2,963	2,715
Net Monetary Position Gain/Loss	-822	0	0	0	0
Pretax Profit	2,228	2,682	2,720	2,963	2,715
Tax Provision	697	836	620	612	581
Net Profit/Loss for the Period	1,531	1,846	2,100	2,351	2,134

(*) Turkish Financial Reporting Standards were started to be applied on 1 January 2005. In this respect, the balance sheets and income statements for 31 December 2004 were prepared in accordance with the Regulation on Accounting Practice and the Banking Regulation and Supervision Agency's communiqués related to accounting standards.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and Its Financial Associate

Independent Auditor's Report, Consolidated
Financial Statements and Notes for the Period
January 1 - December 31, 2008

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Independent Auditor's Report for the Period January 1 - December 31, 2008

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
AND ITS FINANCIAL ASSOCIATE

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 consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and its financial associate (the "Group") as at December 31, 2008, and the related consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group 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 Articles 37 and 38 of the Banking Act No: 5411 and other regulations pronouncements and circulars in respect of accounting and financial reporting issued by BRSA.

Ankara, March 19, 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 consolidated 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

The Consolidated 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 consolidated 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 PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN RELATED PERIODS
- NOTES TO THE FINANCIAL POSITION OF THE GROUP
- EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND DISCLOSURES
- INDEPENDENT AUDITOR'S REPORT

Within the scope of this yearly financial report, subsidiaries, associates and entities under joint control whose financial statements have been consolidated are as below:

Associate: Axa Sigorta A.Ş.

Unless otherwise indicated, these consolidated 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 19, 2009



Mehmet MUMCUOĞLU
Deputy Chairman of
the Board of Directors



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



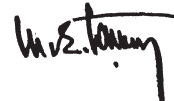
Hikmet Aydın SİMİT
Member of the Board of Directors
(Member of the Audit Committee)



Can Akın ÇAĞLAR
General Manager



İsmail Erdal MAZLUM
Assistant General Manager
Responsible for Financial
Reporting



Mehmet Şükrü TAŞCI
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 BEKTAS/Manager
Telephone Number : 0312 584 70 97 - 70 98
Fax Number : 0312 584 71 50 - 53

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

SECTION I: GENERAL INFORMATION

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

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("Parent Bank") is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Parent 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 PARENT 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 Parent Bank is the Undersecretariat of Treasury of the Turkish Republic.

III. EXPLANATIONS REGARDING THE PARENT 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	Deputy Chairman 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 Parent Bank's capital.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT 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 Parent Bank is the Undersecretariat of Treasury of the Turkish Republic.

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

The purpose of activity of the Parent Bank is stated in articles of association as to perform all kinds of banking activities including acceptance of deposits. For this purpose, the Parent 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, Parent 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 (Lefkoşe, Girne, Güzelyurt, Gazimağusa) 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 Parent 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 Parent 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 Parent 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.

SECTION II: CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

I. CONSOLIDATED BALANCE SHEET

II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ACCOUNTS

III. CONSOLIDATED STATEMENT OF INCOME

IV. CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTED UNDER EQUITY

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Balance Sheet

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

THOUSANDS OF YTL								
ASSETS	Note	AUDITED CURRENT PERIOD (31/12/2008)			AUDITED PRIOR PERIOD (31/12/2007)			
		YTL	FC	TOTAL	YTL	FC	TOTAL	
		I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	7,792,291	1,583,306	9,375,597	4,098,681	1,542,149
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(2)	640,943	22,636	663,579	660,240	101,583	761,823	
2.1 Financial Assets Held for Trading		639,939	21,530	661,469	660,240	100,685	760,925	
2.1.1 Public Sector Debt Securities		639,938	21,530	661,468	660,239	100,685	760,924	
2.1.2 Securities Representing a Share in Capital		-	-	-	-	-	-	
2.1.3 Other Marketable Securities		1	-	1	1	-	1	
2.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-	
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-	
2.2.2 Securities Representing a Share in Capital		-	-	-	-	-	-	
2.2.3 Other Marketable Securities		-	-	-	-	-	-	
2.3 Derivative Financial Assets Held for Trading		1,004	1,106	2,110	-	898	898	
III. BANKS	(3)	9,237	3,701,113	3,710,350	569,463	2,345,652	2,915,115	
IV. MONEY MARKET PLACEMENTS		-	-	-	2,611,226	-	2,611,226	
4.1 Interbank Money Market Placements		-	-	-	-	-	-	
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-	
4.3 Receivables From Reverse Repurchase Agreements		-	-	-	2,611,226	-	2,611,226	
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	3,970,104	5,100,940	9,071,044	24,752,943	7,207,273	31,960,216	
5.1 Securities Representing a Share in Capital		21,391	6	21,397	78,939	3	78,942	
5.2 Public Sector Debt Securities		3,637,410	3,582,741	7,220,151	24,674,004	7,198,604	31,872,608	
5.3 Other Marketable Securities		311,303	1,518,193	1,829,496	-	8,666	8,666	
VI. LOANS	(5)	29,589,641	1,246,553	30,836,194	21,083,716	520,418	21,604,134	
6.1 Loans		29,475,597	1,246,553	30,722,150	21,003,890	520,418	21,524,308	
6.1.1 Loans Granted to Risk Group of The Bank		18,715	41,511	60,226	35,810	25,799	61,609	
6.1.2 Other		29,456,882	1,205,042	30,661,924	20,968,080	494,619	21,462,699	
6.2 Loans Under Follow-up		595,747	8,533	604,280	383,558	7,399	390,957	
6.3 Specific Provisions (-)		481,703	8,533	490,236	303,732	7,399	311,131	
VII. FACTORING RECEIVABLES		-	-	-	-	-	-	
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	44,001,121	4,786,079	48,787,200	13,313,086	542,341	13,855,427	
8.1 Public Sector Debt Securities		43,997,649	4,785,670	48,783,319	13,309,591	541,953	13,851,544	
8.2 Other Marketable Securities		3,472	409	3,881	3,495	388	3,883	
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	134,954	-	134,954	17,386	-	17,386	
9.1 Accounted with Equity Method		87,702	-	87,702	-	-	-	
9.2 Unconsolidated Associates		47,252	-	47,252	17,386	-	17,386	
9.2.1 Financial Associates		43,426	-	43,426	13,697	-	13,697	
9.2.2 Non-financial Associates		3,826	-	3,826	3,689	-	3,689	
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	65,112	449,879	514,991	61,470	282,146	343,616	
10.1 Unconsolidated Financial Subsidiaries		60,313	449,879	510,192	57,157	282,146	339,303	
10.2 Unconsolidated Non-financial Subsidiaries		4,799	-	4,799	4,313	-	4,313	
XI. ENTITIES UNDER JOINT CONTROL (Net)	(9)	-	24,982	24,982	-	12,845	12,845	
11.1 Accounted with Equity Method		-	-	-	-	-	-	
11.2 Unconsolidated Entities Under Joint Control		-	24,982	24,982	-	12,845	12,845	
11.2.1 Financial Entities Under Joint Control		-	24,982	24,982	-	12,845	12,845	
11.2.2 Non Financial Entities Under Joint Control		-	-	-	-	-	-	
XII. RECEIVABLE FROM LEASING TRANSACTIONS (Net)	(10)	-	-	-	-	-	-	
12.1 Finance Lease Receivables		-	-	-	-	-	-	
12.2 Operating Lease Receivables		-	-	-	-	-	-	
12.3 Other		-	-	-	-	-	-	
12.4 Unearned Income (-)		-	-	-	-	-	-	
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-	
13.1 Fair Value Hedges		-	-	-	-	-	-	
13.2 Cash Flow Hedges		-	-	-	-	-	-	
13.3 Hedges for investments made in foreign countries		-	-	-	-	-	-	
XIV. TANGIBLE ASSETS (Net)	(12)	812,577	2,165	814,742	645,754	2,815	648,569	
XV. INTANGIBLE ASSETS (Net)	(13)	8,952	2,342	11,294	11,419	1,049	12,468	
15.1 Goodwill		-	-	-	-	-	-	
15.2 Other		8,952	2,342	11,294	11,419	1,049	12,468	
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(14)	-	-	-	-	-	-	
XVII. TAX ASSET	(15)	170,888	-	170,888	108,166	61	108,227	
17.1 Current Tax Asset		426	-	426	3,820	-	3,820	
17.2 Deferred Tax Asset		170,462	-	170,462	104,346	61	104,407	
XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(16)	4,143	-	4,143	1,475	-	1,475	
18.1 Held for Sale		4,143	-	4,143	1,475	-	1,475	
18.2 Held from Discontinued Operations		-	-	-	-	-	-	
XIX. OTHER ASSETS	(17)	282,525	23,568	306,093	420,946	28,008	448,954	
TOTAL ASSETS		87,482,488	16,943,563	104,426,051	68,355,971	12,586,340	80,942,311	

The accompanying notes form an integrated part of these consolidated financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Balance Sheet

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

		THOUSANDS OF YTL						
		AUDITED			AUDITED			
LIABILITIES AND EQUITY		Note	CURRENT PERIOD			PRIOR PERIOD		
			(31/12/2008)		(31/12/2007)			
			YTL	FC	TOTAL	YTL	FC	TOTAL
I.	DEPOSITS	(1)	67,317,998	16,565,437	83,883,435	55,944,489	12,305,278	68,249,767
1.1	Deposits Held By the Risk Group of the Bank		54,751	49,084	103,835	39,790	13,811	53,601
1.2	Other		67,263,247	16,516,353	83,779,600	55,904,699	12,291,467	68,196,166
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	1,026	2,993	4,019	417	395	812
III.	FUNDS BORROWED	(3)	23,764	4,593	28,357	5,227	2,409	7,636
IV.	MONEY MARKET BALANCES		7,267,869	-	7,267,869	196,265	-	196,265
4.1	Interbank Money Market Borrowings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3	Funds Provided under Repurchase Agreements		7,267,869	-	7,267,869	196,265	-	196,265
V.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset-backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		2,914,102	-	2,914,102	2,769,294	-	2,769,294
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		2,914,102	-	2,914,102	2,769,294	-	2,769,294
VII.	SUNDRY CREDITORS		335,891	145,074	480,965	270,764	116,898	387,662
VIII.	OTHER LIABILITIES	(4)	383,207	246,618	629,825	574,485	91,913	666,398
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	1,705	240	1,945	-	4,201	4,201
10.1	Finance Lease Payables		1,705	247	1,952	-	4,358	4,358
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Finance Lease Expenses (-)		-	7	7	-	157	157
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-	-	-	-
11.1	Fair Value Hedges		-	-	-	-	-	-
11.2	Cash Flow Hedges		-	-	-	-	-	-
11.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XII.	PROVISIONS	(7)	1,427,614	775	1,428,389	1,101,044	1,360	1,102,404
12.1	General Provisions		246,943	70	247,013	147,323	679	148,002
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Employee Benefits Provisions		506,450	-	506,450	470,600	-	470,600
12.4	Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5	Other Provisions		674,221	705	674,926	483,121	681	483,802
XIII.	TAX LIABILITY	(8)	411,869	485	412,354	338,995	775	339,770
13.1	Current Tax Liability		411,869	485	412,354	338,995	775	339,770
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
14.1	Held for Sale		-	-	-	-	-	-
14.2	Held from Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(10)	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(11)	7,412,329	(37,538)	7,374,791	7,195,977	22,125	7,218,102
16.1	Paid-in capital		2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital Reserves		659,625	(37,538)	622,087	718,910	22,125	741,035
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		113,344	(37,538)	75,806	173,270	22,125	195,395
16.2.4	Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5	Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6	Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7	Bonus Shares of Subsidiaries, Associates and Entities under Joint Control		2,158	-	2,158	2,158	-	2,158
16.2.8	Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9	Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10	Other Capital Reserves		544,123	-	544,123	543,482	-	543,482
16.3	Profit Reserves		1,934,486	-	1,934,486	1,466,178	-	1,466,178
16.3.1	Legal Reserves		1,568,647	-	1,568,647	1,251,782	-	1,251,782
16.3.2	Statutory Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		90,121	-	90,121	90,121	-	90,121
16.3.4	Other Profit Reserves		275,718	-	275,718	124,275	-	124,275
16.4	Profit/Loss		2,318,218	-	2,318,218	2,510,889	-	2,510,889
16.4.1	Prior Years Profit/Loss		170,895	-	170,895	159,798	-	159,798
16.4.2	Net Period Profit/Loss		2,147,323	-	2,147,323	2,351,091	-	2,351,091
16.5	Minority Interests	(12)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			87,497,374	16,928,677	104,426,051	68,396,957	12,545,354	80,942,311

The accompanying notes form an integrated part of these consolidated financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Off Balance Sheet Accounts

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

THOUSANDS OF YTL							
	Note	AUDITED			AUDITED		
		CURRENT PERIOD			PRIOR PERIOD		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		10,429,585	7,257,933	17,687,518	7,913,010	4,681,927	12,594,937
I. GUARANTEES AND SURETYSHIPS	(1), (3)	1,300,770	2,991,260	4,292,030	745,374	1,690,474	2,435,848
1.1 Letters of Guarantee		1,300,770	2,267,056	3,567,826	745,374	1,228,467	1,973,841
1.1.1 Guarantees Subject to Public Procurement Law		156,929	1,918,335	2,075,264	104,742	1,100,771	1,205,513
1.1.2 Guarantees Given for Foreign Trade Operations		747,124	-	747,124	456,994	-	456,994
1.1.3 Other Letters of Guarantee		396,717	348,721	745,438	183,638	127,696	311,334
1.2 Bank Acceptances		-	16,305	16,305	-	1,366	1,366
1.2.1 Import Letter of Acceptances		-	13,446	13,446	-	1,366	1,366
1.2.2 Other Bank Acceptances		-	2,859	2,859	-	-	-
1.3 Letters of Credit		-	707,899	707,899	-	460,641	460,641
1.3.1 Documentary Letters of Credit		-	707,899	707,899	-	460,582	460,582
1.3.2 Other Letters of Credit		-	-	-	-	59	59
1.4 Guaranteed Prefinancings		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to Central Bank of Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	-	-	-	-	-
1.9 Other Suretyships		-	-	-	-	-	-
II. COMMITMENTS	(1), (3)	9,056,597	4,079,057	13,135,654	7,104,436	2,835,522	9,939,958
2.1 Irrevocable commitments		3,923,568	306,749	4,230,317	1,943,615	306,936	2,250,551
2.1.1 Asset Purchase Commitments		42,783	127,178	169,961	39,677	142,879	182,556
2.1.2 Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Subsidiaries and Associates		250	-	250	250	-	250
2.1.4 Loan Granting Commitments		111,031	-	111,031	77,575	-	77,575
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposits		-	-	-	-	-	-
2.1.7 Commitments for Cheques		2,311,720	-	2,311,720	639,476	-	639,476
2.1.8 Tax and Fund Dues from Export Commitments		-	-	-	-	-	-
2.1.9 Credit Card Expenditure Limit Commitments		1,427,784	-	1,427,784	1,145,847	-	1,145,847
2.1.10 Commitments for Credit Cards and Banking Services Promotions		2,487	-	2,487	4,914	-	4,914
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		27,513	179,571	207,084	35,876	164,057	199,933
2.2 Revocable Commitments		5,133,029	3,772,308	8,905,337	5,160,821	2,528,586	7,689,407
2.2.1 Revocable Loan Granting Commitments		5,132,677	3,772,308	8,904,985	5,160,469	2,528,586	7,689,055
2.2.2 Other Revocable Commitments		352	-	352	352	-	352
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	72,218	187,616	259,834	63,200	155,931	219,131
3.1 Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1 Fair Value Hedges		-	-	-	-	-	-
3.1.2 Cash Flow Hedges		-	-	-	-	-	-
3.1.3 Hedges for Investments made in Foreign Countries		-	-	-	-	-	-
3.2 Transactions for Trading		72,218	187,616	259,834	63,200	155,931	219,131
3.2.1 Forward Foreign Currency Buy/Sell Transactions		72,218	72,703	144,921	-	1,440	1,440
3.2.1.1 Forward Foreign Currency Transactions-Buy		36,142	36,300	72,442	-	719	719
3.2.1.2 Forward Foreign Currency Transactions-Sell		36,076	36,403	72,479	-	721	721
3.2.2 Currency and Interest Rate Swaps		-	114,913	114,913	63,200	154,491	217,691
3.2.2.1 Currency Swap-Buy		-	56,163	56,163	31,600	77,260	108,860
3.2.2.2 Currency Swap-Sell		-	58,750	58,750	31,600	77,231	108,831
3.2.2.3 Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4 Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3 Currency, Interest Rate and Marketable Securities Options		-	-	-	-	-	-
3.2.3.1 Currency Call Options		-	-	-	-	-	-
3.2.3.2 Currency Put Options		-	-	-	-	-	-
3.2.3.3 Interest Rate Call Options		-	-	-	-	-	-
3.2.3.4 Interest Rate Put Options		-	-	-	-	-	-
3.2.3.5 Marketable Securities Call Options		-	-	-	-	-	-
3.2.3.6 Marketable Securities Put Options		-	-	-	-	-	-
3.2.4 Currency Futures		-	-	-	-	-	-
3.2.4.1 Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Buy/Sell Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-

The accompanying notes form an integrated part of these consolidated financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Off Balance Sheet Accounts

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

THOUSANDS OF YTL							
	Note	AUDITED CURRENT PERIOD			AUDITED PRIOR PERIOD		
		(31/12/2008)			(31/12/2007)		
		YTL	FC	TOTAL	YTL	FC	TOTAL
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		76,504,098	1,916,400	78,420,498	57,489,378	1,265,856	58,755,234
IV. CUSTODIES		7,930,898	872,066	8,802,964	7,792,615	535,274	8,327,889
4.1 Assets Under Management		-	-	-	-	-	-
4.2 Marketable Securities in Custody		4,760,333	537,373	5,297,706	4,649,367	405,217	5,054,584
4.3 Cheques Received for Collection		555,466	17,808	573,274	766,010	7,106	773,116
4.4 Commercial Notes Received		2,086,407	58,806	2,145,213	2,037,372	31,716	2,069,088
4.5 Other Assets for Collection		5,896	-	5,896	5,067	-	5,067
4.6 Assets Received for Public Offering		307,096	-	307,096	125,232	-	125,232
4.7 Other Items under Custody		213,979	258,079	472,058	207,846	91,235	299,081
4.8 Custodians		1,721	-	1,721	1,721	-	1,721
V. PLEDGED ASSETS		68,573,200	1,040,038	69,613,238	49,696,763	712,668	50,409,431
5.1 Marketable Securities		167,120	9,666	176,786	167,463	9,811	177,274
5.2 Guarantee Notes		7,636,373	464,480	8,100,853	6,464,863	273,717	6,738,580
5.3 Commodity		1,253,713	12,396	1,266,109	1,477,149	9,918	1,487,067
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		54,873,427	389,291	55,262,718	38,735,845	297,256	39,033,101
5.6 Other Pledged Assets		4,636,238	158,210	4,794,448	2,844,709	117,338	2,962,047
5.7 Pledges		6,329	5,995	12,324	6,734	4,628	11,362
VI. ACCEPTED BILL GUARANTEES AND SURETIES		-	4,296	4,296	-	17,914	17,914
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		86,933,683	9,174,333	96,108,016	65,402,388	5,947,783	71,350,171

The accompanying notes form an integrated part of these consolidated financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Statement of Income

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

		THOUSANDS OF YTL	
INCOME STATEMENT		AUDITED CURRENT PERIOD (31/12/2008)	AUDITED PRIOR PERIOD (31/12/2007)
I.	INTEREST INCOME	13,368,109	11,329,459
1.1	Interest Income from Loans	4,516,919	3,225,798
1.2	Interest Income From Reserve Deposits	26,654	403,370
1.3	Interest Income from Banks	522,540	202,521
1.4	Interest Income from Money Market Placements	101,895	333,342
1.5	Interest Income from Marketable Securities	8,191,171	7,156,553
1.5.1	Financial Assets Held for Trading	114,188	253,059
1.5.2	Financial Assets at Fair Value through Profit and Loss	-	-
1.5.3	Financial Assets Available-for-sale	3,840,335	4,146,879
1.5.4	Investments Held-to-Maturity	4,236,648	2,756,615
1.6	Finance Lease Income	-	-
1.7	Other Interest Income	8,930	7,875
II.	INTEREST EXPENSE	9,265,832	7,527,730
2.1	Interest Expense on Deposits	8,705,878	7,392,015
2.2	Interest on Borrowings	1,495	2,185
2.3	Interest on money market borrowings	476,926	123,114
2.4	Interest on marketable securities issued	-	-
2.5	Other interest expense	81,533	10,416
III.	NET INTEREST INCOME/EXPENSES (I - II)	4,102,277	3,801,729
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES	572,031	563,818
4.1	Fees and Commissions Received	654,725	628,418
4.1.1	Non-cash Loans	15,492	15,934
4.1.2	Other	639,233	612,484
4.2	Fees and Commissions Paid	82,694	64,600
4.2.1	Non-cash Loans	-	-
4.2.2	Other	82,694	64,600
V.	DIVIDEND INCOME	17,381	25,640
VI.	TRADING PROFIT/LOSS	(53,071)	142,111
6.1	Profit/Loss from Capital Market Operations(Net)	(47,566)	71,894
6.2	Foreign Exchange Gains/Losses (Net)	(5,505)	70,217
VII.	OTHER OPERATING INCOME	338,370	176,820
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)	4,976,988	4,710,118
IX.	PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)	546,028	252,369
X.	OTHER OPERATING EXPENSES(-)	1,724,530	1,494,689
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)	2,706,430	2,963,060
XII.	GAINS RECORDED AFTER MERGER	-	-
XIII.	PROFIT/LOSS ON EQUITY METHOD	22,134	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION	-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)	2,728,564	2,963,060
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS	(581,241)	(611,969)
16.1	Current Tax Provision	(609,529)	(660,542)
16.2	Deferred Tax Provision	28,288	48,573
XVII.	NET PROFIT FROM CONTINUING OPERATIONS (XV±XVI)	2,147,323	2,351,091
XVIII.	NET PROFIT FROM DISCONTINUED OPERATIONS	-	-
18.1	Income from Assets Held for Sale	-	-
18.2	Income from Sale of Associates, Subsidiaries and Entities under Common Control (Business Partners)	-	-
18.3	Other Income from Discontinued Operations	-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)	-	-
19.1	Expense on Assets Held for Sale	-	-
19.2	Expenses on Associates, Subsidiaries and Entities under Common Control (Business Partners)	-	-
19.3	Other Expenses from Discontinued Operations	-	-
XX.	PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)	-	-
XXI.	PROVISION FOR TAXES ON INCOME FROM TERMINATED OPERATIONS (±)	-	-
21.1	Current tax provision	-	-
21.2	Deferred tax provision	-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)	-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	2,147,323	2,351,091
23.1	Profit/Loss of Group	2,147,323	2,351,091
23.2	Profit/Loss of Minority Interests	-	-
	Earnings per share	0.000859	0.000940

The accompanying notes form an integrated part of these consolidated financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Statement of Profit and Loss Accounted Under Shareholders' Equity
(Amounts expressed in Thousand of the New Turkish Lira (YTL) unless otherwise stated.)

PROFIT AND LOSS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	THOUSANDS OF YTL	
	CURRENT PERIOD (01/01/2008-31/12/2008)	AUDITED PRIOR PERIOD (01/01/2007-31/12/2007)
I. FINANCIAL ASSETS AVAILABLE FOR SALE ADDED TO MARKETABLE SECURITIES		
VALUATION CHANGES ACCOUNT	(808,045)	522,923
II. REVALUATION CHANGES OF PROPERTY AND EQUIPMENT	-	-
III. REVALUATION CHANGES OF INTANGIBLE ASSETS	-	-
IV. EXCHANGE RATE DIFFERENCES FOR FOREIGN CURRENCY OPERATIONS	(14,425)	(21,397)
V. PROFIT/LOSSES ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (Active part of fair value changes)	-	-
VI. PROFIT/LOSSES ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES FOR INVESTMENTS MADE IN FOREIGN COUNTRIES (Active part of fair value changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENTS	-	-
VIII. OTHER INCOME/EXPENSE ACCOUNTS BOOKED IN SHAREHOLDERS' EQUITY IN ACCORDANCE WITH TAS	45,961	(5,433)
IX. DEFERRED TAX OF VALUATION CHANGES	38,495	(31,560)
X. NET INCOME/EXPENSE ACCOUNTS DIRECTLY BOOKED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(738,014)	464,533
XI. CURRENT PROFIT/LOSSES	618,425	(367,389)
11.1. Net changes in fair value at securities (Transferred to profit/loss)	618,425	(367,389)
11.2. Part of derivative financial assets held for cash flow hedges, reclassified and shown in income statement	-	-
11.3. Part of hedges for investments made in foreign countries, reclassified and shown in income statement	-	-
11.4. Other	-	-
XII. TOTAL PROFIT/LOSSES BOOKED IN CURRENT PERIOD (X±XI)	(119,589)	97,144

The accompanying notes form an integrated part of these consolidated financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Statement of Changes in Shareholders' Equity

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

	Note	Paid-in capital	Adjustment to paid-in capital	Share premium	Share cancl. profits	Legal reserves
CHANGES IN SHAREHOLDERS EQUITY						
PRIOR PERIOD						
(31/12/2007)						
I. Beginning Balance		2,221,978	543,482	-	-	962,392
II. Corrections according to TAS 8		-	-	-	-	-
2.1 The effect of corrections of errors		-	-	-	-	-
2.2 The effects of changes in accounting policy		-	-	-	-	-
III. New Balance (I + II)		2,221,978	543,482	-	-	962,392
Changes in Period						
IV. Increase/Decrease related to merger		-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-
VI. Hedging Funds		-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-
6.2 Hedges for investments made in foreign countries		-	-	-	-	-
VII. Revaluation differences of tangible assets		-	-	-	-	-
VIII. Revaluation differences of intangible assets		-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and entities under common control (business partners)		-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-
XI. Changes resulted from disposal of assets		-	-	-	-	-
XII. Changes resulted from reclassification of assets		-	-	-	-	-
XIII. Effect of changes in shareholders' equity of associates to the Bank's shareholders equity		-	-	-	-	-
XIV. Increase in capital		278,022	-	-	-	-
14.1 Cash		-	-	-	-	-
14.2 From internal resources		278,022	-	-	-	-
XV. Issuance of share certificates		-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-
XVII. Adjustment to paid-in capital		-	-	-	-	-
XVIII. Other		-	-	-	-	-
XIX. Net profit or losses		-	-	-	-	-
XX. Profit distribution		-	-	-	-	289,390
20.1 Dividend distributed		-	-	-	-	-
20.2 Transfers to legal reserves		-	-	-	-	289,390
20.3 Other		-	-	-	-	-
Closing Balance (III+IV+V +...+XVIII+XIX+XX)		2,500,000	543,482	-	-	1,251,782
CURRENT PERIOD						
(31/12/2008)						
I. Beginning Balance		2,500,000	543,482	-	-	1,251,782
Changes in Period						
II. Increase/Decrease related to merger		-	-	-	-	-
III. Marketable securities valuation differences (**)		-	-	-	-	-
IV. Hedging Funds		-	-	-	-	-
4.1 Cash-flow hedge		-	-	-	-	-
4.2 Hedges for investments made in foreign countries		-	-	-	-	-
V. Revaluation differences of tangible assets		-	-	-	-	-
VI. Revaluation differences of intangible assets		-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and entities under common control (business partners)		-	-	-	-	-
VIII. Foreign exchange differences		-	70,523	-	-	-
IX. Changes resulted from disposal of assets		-	-	-	-	-
X. Changes resulted from reclassification of assets		-	-	-	-	-
XI. Effect of changes in shareholders' equity of associates to the Bank's shareholders equity (***)		-	-	-	-	-
XII. Increase in capital		-	-	-	-	-
12.1 Cash		-	-	-	-	-
12.2 From internal resources		-	-	-	-	-
XIII. Issuance of share certificates		-	-	-	-	-
XIII. Share cancellation profits		-	-	-	-	-
XV. Adjustment to paid-in capital		-	-	-	-	-
XVI. Other (*)		-	(69,882)	-	-	-
XVII. Net profit or losses		-	-	-	-	-
XVIII. Profit distribution		-	-	-	-	316,865
18.1 Dividend distributed		-	-	-	-	-
18.2 Transfers to legal reserves		-	-	-	-	316,865
18.3 Other		-	-	-	-	-
Closing balances (I+II+III+...+XVI+XVII+XVIII)		2,500,000	544,123	-	-	1,568,647

(*) Amount equal to YTL 69,882 Thousand is not a change in adjustment to paid-in capital, but is foreign currency reserve for foreign investments that is reclassified from profit reserves to capital reserves as a result of change in Uniform Chart of Accounts.

(**) Entities under joint control domiciled and operating abroad are followed by their fair values in current period. The revaluation differences according to about current values inspected from revaluation report prepared by independent valuation firm is presented in this row.

(***) Amount equal to YTL 11,097 Thousand is resulted from first time accounting of Axa Sigorta A.Ş. by using equity method as of December 31, 2008.

The accompanying notes form an integrated part of these consolidated financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Statement of Changes in Shareholders' Equity

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

THOUSANDS OF YTL AUDITED										
Statutory reserves	Extraordinary reserves	Other reserves	Current period net profit/(loss)	Prior period net profit/(loss)	Marketable sec. valuation differences	Rev. Ch. in tangible and intang. assets	Bonus shares from investments	Hedging funds	Val. Ch. in tangible held for sale/disc. operat.	Total Equity Except the Minority Interest
-	90,121	423,694	-	2,259,800	76,854	-	1,082	-	-	6,579,403
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	90,121	423,694	-	2,259,800	76,854	-	1,082	-	-	6,579,403
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	123,974	-	-	-	-	123,974
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,076	-	-	1,076
-	-	(21,397)	-	-	(5,433)	-	-	-	-	(26,830)
-	-	-	-	-	-	-	-	-	-	-
-	-	(278,022)	-	-	-	-	-	-	-	-
-	-	(278,022)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	2,351,091	-	-	-	-	-	-	2,351,091
-	-	-	-	(2,100,002)	-	-	-	-	-	(1,810,612)
-	-	-	-	(1,810,612)	-	-	-	-	-	(1,810,612)
-	-	-	-	(289,390)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	90,121	124,275	2,351,091	159,798	195,395	-	2,158	-	-	7,218,102
-	90,121	124,275	-	2,510,889	195,395	-	2,158	-	-	7,218,102
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(105,164)	-	-	-	-	(105,164)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	32,988	-	-	(14,425)	-	-	-	-	89,086
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	11,097	-	-	-	-	-	11,097
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	69,882	-	-	-	-	-	-	-	-
-	-	-	2,147,323	-	-	-	-	-	-	2,147,323
-	-	48,573	-	(2,351,091)	-	-	-	-	-	(1,985,653)
-	-	-	-	(1,985,653)	-	-	-	-	-	(1,985,653)
-	-	48,573	-	(365,438)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	90,121	275,718	2,147,323	170,895	75,806	-	2,158	-	-	7,374,791

The accompanying notes form an integrated part of these consolidated financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Statement of Cash Flow

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

THOUSANDS OF YTL			
	Note	AUDITED CURRENT PERIOD (01/01/2008-31/12/2008)	AUDITED PRIOR PERIOD (01/01/2007-31/12/2007)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		1,036,517	2,984,764
1.1.1 Interest received(+)		13,608,254	10,643,662
1.1.2 Interest paid(-)		(9,119,435)	(7,462,859)
1.1.3 Dividend received(+)		15,886	25,640
1.1.4 Fees and commissions received(+)		656,709	790,279
1.1.5 Other income(+)		274,535	(8,273)
1.1.6 Collections from previously written off loans and other receivables(+)		341,530	185,094
1.1.7 Payments to personnel and service suppliers(-)		(915,128)	(782,966)
1.1.8 Taxes paid (-)		(714,588)	(816,707)
1.1.9 Other(+/-)	(2)	(3,111,246)	410,894
1.2 Changes in operating assets and liabilities		13,978,887	5,184,209
1.2.1 Net (increase)/decrease in financial assets held for trading(+/-)		(89,643)	1,747,295
1.2.2 Net (increase)/decrease in due from banks and other financial institutions(+/-)		368,936	(430,626)
1.2.3 Net (increase)/decrease in loans(+/-)		(9,290,000)	(4,180,603)
1.2.4 Net (increase)/decrease in other assets(+/-)		134,563	(117,845)
1.2.5 Net increase/(decrease) in bank deposits(+/-)		697,248	318,111
1.2.6 Net increase/(decrease) in other deposits(+/-)		14,827,066	8,212,438
1.2.7 Net increase/(decrease) in loans borrowed(+/-)		20,044	(6,932)
1.2.8 Net increase/(decrease) in matured payables(+/-)		-	-
1.2.9 Net increase/(decrease) in other liabilities(+/-)	(2)	7,310,673	(357,629)
I. Net cash provided from banking operations (+/-)		15,015,404	8,168,973
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net cash provided from investing activities (+/-)		(12,005,945)	(4,011,133)
2.1 Cash paid for purchase of associates, subsidiaries and entities under common control (business comb.)(-)		(16,310)	(43,466)
2.2 Cash obtained from sale of associates, subsidiaries and entities under common control (business comb.)(+)		-	7,678
2.3 Fixed assets purchases(-)		(276,879)	-
2.4 Fixed assets sales(+)		67,170	29,777
2.5 Cash paid for purchase of financial assets available for sale(-)		(5,277,240)	(7,031,943)
2.6 Cash obtained from sale of financial assets available for sale(+)		-	-
2.7 Cash paid for purchase of investment securities(-)		(12,115,996)	(3,720)
2.8 Cash obtained from sale of investment securities(+)		5,642,324	3,030,541
2.9 Other(+/-)	(2)	(29,014)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities (+/-)		(1,987,909)	(1,812,350)
3.1 Cash obtained from funds borrowed and securities issued(+)		-	-
3.2 Cash used for repayment of funds borrowed and securities issued(-)		-	-
3.3 Capital increase(+)		-	-
3.4 Dividends paid(-)		(1,985,653)	(1,810,612)
3.5 Payments for finance leases(-)		(2,256)	(1,738)
3.6 Other(+/-)	(2)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)	(2)	1,243,705	(775,152)
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		2,265,255	1,570,338
VI. Cash and cash equivalents at the beginning of the period (+)	(2)	10,623,546	9,053,208
VII. Cash and cash equivalents at the end of the period (V+VI)	(2)	12,888,801	10,623,546

The accompanying notes form an integrated part of these consolidated financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Profit Distribution Table

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

	THOUSANDS OF YTL	
	AUDITED CURRENT PERIOD (31/12/2008)	AUDITED PRIOR PERIOD 31/12/2007
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1.CURRENT YEAR INCOME	2,715,500	2,963,060
1.2.TAXES AND DUTIES PAYABLE (-)	609,529	660,542
1.2.1.Corporate tax (Income tax)	609,529	660,542
1.2.2.Income withholding tax	-	-
1.2.3.Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	2,105,971	2,302,518
1.3.PRIOR YEARS LOSSES (-)	-	-
1.4.FIRST ROUND LEGAL RESERVES (-)	-	115,126
1.5.OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	2,187,392
1.6.FIRST ROUND DIVIDEND TO SHAREHOLDERS (-)	-	125,000
1.6.1.To owners of ordinary shares	-	125,000
1.6.2.To owners of preferred shares	-	-
1.6.3.To owners of preferred shares (preemptive rights)	-	-
1.6.4.To profit sharing bonds	-	-
1.6.5.To holders of profit and loss sharing certificates	-	-
1.7.DIVIDENDS TO PERSONNEL (-)	-	40,628
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.SECOND ROUND DIVIDEND TO SHAREHOLDERS (-)	-	1,820,025
1.9.1.To owners of ordinary shares	-	1,820,025
1.9.2.To owners of preferred shares	-	-
1.9.3.To owners of preferred shares (preemptive rights)	-	-
1.9.4.To profit sharing bonds	-	-
1.9.5.To holders of profit and loss sharing certificates	-	-
1.10.SECOND ROUND LEGAL RESERVES (-)	-	201,739
1.11.STATUTORY RESERVES (-)	-	-
1.12.GENERAL RESERVES	-	-
1.13.OTHER RESERVES	-	-
1.14.SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1.APPROPRIATED RESERVES	-	-
2.2.SECOND LEGAL RESERVES (-)	-	-
2.3.DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1.To owners of ordinary shares	-	-
2.3.2.To owners of preferred shares	-	-
2.3.3.To owners of preferred shares (preemptive rights)	-	-
2.3.4.To profit sharing bonds	-	-
2.3.5.To holders of profit and loss sharing certificates	-	-
2.4.DIVIDENDS TO PERSONNEL (-)	-	-
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1.TO OWNERS OF ORDINARY SHARES	-	0.93
3.2.TO OWNERS OF ORDINARY SHARES (%)	-	92.96
3.3.TO OWNERS OF PRIVILEGED SHARES	-	-
3.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1.TO OWNERS OF ORDINARY SHARES	-	0.88
4.2.TO OWNERS OF ORDINARY SHARES (%)	-	88.31
4.3.TO OWNERS OF PRIVILEGED SHARES	-	-
4.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) The profit distribution table belongs to prior period become definite with the decision of Ordinary General Assembly after the publishing of 31.12.2007 financial statement. It is restated accordingly.

(**) The deferred tax income amounting to YTL 28,288 Thousand is not subject to profit distribution. [December 31, 2007: YTL 48,573 Thousand]

(***) Net income available for distribution is the income of the Parent Bank.

The accompanying notes form an integrated part of these consolidated financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

(Amounts expressed in Thousand of the New Turkish Lira (YTL) 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 Parent Bank's consolidated 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, communiqués and circulars in respect of accounting and financial reporting and pronouncements by BRSA, Turkish Commercial Code and Turkish Tax Legislation.

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

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

Main activity of the Parent 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 Parent 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 Parent Bank by means of legislative and administrative decisions. The Parent Bank directs these funds to assets with high return and low risk. These assets include predominantly domestic government bonds and loans. The Parent Bank's liquidity structure covers the financing of all liabilities at due date. Although most of the sources in the Parent 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 repricing date of sources is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the Parent Bank adopts high return principle for its long-term placements.

Loans and securities are instruments from which the Parent 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.

Since the Parent Bank's total debt to the market is low among its total liabilities, the Parent 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 Parent Bank is not presumed to be significantly affected from such a case since the Parent 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 Parent Bank's prevailing counter currency buying rate. At period ends, foreign currency asset and liability balances are valued at the Parent 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 Parent Bank are translated into YTL 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. INFORMATION ABOUT THE COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

T.C. Ziraat Bankası A.Ş. and its financial associate Axa Sigorta A.Ş. have been accounted for under the equity method in the accompanying consolidated financial statements for the period ended December 31, 2008. The associate included in consolidation has been determined on the basis of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 dated November 8, 2006. The Parent Bank and the consolidated associate Axa Sigorta A.Ş. ("Firm") together are named as "Group" within this report.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

The associate firm operates in the insurance sector and prepares its financial statements on the basis of Insurance Law numbered 5684 and principles determined by the Undersecretariat of Treasury of the Turkish Republic for insurance and reinsurance firms. Since January 1, 2008, the Firm has been accounting its operations in line with the "Legislation on Financial Reporting of Insurance and Reinsurance, and Pension Firms" published on July 14, 2007 and effective from January 1, 2008, and within the scope of TAS and TRFS released by TASB and other regulations published by Undersecretariat of Treasury of the Turkish Republic on accounting and financial reporting.

The previous commercial name of the firm, Axa Oyak Sigorta A.Ş., was replaced with Axa Sigorta A.Ş. by the decision of General Assembly dated August 12, 2008. The operations of the firm, which is registered in İstanbul, comprise fire, accident, transport, engineering, agriculture and health insurance.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

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

The derivative instruments of the Parent Bank are classified as trading or hedging instruments in accordance with Turkish Accounting Standard on "Financial Instruments: Recognition and Measurement" (TAS 39). The Parent Bank has no derivative instruments for hedging purposes as of the balance sheet date. Accordingly, the Parent 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.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on an accrual basis using the internal rate of return method in conformity with TAS 39 "Financial Instruments: Recognition and Measurement". In accordance with the Communiqué on "Methods and Principles 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.

VI. 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.

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

Financial instruments mainly constitute the Parent 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 represent the fair values. Cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Parent Bank.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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.

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 are 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 Parent 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".

Parent Bank originated 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.

Parent Bank originated 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 Parent Bank. Foreign exchange indexed loans are used as YTL by the valid counter foreign exchange buying rate of the Parent Bank at usage date. Repayments of these loans are collected as calculated YTL value by the valid counter foreign exchange selling rate of Parent Bank at installment date.

The Parent 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.

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VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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 Parent 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.

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

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities shall be offset and the net amount presented in the balance sheet when, and only when 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.

X. 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 YTL 6,283,263 Thousand (December 31, 2007: YTL 196,230 Thousand), and YTL 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: YTL 2,611,226 Thousand).

As of the balance sheet date, there are no lent securities of the Parent Bank.

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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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 Parent 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.

XIII. 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 Parent 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.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

The Parent 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 Parent Bank has no financial leasing operations as a lesser.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

The Parent 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 Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding" (TAS 37).

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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 Parent 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 Parent Bank over YTL 100 Thousand amounts to YTL 204,697 Thousand. Full provision has been provided in the accompanying financial statements for law suits ended against the Parent Bank but not finalized yet, amounting to YTL 9,250 Thousand.

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

XVI. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

Employee benefits liabilities are recognized in accordance with the Turkish Accounting Standard (TAS 19) "Employee Benefits" and the Parent 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 Parent 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 Parent Bank for all employee benefit liabilities is YTL 506,450 Thousand. The Parent Bank is not employing its personnel by means of limited-period contracts.

The Parent 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 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.

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.

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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 Gazette 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.

XVII. 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: 5520, 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.

Deferred Tax Liability/Asset:

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

Deferred tax is recognized on 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.

XVIII. ADDITIONAL EXPLANATIONS ON BORROWINGS

The Parent 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 Parent Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

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

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XIX. EXPLANATIONS ON SHARES ISSUED

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

XX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

XXII. EXPLANATIONS ON SEGMENT REPORTING

The Parent 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 Parent Bank renders services, such as; deposits, consumer loans, loans originated from funds whose risk does not belong to the Parent 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 Parent Bank. By Finart system, which is working in a centralized manner, the Parent Bank has the technical infrastructure required by modern banking sector to meet its clients' needs.

In the context of corporate and commercial banking, the Parent 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 Parent 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 Parent 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 Parent Bank. The Parent 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 Parent Bank performs derivative transactions which are accounted as held for trading. As financial derivative transactions, the Parent Bank performs foreign currency forward agreements and currency swap transactions.

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

The Parent 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 Parent 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".

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Table for Segment Reporting:

	Retail Banking	Commercial and Corporate Banking ⁽¹⁾	Specialized Banking ⁽²⁾	Treasury	International Banking	Total Operations
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)	642,244	319,404	1,144,619	588,609	11,554	2,706,430
Income from Subsidiaries ⁽⁴⁾	-	-	-	-	-	39,515
Income before Taxes	-	-	-	-	-	2,728,564
Tax Provision	-	-	-	-	-	(581,241)
Minority Rights	-	-	-	-	-	-
Net Profit for the Period	-	-	-	-	-	2,147,323
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	-	-	-	-	-	674,927
Undistributed Assets ⁽⁵⁾	-	-	-	-	-	1,001,067
Total Assets						104,426,051
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	-	-	-	-	-	7,374,791
Total Liabilities						104,426,051
Other Segment Items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	43,484
Restructuring Costs	-	-	-	-	-	-

⁽¹⁾ Commercial and corporate banking column includes results of operations and total assets and liabilities of 3 corporate and 24 commercial branches of the Parent Bank. Since any commercial 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 Parent 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 the operating income of the Parent Bank, amounting YTL 17,381 Thousand, and "Profit/Loss on equity Method" amounting YTL 22,134 Thousand are included in the "Income from Subsidiaries" row since they could not be decomposed between branches.

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

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	Retail Banking	Commercial and Corporate Banking (*)	Specialized Banking (**)	Treasury	International Banking	Total Operations
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 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	-	-	-	-	-	-

(*) Commercial and corporate banking column includes results of operations and total assets and liabilities of 3 corporate and 26 commercial branches of the Parent Bank. Since any commercial 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 Parent Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed between branches.

XXIII. EXPLANATIONS ON OTHER MATTERS

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

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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.

SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO CONSOLIDATED CAPITAL ADEQUACY STANDARD RATIO

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

The Group's consolidated capital adequacy ratio calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 19.88% (December 31, 2007: 25.44%).

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

Consolidated 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 consolidated 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 consolidated 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.

Since financial assets available for sale represent more than 10% of the Parent Bank's total securities, these assets are considered as held for trading and are 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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Information related to consolidated capital adequacy ratio:

Current Period	Risk Weights						
	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	20,788,979	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	-	-	-	-	2,016	-	-
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)	-	-	-	-	8,626	-	-
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	23,978,020	11,050	-

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

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

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for the Year Ended December 31, 2008

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

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

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

Summary information about consolidated capital adequacy standard ratio:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	28,356,795	20,166,221	28,450,572	20,166,221
Market Risk Base Amount (MRBA)	1,172,713	398,175	1,172,713	398,175
Operational Risk Base Amount (ORBA)	8,115,602	7,915,880	8,115,602	7,915,880
Shareholders' Equity	7,483,504	7,244,742	7,577,282	7,244,742
Shareholders' Equity/(CRBA+MRBA+ORBA) *100	19.88	25.44	20.08	25.44

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Information related to components of shareholders' equity:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
CORE CAPITAL				
Paid-in Capital	2,500,000	2,500,000	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000	2,500,000	2,500,000
Capital Commitments (-)	-	-	-	-
Inflation Adjustment for Paid-in Capital	543,482	543,482	543,482	543,482
Share Premium	-	-	-	-
Share Cancellation Profits	-	-	-	-
Legal Reserves	1,568,647	1,251,782	1,568,647	1,251,782
I. Degree Legal Reserves (TCC 466/1)	568,041	452,915	568,041	452,915
II. Degree Legal Reserves (TCC 466/2)	1,000,606	798,867	1,000,606	798,867
Legal Reserves per Special Legislations	-	-	-	-
Statutory Reserves	-	-	-	-
Extraordinary Reserves	365,839	214,396	365,839	214,396
Reserves Allocated per General Assembly Minutes	-	-	-	-
Retained Earnings	365,839	317,575	365,839	317,575
Accumulated Loss	-	-	-	-
Foreign Currency Share Capital Exchange Difference (*)	-	(103,179)	-	(103,179)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-	-	-
Profit	2,318,218	2,510,889	2,294,057	2,510,889
Net Profit of the Period	2,147,323	2,351,091	2,134,259	2,351,091
Retained Earnings	170,895	159,798	159,798	159,798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	607,509	431,924	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	-	2,868
Prepaid Expenses (-)**)	4,463	5,201	4,463	5,201
Intangible Assets (-)**)	11,294	9,600	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 (-)	-	-	-	-
Goodwill	-	-	-	-
Total Core Capital	7,903,695	7,452,473	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 arising 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
SUPPLEMENTARY CAPITAL				
General Provisions	247,013	148,002	247,013	148,002
45% of Movable Assets Revaluation Fund	-	-	-	-
45% of Real Estates Revaluation Fund	-	-	-	-
Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures (business associations)	2,158	2,158	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	34,402	87,928
From Subsidiaries and Associates (*) (**)	20,278		20,278	
From Financial Assets Available For Sale	14,124	87,928	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)	-	-	-	-
Minority Interest	-	-	-	-
Total Supplementary Capital	283,573	238,088	294,179	238,088
TIER-III CAPITAL	-	-	-	-
CAPITAL	8,187,268	7,690,561	8,173,713	7,690,561
DEDUCTIONS FROM CAPITAL	703,764	445,819	596,431	445,819
Partnership Interest at the Banks and Financial Institutions Excluded from Consolidation (*)	597,980	422,500	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	2,310	5,624	2,310	5,624
Borrowing Instruments and Loans qualified as Tier-II Capital from and to banks, financial institutions (domestic and foreign), Preferred stockholders	87,702	-	-	-
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	15	26
Other	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	7,483,504	7,244,742	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 Parent 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.

II. EXPLANATIONS RELATED TO THE CONSOLIDATED CREDIT RISK

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

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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 Parent 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.

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

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

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

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

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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 Profit/Loss
Current Period					
Domestic	99,873,592	96,002,904	3,850,599	-	2,115,983
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)	-	-	-	674,927	22,134
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-
Total	103,751,124	97,051,260	4,292,030	674,927	2,147,323
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 ⁽¹⁾	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 ⁽²⁾	-	-	-	-	-
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.

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Sector concentration for cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	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 of the Parent Bank to decompose the guarantee information 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

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Credit quality per class of financial assets is as follows:

	Current Period			Prior Period		
	Neither pastdue nor impaired	Past due but not impaired	Total	Neither past due nor impaired	Past due but not impaired	Total
Financial Assets						
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 of the Parent Bank to decompose the guarantee information 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 by the management of the Parent Bank:

	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	-	-

III. EXPLANATIONS RELATED TO THE CONSOLIDATED MARKET RISK

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

The Parent 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 Parent Bank are determined within the context of "Market and Financial Statement Risks Management Regulation".

The Parent 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 the Parent Bank.

The Parent 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 the Parent 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 Parent Bank and are reported to the related units. Also, backward testing is performed so as to measure performance of used model. The Parent Bank limits market risk exposure by VAR based limit within the context of "Market and Financial Statement Risks Management Regulation".

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Also, the Parent 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 Parent 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

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 Parent 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 CONSOLIDATED 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 Parent Bank, and not responding timely by the Parent Bank's management and the personnel, errors and irregularities of the information systems, and due to the disasters earthquake, flood, or fire.

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

Operational Risk Management actions are conducted by the Parent Bank's Risk Management 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 Parent Bank are collected appropriate to the standards anticipated at the Basel II.

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- “Operational Risk Map” studies have been conducted by the help of operational risk indicators, operational risk database and unit/volume information 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 the Parent Bank prepared Business Continuity Plan and it is being updated.

b) The Parent Bank does not apply standard method.

V. EXPLANATIONS RELATED TO THE CONSOLIDATED CURRENCY RISK

a) Whether the Parent 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 Parent Bank’s policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Parent Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, in the Parent Bank, 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.

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 Parent 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 Parent Bank’s 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 Parent 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

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Information on the foreign currency risk:

	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 ⁴	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 YTL 6,140 Thousand equivalent of USD and YTL 1,227 Thousand equivalent of EUR balances of loans are originated as foreign currency indexed loans (December 31, 2007: YTL 1,790 Thousand equivalent of USD and YTL 1,128 Thousand equivalent of EUR).

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

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

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The Parent 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 the Parent 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 YTL 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 CONSOLIDATED INTEREST RATE RISK

The Parent 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 Parent Bank is applying the Banking Accounts Interest Shock Value Loss analysis, whereas under income approach the Parent 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 Parent Bank resulting from changes in interest rates is analyzed. About the structural interest rate risk the duration analysis is applied at the Parent Bank. The Parent Bank limits the interest rate exposure. Moreover, an early warning system regarding the structural interest rate risk has also been established by the Parent Bank.

Using possible changes in the interest rate, the changes in the assets and the liabilities of the Parent 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 Parent 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 Parent Bank has been analyzed. In this analysis, YTL 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 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 Parent Bank generated within the balance sheet period.

Change in Interest Rate		Net Interest Income Effect (*) (**)	
YTL	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.

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Change in Interest Rate		Net Interest Income Effect (*) (**)	
YTL	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 YTL, 0.33 basis point increase in FC and 3 basis point increases in YTL 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
YTL	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.

b) Effects of interest rate fluctuations in the market on financial position and cash flow of the Parent 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 Parent 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 Parent Bank and expected effects on the following periods' net income and shareholders' equity:

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

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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 Years 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	-	-	-	-	-	2,096,131	2,096,131
Total Assets	31,887,577	31,040,814	12,746,968	18,613,354	7,312,489	2,824,849	104,426,051
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	-	9,849,378	12,765,425
Total Liabilities	73,021,740	13,537,082	4,761,017	2,775,817	52	10,330,343	104,426,051
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.

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

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

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

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

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Average interest rates applied to monetary financial instruments:

	EURO	USD	Yen	YTL
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.

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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.

* YTL 2,543,969 Thousand of fund balance in other liabilities is shown under the "1 - 5 Years" column. YTL 225,326 Thousand of fund, whose risk does not belong to the Parent 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

Average interest rate applied to the monetary financial instruments:

	EURO	USD	Japanese Yen	YTL
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 CONSOLIDATED LIQUIDITY RISK

General principles 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 Parent 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 Parent 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:

Current Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + YTL	FC	FC + YTL
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
Prior Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + YTL	FC	FC + YTL
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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

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

a) Basis for the current liquidity risk of the Parent Bank and whether the necessary measures taken, limitations imposed by the Parent 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 Parent Bank's source of funds is mainly formed of deposits. The Parent 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 Parent Bank from organized markets and other financial institutions can cover the corresponding liquidity gaps with different periods. The Parent 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 Parent Bank, unused significant liquidity sources:

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

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

The Parent 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 Parent Bank is suggested to be reduced. Furthermore, periodical collections on consumer loans has role to cover the Parent Bank's need of fund source.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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	-	1,796,658	2,096,131
Total Assets	11,357,542	3,942,151	5,715,496	25,049,315	48,755,321	7,788,171	1,818,055	104,426,051
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	-	8,803,180	12,765,425
Total Liabilities	13,108,474	61,243,328	13,537,800	4,957,400	2,775,817	52	8,803,180	104,426,051
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 YTL 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 YTL 2,696,027 Thousand is included in other liabilities and shown under the "1-5 year" column, fund balance amounted to YTL 218,075 Thousand, whose risk is not born by the Parent Bank, is not granted as loan and is included under "Up to One Month" column.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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 CONSOLIDATED 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.

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 banks 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 of the Parent Bank 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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

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

The Parent 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 Parent Bank or the Group:

The Parent Bank has no fiduciary transactions.

SECTION V: EXPLANATIONS AND NOTES TO THE CONSOLIDATED 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	
	YTL	FC	YTL	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 YTL 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 YTL. 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	
	YTL	FC	YTL	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 Parent Bank's branches abroad amounting to YTL 19,841 Thousand is presented in this line item (December 31, 2007: YTL 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) The Parent Bank has no financial assets at fair value through profit and loss subject to repo transactions.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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

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

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

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

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
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	46	761,088	163

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

	Current Period		Prior Period	
	YTL	FC	YTL	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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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 Parent 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	-

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-specialized Loans	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 standard 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 YTL 764,741 Thousand could not be decomposed; therefore it is not included in the table above.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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

	Short-term	Medium and long-term	Total
Consumer Loans-YTL	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-YTL	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-YTL	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-YTL	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 - YTL (Real Person)	94,643	-	94,643
Overdraft Accounts - FC (Real Person)	-	-	-
Total	1,468,756	11,877,926	13,346,682

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

(**) YTL 648 Thousand of consumer loans used by the personnel abroad and YTL 54,668 Thousand of consumer loans have been shown under "International Loans" of 5-b Table.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

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

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

	Short-term	Medium and long-term	Total
Commercial Installment Loans-YTL	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-YTL	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-YTL (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 are 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

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

h) Loans granted to subsidiaries and associates:

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

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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for the Year Ended December 31, 2008

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

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 loans (Net):

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

	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

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

	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 Parent Bank.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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3) Information on foreign currency non-performing loans:

	Group III. Loans and receivables with limited collectibility	Group IV. Loans and receivables with doubtful collectibility	Group V. Uncollectible loans and 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	-	-	-

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

	Group III. Loans and receivables with limited collectibility	Group IV. Loans and receivables with doubtful collectibility	Group V. Uncollectible loans and 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 Parent Bank. During this process, tangible guarantees constituting guarantees of receivables of the Parent Bank and assets of the debtor(s) are realized while receivables of the Parent Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels, and authorizations transferred to the Branch/Regional Offices. When the debtor offers exceed authorizations transferred to the Branch/Regional Offices or includes matters outside the scope of current legislation agreements and the Branch/Regional Offices submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

l) Explanations on write-off policy:

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

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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

(*) YTL 1,198,462 Thousand consumer and YTL 1,504,939 Thousand agricultural loans originated from funds whose risk does not belong to the Parent 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 Parent 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 of the Parent Bank to decompose the guarantee information 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.

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 YTL 1,664,864 Thousand.

(**) YTL 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 YTL 997,494 Thousand.

(**) YTL 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.

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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 collateral/blocked:

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

	Current Period		Prior Period	
	YTL	FC	YTL	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	
	YTL	FC	YTL	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

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 YTL 855,000 Thousand as of December 31, 2007 resulted from the matured securities in January 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 Parent Bank.

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The Parent Bank has reclassified securities previously classified in available for sale portfolio with nominal values of YTL 23,630,114,815, EUR 717,616,000 and USD 1,483,317,000 to held-to-maturity portfolio with fair values of YTL 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 Parent 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 YTL 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 YTL 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 YTL 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 YTL 10,752,523.

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 Parent 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/TURKEY	9.09	15.43
2	Bankalararası Kart Merkezi A.Ş.	İstanbul/TURKEY	12.50	17.98
3	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	11.11	9.09
4	Gelişen İşletmeler Piyasaları A.Ş.	İstanbul/TURKEY	10.00	5.00

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	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 has 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.

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b)1) Explanation regarding consolidated associates:

The Parent Bank consolidates Axa Sigorta A.Ş. since the Parent 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 (%)	Other shareholders' share percentage (%)
1 Axa Sigorta A.Ş.	İstanbul/TURKEY	12.50	80.35

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 1,512,356	446,323	53,196	-	-	112,643	50,271	-

• Current period information of Axa Sigorta A.Ş. has been provided from audited 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 December 31, 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	30,797
Additions	-
Bonus Share Certificates	-
Shares of Current Year Profits	22,134
Sales	-
Revaluation	8,663
Impairment Provision	-
Ending Balance	87,702
Capital Commitments	-
Share of Capital Participation (Period Ending)	-

3) Sector information about consolidated associates:

	Current Period
Banks	-
Insurance Companies	87,702
Factoring Companies	-
Leasing Companies	-
Finance Companies	-
Other financial Associates	-

4) Consolidated associates quoted in stock exchange:

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

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 Parent 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

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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.	İstanbul/TURKEY	100.00	50.01
2 Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	100.00	62.00
3 Ziraat Portföy Yönetimi A.Ş.	İstanbul/TURKEY	60.00	65.44
4 Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	İstanbul/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	Moscow/RUSSIA	100.00	99.87
9 Kazakhstan Ziraat Int. Bank	Almaty/KAZAKHSTAN	100.00	93.88
10 Ziraat Banka Ad Skopje	Skopje/MACEDONIA	100.00	100.00

	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	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 Parent Bank has started to operate as a separate legal entity under the name of Ziraat Banka AD Skopje on March 11, 2008. YTL 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:

Since the Parent 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.

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c) Subsidiaries which are quoted to a stock exchange:

None (December 31, 2007: None).

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
AZERBAIJAN-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 Parent 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 Parent Bank's unconsolidated financial statements:

The Parent 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).

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	997,906
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

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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.

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

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

The Parent 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 Parent Bank.

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Notes to the Consolidated Financial Statements

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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.

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

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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, YTL 15,094 Thousand of legal entity's deposits of Sofia and YTL 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: YTL 6,694 Thousand).

Based on the Council of Minister's decree dated December 29, 2003 and numbered 2003/6668, YTL 4,646 Thousand of demand deposits is not included in the above calculation, since the Parent 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 YTL 50 Thousand attributable to a real person is covered by the insurance, YTL 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 Parent Bank whose head office is in abroad, and reasons if it is covered in where the head office is located:

The Parent Bank's head office is located in Turkey.

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 282nd 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	-	-

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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	
	YTL	FC	YTL	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	
	YTL	FC	YTL	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	
	YTL	FC	YTL	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

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 Parent Bank's 80.34% of its liabilities consist of deposits. Deposits are having a diversified base and have steady structures. The Parent 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 of the Parent Bank for commercial loans and maturity of the agreement. Installment amounts stated in agreements are equally distributed. The Parent 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:

The Parent Bank has no derivative financial liabilities for hedging purposes (December 31, 2007: None).

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7. Explanations on Provisions:

a) Information on General Loan Provisions:

	Current Period	Prior Period
General Loan Provisions	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 YTL 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 Parent Bank's Assets and Liabilities Committee, YTL 600,840 Thousand (31 December 2007: YTL 426,028 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:

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

3) Employee pension right liabilities for the Parent Bank personnel:

The Parent 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.

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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 Gazette dated June 8, 2008 numbered 26870, with technical interest rate of 9.80%, concludes no technical deficit arises in the above mentioned fund.

e) Vacation and retirement pay obligations:

The Parent 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 YTL 66,842 Thousand and reversal of provisions equal to YTL 11,300 Thousand.

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

8) Information on tax provisions:

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

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

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

None.

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

a) Information on the subordinated loans the Parent 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 Parent Bank, if so the registered capital ceiling amount:

The Parent 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:

In the current period, the Parent Bank has 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 of the Parent Bank.

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 Parent Bank has no capital commitments.

f) Indicators of the Parent 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:

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

g) Information on Preferred Shares:

The Parent Bank has no preferred shares.

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h) Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Subsidiaries, Associates and Entities under joint control	-	44,419	-	-
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 their 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 Parent Bank only consolidates its associate Axa Sigorta A.Ş. by equity method, there is no minority interest in the consolidated financial statements.

III. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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:

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

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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

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			
	YTL	(%)	FC	(%)	YTL	(%)	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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

	Group I		Group II	
	YTL	FC	YTL	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 Parent 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.

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 Parent Bank and otherwise, provision is provided based on the estimations.

The Parent Bank's liability resulting from the cheques given to its customers amounts to YTL 2,311,720 Thousand (December 31, 2007: YTL 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 Parent Bank may have an obligation to pay up to YTL 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

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Since the Parent 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 YTL 9,250 Thousand is provided for the lawsuits which have concluded against the Parent Bank but has not been certain among the individual law suits over YTL 100 Thousand with total of YTL 204,697 Thousand.

As of the balance sheet date, there are no probable contingent liabilities of the Parent Bank 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.

IV. EXPLANATIONS RELATED TO CONSOLIDATED INCOME STATEMENT

1.a) Information on interest income from loans:

	Current Period		Prior Period	
	YTL	FC	YTL	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	
	YTL	FC	YTL	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
Foreign 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	
	YTL	FC	YTL	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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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

	Current Period		Prior Period	
	YTL	FC	YTL	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
Foreign 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			
YTL								
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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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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 (*)	8,947	12,480
Total	17,381	25,640

(*) Shows the Parent 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 from the Capital Market Operations	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 derivative financial instruments	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 Parent Bank's income and the extent of effect on income:

In current period the Parent Bank has YTL 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 Parent Bank's income. Main component of the Parent Bank's other operating income consists of reversals from prior period provisions and income from forward sale of assets.

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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

(*) YTL 40,442 Thousand of retirement and termination benefit payments which have been recorded under the personnel expenses by the Parent Bank in the current period is presented under the provision for employee termination benefits row (Prior period: YTL 19,473 Thousand).

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

The Group 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	17,381	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	2,706,430	2,963,060

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

As of December 31, 2008, the Parent Bank's income tax provision amounting to YTL (581,241) Thousand (December 31, 2007: YTL (611,969) Thousand) consists of YTL (609,529) Thousand (December 31, 2007: YTL (660,542) Thousand) of current tax charge and YTL 28,288 Thousand (December 31, 2007: YTL 43,573 Thousand) of deferred tax income.

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

The Parent Bank's net operating income after tax amounts to YTL 2,147,323 Thousand (December 31, 2007: YTL 2,351,091 Thousand).

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2008

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

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 Parent Bank in the current period:

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

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

As of the consolidated 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 CONSOLIDATED 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 made on the Board of Meeting of the Parent Bank held on April 24, 2008, YTL 1,649,555 Thousand of net dividend which had been accrued in favor of the Turkish Treasury and YTL 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.

The Parent 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.

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 arising 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 Parent Bank's intention to hold the previously classified as available for sale securities to maturity the Parent 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.

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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 consolidated balance sheet date, legal reserves amount to YTL 1,568,647 Thousand, extraordinary reserves amount to YTL 90,121 Thousand and other profit reserves amount to YTL 275,718 Thousand.

VI. EXPLANATIONS RELATED TO CONSOLIDATED 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 YTL, 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".

2. The effects of "other" items stated in the consolidated 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 YTL 1,036,517 is composed mainly from interest received from loans and securities amounting to YTL 13,608,254 and interest paid to deposit and money market operations which is amounting to YTL 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, YTL 1,243,705 Thousand as of December 31, 2008 (December 31, 2007: YTL (775,153)).

The cash in YTL, 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 YTL 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 YTL 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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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

b) 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 YTL 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.

c)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.

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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

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		Total Assets	Capital
Domestic Branches (*)	1,258	17,343			
			Country		
Agencies Abroad	1	1	1- Pakistan		
	1	1	2- Iran		
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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2008

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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 Parent 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 consolidated financial statements and footnotes of the Parent 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 19, 2008 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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E-mail: ziraat@medicom.bg

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Athens Branch

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Athens GREECE
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Komotini Branch

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1 T.K. 69100 Komotini GREECE
Tel: (30 253) 108 59 30
Fax: (30 253) 108 59 27
E-mail: komotini@ziraatbank.com.tr

TRNC Branches

Lefkoşa Main Branch

Girne Kapı Cad. İbrahim Paşa Sok.
No: 105 Lefkoşa TRNC
Tel: (90 392) 227 10 27 - (90 392) 228 30 50/114
Fax: (90 392) 228 24 01 - (90 392) 228 86 09
E-mail: lefkosa@ziraatbank.com.tr

Girne Branch

Atatürk Cad. Phelecia Court Sitesi
Kordonboyu No: 37 Girne TRNC
Tel: (90 392) 815 33 58 - (90 392) 815 22 10
Fax: (90 392) 815 25 34
E-mail: girne@ziraatbank.com.tr

Gazimağusa Branch

Karakol Mahallesi Salamıs Yolu İsmet İnönü Bulvarı No:118
Gazimağusa TRNC
Tel: (90 392) 365 56 91 - (90 392) 365 56 92
Fax: (90 392) 365 56 99
E-mail: gazimagusa@ziraatbank.com.tr

Güzelyurt Branch

Ecevit Cad. No: 231
Güzelyurt TRNC
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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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www.utbk.com

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ZİRAAT FİNANSAL KİRALAMA A.Ş.

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34398 Maslak İstanbul
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www.ziraatleasing.com.tr

ZİRAAT YATIRIM MENKUL DEĞERLER A.Ş.

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www.ziraatyatirim.com.tr

ZİRAAT PORTFÖY YÖNETİMİ A.Ş.

Levent Çarşısı Cad. Emlak Çarşısı Kat: 1
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Tel: (90 212) 278 10 53
Fax: (90 212) 279 47 51
www.ziraatportfoy.com.tr

BİLEŞİM ALTERNATİF DAĞITIM KANALLARI VE ÖDEME SİSTEMLERİ A.Ş.

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www.fintek.com.tr

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