
More than a bank for a hundred and fifty years

2013 Annual Report



Ziraat Bank

More than a bank



While always seeking to be the country's leading, morale, universal bank, Ziraat Bank also offers high-quality, customer-oriented services together with a century and a half of experience and a highly-regarded corporate structure. In other words, Ziraat Bank has always offered and delivered more than what would just be expected of a bank.

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For a hundred and fifty years Ziraat Bank has been more than just a bank in the eyes of customers, employees, and society as a whole: it has been at the forefront of the Turkish banking industry.



**Joining hands
to build a strong
future**

**more than
a bank**



Ziraat Bank: A Century and a Half of Pride



1883
Ziraat Bank founder Mithat Pasha



Ziraat Gazette



1933
Early Ziraat Bank Advertisement



1936
Early Ziraat Bank Advertisement



1953
Early Ziraat Bank Advertisement



1954
Early Ziraat Bank Advertisement

Ziraat Bank undertook duties that were vitally important to the economic development of Turkey when the republic was founded in 1923.



1955
Early Ziraat Bank Advertisement



1966
Ziraat Bank Ankara Headquarters Management Team



1961
Early Ziraat Bank Advertisement

1962
Early Ziraat Bank Advertisement



1972
İstanbul Karaköy Branch

Ziraat Bank: A Century and a Half of Pride



1973
Ziraat Bank Credit
Oversight Committee



1977
Early Ziraat Bank
Advertisement



1978
Ziraat Bank Ankara, İskit Branch Opening



1979
Early Ziraat Bank Advertisement

1982
Early Ziraat Bank Advertisement



1983
Early Ziraat Bank Advertisement



1985
Early Ziraat Bank Advertisement

Ziraat Bank's first venture abroad took the form of a representative office in Hamburg in 1975. Two years later in 1977 separate departments individually responsible for Turkey's Aegean, Marmara, Central Anatolia, Eastern Anatolia, and Southeastern Anatolia regions were created.



1986
Early Ziraat Bank Advertisement



1987
Early Ziraat Bank Advertisement



1988
Early Ziraat Bank Advertisement



1989
Early Ziraat Bank
Advertisement



1991
Early Ziraat Bank
Advertisement



1992
Early Ziraat Bank Advertisement



1994
Early Ziraat Bank Advertisement



1995
Early Ziraat Bank Advertisement



1997
Early Ziraat Bank Advertisement

Our Vision

To be a leading bank that is universal, respected and has high market value; a bank that provides extensive, reliable service everywhere in Turkey and the world at the same quality, and meets the needs of every segment; a bank that sees human resources as its most valuable asset; a bank that continuously makes a difference and creates value in a way that befits its deep-rooted past; a bank that promises more from a bank at every stage and serves as a model for its competitors.

Our Mission

To be a bank that understands customer needs and expectations, thereby offering them the best solutions and value proposition from the most appropriate channel; a bank that brings to every segment of society a wide range of products and services in the fastest, most effective way through its extensive network of branches and alternative distribution channels; a bank that operates with profitability and productivity at global standards by recognizing its ethical values and social responsibility; a bank that holds customer satisfaction to be more important than anything else.

Corporate Profile

Having started its banking operations in 1863, Ziraat Bank is Turkey's strongest and most deeply-rooted bank.

Established in 1863, Ziraat Bank is Turkey's most deeply rooted bank, and offers the widest range of banking services in Turkey and is one of the country's biggest banks with a 12% market share in total assets. The Bank also stands as a national and regional power with the capability to provide integrated financial services.

Since its establishment, Ziraat Bank has financed all sectors in the economy, generated value and has been the driving force of economic development.

The Bank manages one of the largest portfolios in Turkey and leads the sector with its wide array of products and services, unrivaled market know-how and experience, its synergetic structure with its subsidiaries, superior human resources and robust financial structure.

In a sector dominated by intense competition, which is also a destination for international capital, Ziraat Bank further leverages its position as being the strongest national bank every year.

Ziraat Bank provides uninterrupted and superior services to its customers in the entrepreneurial, corporate, commercial, and retail banking segments with:

- 1,636 points of service nationwide,
- 24,725 employees,
- 5,353 ATMs,
- 56 Video Teller Machines,
- A widely used Internet Branch,
- The Ziraat Mobile Phone Branch,
- A Call Centre.

The Bank will continue to provide modern banking products and services at the most reasonable costs to its millions of customers in the coming years.

Its ability to adapt to ever-changing economic, political and social conditions, and being in a position to manage the transformation for 150 years, Ziraat Bank has proven its sustainable growth model - not only with its sound economic performance, but also with new dimensions brought into the banking system. The Bank is determined to generate value for Turkey and press ahead with its global development, backed by its extensive branch network, effective delivery channels, experienced personnel and excellent technical infrastructure.

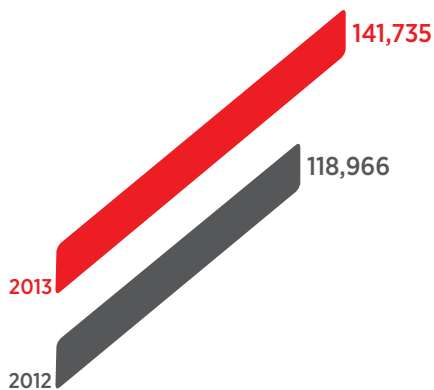
Financial Indicators

Ziraat Bank set its financial management strategy as:

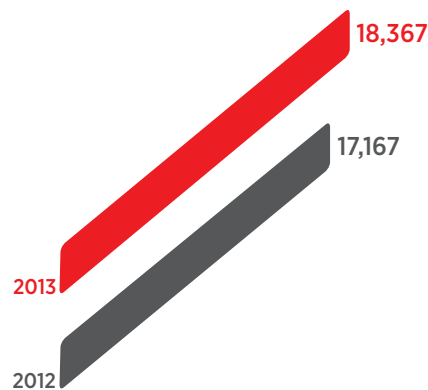
- possessing a shareholders' equity that is aligned with the size of the balance sheet,
- increasing the relative share of loans,
- attaining an effective and diversified funding resource.

(TL Million)	2013	2012	Change (%)
Total Assets	207,530	162,868	27
Liquid Assets and Banks	29,067	22,647	28
Securities Portfolio	62,798	65,469	-4
Loans	111,048	71,426	55
Deposits	141,735	118,966	19
Shareholders' Equity	18,367	17,167	7
Interest Income	14,370	14,811	-3
Interest Expense	6,631	7,910	-16
Pretax Profit	4,379	3,505	25
Net Profit/Loss	3,330	2,650	26

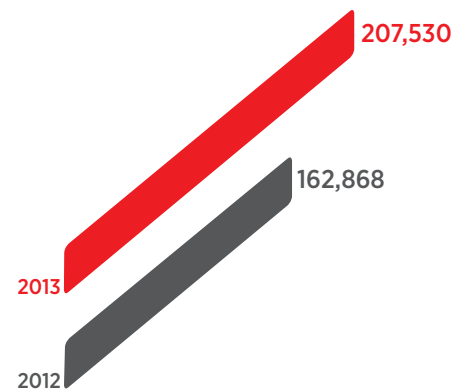
Deposits (TL Million)



Shareholders' Equity (TL Million)



Total Assets (TL Million)



Ziraat Bank's Market Shares - 31 December 2013

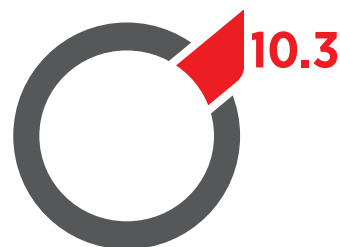
Total Assets (%)



Securities Portfolio (%)



Loans (%)



Retail Loans (%)



Deposits (%)



Shareholders' Equity (%)




Net Profit (%)



Ziraat Bank Shareholding Structure

The Undersecretariat of the Treasury of the Republic of Turkey is the sole owner of Ziraat Bank. The Chairman and Members of the Board of Directors, Members of the Board of Auditors, the General Manager and Assistant General Managers do not hold shares in the Bank.



**Do you know what it
means to be more than
“just” a bank?**



For us, being more than a bank means having a presence in places where others would rather not be; it means standing by those who are “out-of-the-way” despite their remoteness; it means encouraging efforts to make a living.



The efforts carried out in 2012 under the project of change and transformation that Ziraat Bank launched under the slogan “Together toward the target”, in a bid to bring its deep-seated corporate values to the future have been completed.

More than a hundred projects, each one unique yet nevertheless compatible with every other and conducted under 27 main project groups, are all informed by six basic premises.

Principle 1: One-to-One Customer Relationship Management

One of the main goals of the Bank is to build up a sustainable and value enhancing relationship with its customers, who are the Bank's most valuable asset. The principle of the shift from a “product customer” approach to a “Bank customer” approach, which started in 2012 and which is targeted to meet this goal, was successfully carried to higher levels in 2013 as the shift from “product customer” to “Ziraat customer”. Aiming to listen to and understand our customers' financial needs, and accordingly to offer them the right value propositions, the Bank's infrastructure was updated in terms of structure as well as systematic bases in 2013. Along this line;

- Under the principles of portfolio management, portfolio management systems were updated in order to better understand the customers and be able to provide right value offers to the branch employees.
- Pricing policies and tools were developed in line with customers' needs.

- Apart from the branches, service channels were revised according to customers' needs in view of their developing financial requirements. The internet branch was renewed, with new ATMs being provided to customers, while the functional characteristics of the ATMs and mobile branches were updated.
- In line with the financial needs of all customer segments, new products were designed and provided for our customers.
- Available branch designs were revised to incorporate the new modern banking criteria and 296 branches were integrated to the newly designed customer focused branch concept.
- Aiming to offer services at more points, 150 new branches were opened in 45 provinces in 2013 – the Bank's 150th year of operation – four of which service the entrepreneurial segment. Thus as of end-2013, the Bank continued to create value for customers operating through 1,636 branches, split as 5 corporate branches, 27 commercial branches, 81 entrepreneurial branches, 1,521 branches, and 2 mobile vehicles, and was the sole provider of banking services at 400 locations throughout Turkey.

Principle 2: Corporate Risk Appetite

The main criteria of credit risk management at Ziraat Bank can be listed as the effective transfer of lending policies to the field, the establishment of a shared credit culture at all branches and the effective monitoring of credit risk.

Within the framework of the efforts to establish enterprise risk appetite, the Bank launched major decision support systems in 2012 including the “Retail Loans Assessment Module”, the “SME Assessment Module” and the “Company Assessment Module”. In 2013, new features were added in order to improve the systems.

To complement the quick and accurate lending evaluation capability, efficient monitoring and collection practices were brought into service.

Lending processes were set up and implemented to bring about more efficient management of the lending process and to meet customers' needs more rapidly.

Principle 3: An Efficient Information Technology and Operational Infrastructure

2013 was an important year for Ziraat Bank with a number of important steps taken in the information technology area.

One of the Bank's main goals in 2013 was to alleviate the operational work load of the branches, thus creating a structure more oriented towards customer needs. As such, transactions carried at the operations center, which was opened in 2012, were diversified and further actions were taken in order to improve workload management of the branches.

Studies taken under the aim of bringing about the automation of transactions

conducted at branches, regions and headquarters continued. As a result of these efforts, 2,207 employees were transferred from operational positions and given sales responsibilities instead in 2012 and 2013. Of this total, 1,172 of the reassignments were due to improvements in systems and 1,035 were due to improvements in operations.

The efficiency boosting processes at the Bank and the efforts to set up quality management systems will continue in 2014.

In an effort to efficiently rollout technology, IT infrastructure and facility transformations are ongoing, aimed at the smooth implementation of all operations and the securing of cost advantages. As such, all IT equipment at the end of its useful life has been renewed, while LAN and IP centralization projects have been implemented and broadened. The measures will be finalized in the first quarter of 2014.

Principle 4: Objective and Transparent Human Resources Management

In accordance with Ziraat Bank's HR policy which places people at the heart of what it does, it is of the utmost importance that employees work in positions which suit their competencies and where they can enjoy job satisfaction. To this end, the Bank moved from the title based vertical organizational structure to the job position-based horizontal organizational structure in 2012. In 2013, promotions were awarded on the basis of employees' talents and competency, as well as the results of exams they had taken. Certification training was also provided to the employees.

Efforts are in progress to identify the potential of staff and to assess their performance objectively. The work in relation to the Individual Performance Appraisal System was completed in 2012 and became available for branch employees to use in 2013. As part of the empowering of customer focused business model, the scope of marketing and efficiency focused working principles will be widened. In order to increase employee loyalty through motivational methods and reward individual success in line with corporate targets, the

performance management system will be widened to head office departments. Integration studies of the head office departments started in 2013 and are expected to be completed in 2014.

As a matter of transparency principle, all forms of updating and revision are announced to all employees. Internal communication channels were introduced in 2012 in the "Together toward the Target" project, to keep employees informed of updates and changes. Through the "Together toward the Target" sharing platform and weekly bulletin, employees are able to obtain information regarding projects. The "Together, to the target" sharing platform can be accessed through the Bank's internal information sharing portal. By using this channel, employees are able to share their thoughts regarding projects, access important information and receive immediate news regarding projects. Every Tuesday, employees receive the "Together toward the Target" e-mail bulletin, which provides information on changes and innovations which took place in the previous week. Studies for an employee suggestions system, where employees will provide suggestions, were initiated in the last quarter of 2013 and are expected to be finalized and put in place in the first quarter of 2014.

Principle 5: Robust Shareholders' Equity

Ziraat Bank works according to the qualitative majority principle, rather than one based on absolute majority, in an aim to achieve sustainable profitability and growth. Efforts towards this goal continued in 2013.

In order to add more value to our country and to be a Bank which mainly finances the real sector, the ratio of deposits that were converted into loans has also been increased, as well as the share of loans by reducing the share of securities in the balance sheet, which has paved the way for sound lending ratios. Efforts in this direction will continue in 2014.

In order to decrease liability side costs, non-deposit resources have been diversified. To this end, syndication loans have been taken out and bank bonds and bills issued.

Principle 6: Integrated Shareholding Management

The shift from a "product customer" approach to a "Bank customer" approach, which was initiated in 2012 as a part of the "Together, to a Better Future" project was completed with the infrastructure put in place in 2012. In 2013, Ziraat Bank's main goal was to shift its approach from "Bank customer" to "Ziraat customer", so that all the financial needs of its customers could be met under the Ziraat Finance Group umbrella.

The subsidiaries' and international branches' organizational evolution projects have been ongoing since the second quarter of 2013. The process of adaptation to the "Ziraat Customer" approach at the subsidiaries and branches in 15 countries – the TRNC, Germany, Bosnia-Herzegovina, Kazakhstan, Azerbaijan, Bulgaria, Greece, Uzbekistan, Georgia, Russia, Iraq, Turkmenistan, the USA, the UK and Saudi Arabia – which started in 2013, is expected to be completed in 2014. Projects addressing the following issues were launched under the Ziraat Customer Business Model for bank subsidiaries & affiliates and for its branches in fifteen countries in 2013:

- Organizational structure revisions
- Customer/branch segmentation
- Credit-rating module design
- Revisions in HR practices
- Core banking software application upgrades
- Process management

It is planned to complete these projects in 2014, thereby also putting the finishing touches on the global transformation of the Ziraat Finance Group.

"Together toward the Target" in the 150th year

In 2013, Ziraat continued its journey of transformation, "Together toward the Target" and put every effort in being "More than a Bank" in its 150th year of operation.

Milestones in the History of Ziraat Bank

Since the very first day of its operation, Ziraat Bank has been shaping the sector, guided by its deeply rooted and sound values, and aims to become the most efficient and effective bank in the future by carrying its service ability to a new level every year.

1863- The Homeland Coffers which forms the basis of today's Ziraat Bank, were established by Mithat Pasha in the town of Pirot (20 November).

1883- The Homeland Coffers were replaced by Benefit Funds. Steps were taken to ensure the Coffers were strong and substantive in structure.

1888- The governing statute of Ziraat Bank entered force on 28 August, and the Bank's head office began operations on 17 September. With TL 10 million in capital, Ziraat Bank was converted into a government institution under the support of the Ministry of Trade and Public Works.

1916- The Ziraat Bank law was enacted (23 March). Loans for agricultural businesses and advance loans on bills and guarantee were provided. The first government bills were issued. Instruments similar to today's depository certificates were issued. First seed-financing credit given.

1919- Money was provided from Ziraat Bank's funds to meet the expenses of the detachments of the Turkish National Army during the War of Independence and used to purchase equipment for the soldiers.

1920- Upon the establishment of the Grand National Assembly of Turkey, the management of all branches and funds in the territories under Parliament's control was assigned to the Ankara Branch of Ziraat Bank.

1922- The control of Izmir operations, followed by Istanbul operations, was transferred to the Ankara Branch, and the Bank was reunified on 23 October 1922.

1923- With the establishment of the Turkish Republic, Ziraat Bank embarked upon a period of rapid growth and extensive service delivery.

1945- Regulations for the Turkish Republic Ziraat Bank were completed and entered into effect.

1975- A representative office was opened in Hamburg and branches were opened in Turkish Republic of Northern Cyprus, Lefkoşa, Gazimağusa and Güzelyurt.

1977- Regional headquarters were established; Aegean (Izmir), Marmara (Istanbul), Anatolia (Ankara), Eastern Anatolia (Erzurum), Southeastern Anatolia (Diyarbakır). As a result of the increased number of branches, a regional management system started to be applied instead of the central management system.

1981- In order to exhibit the history of the Bank, the Ziraat Bank Museum - the first banking museum in Turkey - was established at the VIP lounge of the Bank in the main headquarters.

1983- The Bank's New York representative office was converted into a branch, while representative offices entered service in Duisburg, Berlin, Munich, Stuttgart and Rotterdam.

1986- The Antalya and Mersin Free Region branches were opened.

1988- The Southeast Anatolian Project loans directorate was established. Loan support, suitable for the characteristics of the region, was provided to regional producers. Ziraat Bank was ranked in 452nd position in Euromoney Magazine's list of the top 500 banks (according to equity size).

1989- The banking school was launched. The first investment fund (Fund I) was established. Gold sales were initiated under the name of Ziraat Gold. The first consumer loan was issued, along with the first credit card. The Bingöl-Muş rural development Project was initiated.

1990- As well as ATM machines, foreign currency exchange machines were brought into service for the first time in Turkey, along with self-service information terminals, voice messaging systems and the Bingöl-Muş rural area development Project, which included a branch not requiring human staffing, aiming to provide uninterrupted 24-hour service. The transactions of bills-bonds and stocks were initiated. New funds were introduced (Fund II, III and IV). The change to the SWIFT system was carried out.

1993- The Istanbul Clearing Transactions Centre entered operation, working with the Istanbul Branch. Ziraat Bank Moscow, Kazkommerts Ziraat International Bank (KZI Bank), Turkmen Turkish Commercial Bank (TTC Bank) and Uzbekistan Turkish Bank (UT Bank) were established and entered operation. Ziraat Bank was ranked 202nd in Euromoney's top 500 banks, 41st in terms of net profit, and the world's first in terms of its return on equity. Moreover, the Bank ranked 12th in the "World's 50 most rapidly developing banks" listing.

1998- The Sofia Branch entered operation. The Hannover, Frankfurt and Duisburg representative offices began to operate as branches.

1999- The number of the Bank's subsidiaries reached 21. FX-linked, daily and spot loans were executed.

2000- The Law passed on 25 November, 2000 paved the way for Ziraat Bank to be transformed into a joint-stock company.

2001- The Bank's organizational structure is completely transformed to meet the needs of modern banking and international competition. A marketing angle was added to the Bank's operations weighted banking approach. Emlak Bank was merged into Ziraat Bank.

2009- In Greece, the Athens and Komotini branches entered operation. The Bank announced TL 3.51 billion net profit the highest profit ever announced by a Turkish company to date.

2011- Branches were opened in Erbil in Iraq and Jeddah in Saudi Arabia. Ziraat Bank was ranked second place in Western Europe and the fifth place in the world in the "Best Profits on Average Capital" category, in the "World's Top 1,000 Banks" published by The Banker magazine. The Bank launched the change and transformation project under the slogan "Together to a Better Future", which is aligned with the Bank's vision, mission and values and which took account of the best practices in the industry.

2013- In its 150th anniversary year, 150 new branches were opened. The Bank posted a net profit of TL 3.3 billion for the period and became most profitable bank in the sector.

The background is a solid red color with several overlapping geometric shapes in a darker shade of red. These shapes include rectangles, squares, and trapezoids, some of which are tilted at various angles. Two horizontal white lines are positioned above and below the central text.

**Do you know what it
means to be more than
“just” a bank?**



**It means being a mother or a
father or a sister or a brother.
It means being a neighbor.
It means cherishing and
protecting them all. It
means sharing their dreams
and celebrating their
achievements.**



**The pioneer of banking
in Turkey, Ziraat
Bank's approach
to effective and
productive balance
sheet management
continued to support
its sound growth and
development in 2013.**



Muharrem Karsli
Chairman of the Board of Directors

Chairman's Message

Monetary policies being adhered to by developed countries' central banks continued to determine the course of global financial markets in 2013.

In 2013, the monetary policies pursued by developed countries' central Banks continued to have a decisive impact on global financial markets, as in previous years. The US economy has progressed to a stronger position, while despite some glimmers of hope from the Euro-zone, economic activity in the continent remains weak. High unemployment rates, as well as difficulties in the loan transfer mechanism are the main challenges facing the Euro-zone's economic outlook.

Expansionary monetary policies, which were applied by main central banks in an effort to prevent a deepening of the global economic crisis, are expected to be wound down once economic activity recovers. As a matter of fact, the Fed gave the first signals of this by tapering the size of the bond-buying program.

Even though the liquidity pumped in to the economy is to be reduced slightly, the low-interest rate stance will be maintained for some time yet.

In the medium to long run, we could see interest rate hikes as central banks grapple with the inflationary pressures brought about by the applied expansionary monetary policies. However, provided there are no threats on the inflationary front, keeping interest rates low would be a rational strategy in supporting global economic activity.

As a result of this new change in direction initiated by the US, there was some volatility in global risk appetite since the second quarter of the year, which has been reflected to emerging markets in the form of instability in short-term capital flows.

In the post- crisis period, there was something of a slowdown in the growth momentum in emerging markets, which are the driving force of the global economy. In the global arena, all financial assets have been repriced, emerging markets have seen their currencies depreciate and bond rates have increased. Even though questions still remain over how many years it will take, there will be a gradual shift from the global environment of abundant and cheap liquidity to one of contracting government balance sheets.

Successful and disciplined fiscal management gives our country a significant advantage in coping with external-factor fragilities.

In an effort to ensure a smooth landing for the Turkish economy, and to engender a more healthy and balanced structure, a number of measures were applied in Turkey in the previous year, paving the way for a sound performance in 2013 as well. Economic growth gained pace in 2013 and domestic-demand driven growth dynamics were observed, which shaped the economic policies applied by the Central Bank and other authorities responsible for the economy. However, domestic demand driven growth exposed the pressure on the current account deficit and inflation. Besides, mounting uncertainty over global monetary policies from the second half of 2013 precipitated a wave of capital out-flows from emerging markets, including Turkey. The weakness in global economic growth and volatility in risk appetite in the financial markets will remain key risks in the upcoming period.

Towards the end of the year, the depreciation in the TL and hikes in interest rates started to have a small impact on macroeconomic data. In particular, the depreciation of the TL caused inflation to exceed projections. Fluctuations in unprocessed food prices during the year also affected inflation, which ended the year at an annual rate of 7.4%.

During periods of increased fluctuations in short-term capital movements, the balance of payments statistics becomes one of the closely monitored macroeconomic variables. A combination of buoyant economic activity and a hike in import demand worsened the current account deficit in 2013. The current account deficit as a ratio of GDP exceeded the level that was projected in the medium term program. In the coming period, however, the

current account deficit is expected to narrow on the back of slowing economic activity, decreasing import demand and a positive contribution of exports thanks to the continued recovery in Euro-zone economies.

Taking into account the vulnerabilities caused by external factors, we can conclude that Turkey stands out with its advantageous position and successful and disciplined fiscal management. The 2014 budget and Medium-Term Program demonstrate that there will be no deviation from the successful fiscal policies that have been applied.

Celebrating the 150th anniversary of its founding, 2013 was a special year for Ziraat Bank.

The Central Bank of Turkey has continuously applied monetary policies aimed at limiting fluctuations in the TL, preventing possible speculation in the TL and easing any deterioration in inflationary expectations.

The Turkish banking sector maintains its stable and healthy growth. The annual rate of growth in the combined balance sheet of the sector reached 26%, while the continued growth in loans stands as an indicator of the support extended to the real sector. The sector continues to support the economy through its high-quality assets and liabilities structure and sound equity level.

As the pioneer in the banking sector, Ziraat Bank maintained its healthy development in 2013, thanks to its efficient and effective balance sheet management approach. The year 2013 has been a special one for our Bank, marked by the celebrations of its 150th anniversary. In view of Ziraat Bank's

value-adding innovation around the principle of "Together, to a Better Future" and the significant progress it has taken towards its transformation, as well as its presence as a pioneering bank for the agricultural sector in its 150th year of its operation, the Bank will sustain its vision of "being everybody's bank". Our Bank, which has maintained a devotion to social responsibility for 150 years and which adds value to the economy, is rapidly becoming brand well-known throughout the world.



Muharrem Karsli
Chairman of the Board of Directors

Ziraat Bank, aiming to attain a customer oriented balance sheet in 2013, increased its assets by 27% thanks to loan weighted growth model.

Hüseyin Aydın

Member of Board of Directors and General Manager

General Manager's Message

As a solution to the global crisis, which erupted in 2008, the central banks of developed countries applied expansionary monetary policies, setting the stage for an environment of excess liquidity and low interest rates, which has been the main feature of the last 5 years.

With the recovery in developed countries, the global economy is on course to normalize again. The first step in this process was taken by the Fed, to taper the volume of its bond-buying program and gradually wind down this process. Although the decision did not start to be implemented until December, it started to give rise to volatility in risk perceptions worldwide from the second half of the year. In the coming period, the question of when the low-interest rate environment will end - as well as the pace of the tapering - will remain under the spotlight in the global economy.

Along with the USA, developments in Europe, Japan and emerging markets will be closely watched. Even though liquidity is being cut from the US, there are no similar expectations from the monetary policies in the Euro-zone or Japan. Volatility in the sphere of global development in 2014 is bound to affect Turkey, as a result of our country's global integration, in common with the process seen in other emerging markets. As our economy started to perform better in 2013 when compared to the previous year, Turkey was affected by the volatility in risk appetite and short-term capital flows, along with other emerging market countries. Despite the depreciation of the TL, the increase in interest rates and downside revisions to growth projections, there are no expectations of a deterioration in the national macroeconomic performance in the new economic era, in which assets are in search of new valuations.

As one of the most important corporations in the country and in the banking sector, Ziraat Bank aims to increase the value-added to the country and sustain efficient and profitable growth on the back of the assets-liability management strategies which have been applied since 2011 and the "value-adding transformation" project, aimed building a customer oriented infrastructure, thus enabling greater competitiveness in this area.

In this framework, Ziraat Bank completed its organizational, operational, human resources and loan policy infrastructure quickly and completely through by internal resources. Aiming to attain a customer oriented balance sheet in 2013, thanks to loan weighted growth model assets increased by 27%. With a strategy concentrated on supporting the real sector, cash loans surged by 55% while non-cash loans increased by almost 100%. While supporting and helping the development of the agricultural sector, which is our main mission, we have also sought to increase our focus on industrial agriculture. In 2013, our profit increased by 26% to reach TL 3.3 billion. We deem our stable growth - backed by profitability and efficiency- and our strategy of maintaining a sound balance sheet structure as factors which help us reflect our profitability into equity.

Deposits represent our main source of financing. In order to support the savings balance of the country, we strive to introduce various deposit products for the use of the customers. In seeking longer term financing and low-cost opportunities, however, we also work on expanding non-depository financing resources. Significant increases in the volume of resources obtained from international corporations and banks, in FX repo transactions, in syndication loans and, on the domestic front, bank-bonds and bills have been seen as part of the diversification in our resource structuring strategies.

Our branches were renovated with a customer focused approach during 2013. A total of 150 new branches were opened, bringing our overall branch network to 1,661 including international branches. We aim to increase the number of locations where we are the sole provider of financial services. Our established operation centers, that will support efforts to gain operational efficiency, undertook 104 million transactions. We also work on developing our alternative distribution channels.

We have successfully come a long way in our domestic restructuring strategy and celebrate our 150th anniversary with pride. In 2014 we will also continue to work on;

- Restructuring Ziraat Bank's widespread international organization, with the aim of being a regional and global bank along with being the pioneering Bank of Turkey,
- Sustaining the customer focused perspective in the foreign arena as much as we provide our services to our customers at home and every point of the country,
- Implementing our corporate principles built under the framework of economic, social and environmental evolution and values in order to contribute to shaping a sustainable future and
- To be the best, without being under any delusions of grandeur.



Hüseyin Aydın
Member of Board of Directors and
General Manager

The background is a solid red color with several overlapping geometric shapes in a darker shade of red. These shapes include rectangles, squares, and trapezoids, some of which are rotated. Two horizontal white lines are positioned above and below the main text block.

**Do you know what it
means to be more than
“just” a bank?**



**It means machinery in
factories, tools in workshops,
bread on the table. It
means steadfast support for
tradesmen, artisans, workers,
manufacturers, students.**



Despite positive developments taking place in the US economy, Euro-zone macroeconomic data—especially with respect to growth—remain weak at best.

7.4%

CPI rise in 2013

26.4%

Banking sector growth
rate in 2013

15-20%

Projected sectoral credit
growth rate in 2014

Outlook for the Global Economy

2013 has been a year which;

- The US economy was facing a positive outlook, despite mixed economic data releases,
- Economic growth generally remained weak, despite some relatively positive signs,
- There was a slowdown in economic growth in emerging markets, while global economic growth remained below the pre-crisis pace.

As in 2008, global financial markets were largely steered by the policies applied by the central banks of developed countries during 2013.

Positive developments in employment and housing statistics in the US raised expectations that the Fed would taper its bond purchases and gradually wind down the process. Macro indicators in the US were monitored closely during

the period and global risk appetite was closely dependent on the data releases. After the Fed signaled a change in its policy, there were significant fluctuations in risk appetite, especially in the second half of the year; and emerging markets experienced short-term capital outflows amid concerns of a decrease in the cheap and abundant liquidity.

Countries vulnerable to current account balances and in need of direct capital or portfolio investments experienced the effects more profoundly.

The recovery in US economic growth and in employment statistics led to the beginning of a normalization process after 5 years. The Fed's liquidity tapering and finalization of the bond-buying program, along with achieving macro indicator targets in the mid-to-long run, will pave the way for interest rates to be raised from the current historic low levels to more normalized levels.

Against this backdrop, a depreciation in emerging market currencies and rise in interest rates was observed. Moreover, there was a wave of downside revisions to emerging market economic growth forecasts. Despite signs of a recovery in the US, the weak performance in the Euro-zone - especially in economic growth dynamics - continues. A positive growth outlook for Germany, the Euro-zone's most powerful economy, became more pronounced - but this was not replicated elsewhere in the Euro-zone.

Being the Central Bank of a region which is facing deflationary risks, the ECB continued to apply an expansionary monetary policy. The Bank cut interest rates twice during the year in a bid to stimulate the loan market with the aim of increasing economic activity in the region. The Euro-zone is expected to enter a period of slow recovery in the coming period.

Japan continued to tackle its economic stagnation by applying expansionary monetary policies and stimulatory measures aimed at bringing the curtain down on the deflationary era. The risks caused by public debt stocks will be the focus point in the coming period. The monetary and fiscal policies that have applied to bring the value of the Japanese Yen down to a level where Japan can regain its competitive position in the export market, and thus secure economic growth, appear to have been successful. However, the Japan's public debt, at 2x its GDP, remains the main problem facing the country.

Emerging markets, the key driver of global economic growth, maintained their position by outperforming developed countries - albeit with decreasing momentum. The Fed's strategy to exit QE, as well as the failure of the Euro-zone to achieve a satisfactory recovery in its macroeconomic outlook - along with the different structural problems facing these two economic blocks, gave rise to a pessimistic outlook.

In China, one of the main driving forces of global economic growth in emerging markets, the era of high rates of economic growth has passed. High property prices and the liquidity-squeeze in the banking sector are the key concerns facing China. The performance of the reforms planned for the economy will be monitored closely. It should be borne in mind that China can wield as much of an impact on global financial markets as the Fed's policies.

Outlook for the Turkish Economy

Turkey's economy kicked off 2013 on a stronger footing than in the previous year; however, like other emerging economies, Turkey did not escape unscathed from the global economic concerns.

Turkey enjoyed domestic consumption driven economic growth in 2013 on the back of recovering domestic demand conditions. The weak performance in global economic activity, especially in the last quarter, changing risk perceptions driven by Fed's QE exit strategy and domestic issues could negatively affect economic growth dynamics in the next few quarters.

Even though the under-valued TL could have a supportive impact on exports, the potential for negative effects should not be overlooked either. With a stabilized currency, the contribution of exports to growth will improve the prospects of sustainable growth and the achievement of the targets set out in the Medium Term Program.

The heightened uncertainties over global monetary policies led to a revaluation of all financial assets, with the local currency depreciating to record levels. The real-effective currency index - the main measure of value - confirms that the Turkish Lira has recently been trading at historically low levels.

The sector's total equity increased by 6.5% year-on. Banks' strong equity structures have been bolstered by rules that encourage them to curtail their dividend payments and to retain their profits.

4.0%

Turkish economic
growth in 2013

3.6%

2013 world economic
growth estimates (IMF)

60.5%

Turkish banking
industry 2013: Ratio of
loans to total assets

The volatility in food prices and the sudden fall in the value of the TL gave rise to inflationary pressures, with inflation ending the year at 7.4% - exceeding the Central Bank's 6.8% year-end expectation.

The Central Bank underlined the importance of the price stability during this period and expects inflation to ease after a further period of remaining at high levels. However, attaining the Central Bank's Medium Term Program target of 5% is now expected to take more time.

Even though the sensitivity of the current account balance to capital flows increased during this period, there have been no financing difficulties.

Excluding the gold trade, a gradual recovery was seen in the current account deficit. The current account balance is expected to improve on the back of a slowdown in economic activity, the measures taken to prevent excess borrowing by households and the steps taken to encourage saving.

The smooth progress continues on the back of the stable and disciplined fiscal policies. Despite the positive contribution of public investments and public spending on economic growth, there have been no signs of any deterioration in budget discipline, confirming Turkey's sound macroeconomic prospects. The 2014-2015 period will be marked by three elections in Turkey, and the stable fiscal management is expected to be maintained in this period.

The Central Bank's policies applied since 2010 have provided extra financial policy products, supporting financial stability, contributing to the development of the economy through multiple-product and multi-purpose monetary policies.

The Central Bank appears to have shifted to a policy composition that is aimed at limiting the volatility brought about by the new global conjuncture which starting from the second half of 2013, and preventing any deterioration in inflationary expectations, in line with its priority of price stability.

With more contractionary monetary policies, strategies aimed at balanced growth and inflation management have been applied. Communication is another financial tool which has been applied by the Central Bank, with the aim of shaping future expectations. Interest and balance sheet tools are applied to keep the exchange rate at reasonable levels, with inflation targeted to be brought to reasonable levels by increasing the emphasis placed on price stability.

2014 to be a year of normalization for emerging markets

Other countries are in a broadly similar situation, with authorities frequently emphasizing Medium Term Program targets.

Despite the risk of deviation from macroeconomic indicators, the implementation of necessary measures will raise the probability of reaching the main goal. The progress of the global economy, commodity prices, geopolitical risks and other similar elements will affect the macro-outlook and policies. Those countries able to quickly adapt to these changes will be successful.

Developments in the Banking Sector

As one of the most important players in the economy, the Turkish banking sector emerged from the 2008 global economic crisis successfully in terms of asset quality, funding structure and profitability. The growth trend continued in 2013.

The Turkish economy grew strongly in the first half of 2013, driven by booming domestic consumption, but growth dynamics suffered downside pressures in the second half of the year amid increasing risk perceptions. However, the deterioration in the global economy did not affect the structure of the banking sector, and the sector continued its financing function without any problems and maintained its sound stance.

In 2013, Turkish banking sector grew by 26.4% primarily as a result of the increase in loans.

The sector's equity posted 6.5% YoY growth in 2013. The sector maintained its sound equity structure by limiting dividend payments and measures to encouraging profits to be left in the banks. While consumer loans were adjusted to healthy levels, regulations setting out higher savings ratios and structural and macroeconomic regulations were implemented to maintain stability in the financial sector with the aim of providing a more stable structure for the banking sector, as well as targeting improved predictability during 2014.

The sector's profitability increased by 5% YoY in 2013 thanks to the decrease in deposit costs and relatively low cost of non-depository resources. This structure decreased interest expense and increased net interest income. In the second half of the year, however, increasing interest rates reduced the sector's net interest margin.

Loans have the lion's share of the banking sector's asset structure, while deposits account for the majority of liabilities. The rate of loan growth exceeded the rate of deposit growth, leading to an increase in the deposits/loan conversion rate to above 100%.

In 2014...

Macroeconomic measures taken to ensure balanced growth are expected to pave the way for a healthy transformation in the banking sector's balance sheet structure. The share of consumer loans in total loans is expected to decrease in the medium to long run. The weight of loan growth is projected to shift to real sector credits, which support investments and employment dynamics. Any slowdown in economic growth amid global concerns, or upside movement in interest rates could lead to lower loan growth, a contraction in net interest margins and, therefore, a decrease in profitability.

Loan growth is expected to be realized at 15-20% in 2014 with deposit growth forecasted at 10-15%. The banking sector's profitability is expected to contract slightly.

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**Do you know what it
means to be more than
“just” a bank?**



**It means giving our all for
the sake of our country for
a hundred and fifty years. It
means being Turkey's biggest
bank.**



An Assessment of 2013: Strategies, Developments and Targets for the Future

Adhering strictly to its financial management strategy, Ziraat Bank completed 2013 showing a net profit of TL 3,330 million.

26%

2013 profit growth

18.5%

2013 return on equity

1.8%

2013 return on assets

Ziraat Bank has set its financial management strategy as:

- holding shareholders equity that is aligned with the size of the balance sheet,
- increasing the relative share of loans,
- attaining an effective and diversified funding resource base.

Ziraat Bank applied an extensive change and transformation project with a view to fulfilling the financial needs of its customers through the right channels, at the right time, and with the right value propositions. Through this change and transformation project, the Bank intends to achieve increased efficiency and productivity in its customer relationships, its lending processes and in its policies.

Molding its activities in a manner which ensures a well-balanced balance sheet structure, Ziraat Bank had TL 207.5 billion of total assets at the end of 2013. Working with its target of ensuring sustainable profitability - an important component of shareholders' equity - the Bank posted a year-end net profit of TL 3,330 million, an increase of 26% YoY.

The Bank notched up a considerable increase in profitability and productivity ratios, which are the key success indicators for the Bank. The return on equity (RoE) increased from 17.6% in 2012 to 18.5% in 2013. Likewise, the return on assets (RoA) also increased from 1.7% in 2012 to 1.8% in 2013.

Total lending, which stood at TL 71 billion at the end of 2012, increased by 55% YoY to TL 111 billion in 2013.

The Bank's total deposits amounted to TL 142 billion at the end of 2013, marking an increase of 19% YoY, and the share of deposits in total liabilities was 68%. Savings deposits accounted for the largest portion of deposits, with a 44% share.

Expanding the domestic service network

Ziraat Bank, which provides services to almost every point in Turkey, structured its widespread branch network in line with the Bank's customer definition and new business model strategies. The Bank took significant steps towards providing an effective service to customers as well as the most optimal working environment for its employees. The Bank opened 150 new branches in 2013, its 150th anniversary year, and continued to single handedly fulfill the banking needs of its customers at 400 locations in Turkey.

The renewed website serves as a good example of the ongoing investments undertaken for the purpose of developing external-branch channels. Efforts were stepped up with the aim of delivering effective banking to a larger audience.

At the end of 2013, the Bank had a total of 1,636 domestic branches, including the 5 corporate branches, 27 commercial branches and 81 entrepreneurial branches - in addition to the 1,521 bank branches and two mobile branches.

Within the scope of its efforts to expand its domestic branch network, Ziraat Bank will continue to open new branches in the future, with a particular focus on Istanbul and districts where no other bank is present, and continue to contribute to the country's employment.

Restructuring process in the scope of the new business model

Under the scope of the new customer focused business model, Ziraat Bank continues to meet the banking services and product needs of its corporate and individual customers at the right point, the right time and with the most appropriate conditions.

In 2013 the Bank initiated multiple projects in line with its redefined business model, customer segmentation, and the organization of its domestic and overseas subsidiaries.

Individual Decision Making Module

The Individual Decision Making Module came in to effect to be applied at all branches on 25 March 2013, with the aim of facilitating objective loan allowance decisions through a rating system, that will enable the measurement of risk, enabling all departments to be aware of the Bank's risk appetite of the Bank.

Credit Evaluation Modules

Credit Evaluation Modules, constructed through Finart IT systems structure, assist in the measurement of credibility of corporations applying for a loan.

SME and enterprise analysis reports prepared using the system will help to;

- Create an appropriate executive credit risk management environment,
- Ensure effective monitoring, credit risk measurement and credit evaluation, and a sound decision-making process,
- Apply an early warning mechanism in the risk control and portfolio management processes,
- Set up a credit management IT system for effective auditing.

The aforementioned modules entered effect throughout the Bank in 2013.

Project to Revise the Credit Process

In the project, the processes of extending loans, collections and the use of credit monitors was revised and updated in order to speed up processes and increase efficiency. This also brought time savings in the branches and collection departments.

"Başak Model" Evaluation Methodology

The Başak Model is used to evaluate loan needs of unlimited companies with up to TL 50,000 in capital and which are active in agricultural sector.

Evaluations are conducted by using information connected to customers which is available on the system and criteria dependent on the sectors in which they operate. Sector criteria are rated by the system automatically facilitating a more simplified conclusion of the evaluation process.

The evaluation system enabled the more rapid finalization of application procedures for agricultural producers applying for loans of up to TL 50,000 - which total 70% of the whole agricultural sector portfolio.

Ziraat Bank, celebrating its 150th anniversary in 2013, is moving forward step by step towards realizing its targets with the dynamism brought about by its restructuring, and is striving unwaveringly to gain the corporate structure needed in today's modern banking.

By transferring long-term sources to real sector, Ziraat Bank aims to enhance the competitiveness of Turkish firms and also continues to support SMEs and other commercial firms.

81

Entrepreneurial
banking branches

USD **300** million

World Bank resources
supplied to SMEs

euro **100** million

EIB-source SME credit

Entrepreneurial Banking

Ziraat Bank is determined to adapt to the necessities of the new financial era brought about by the international conjecture, and plays a progressive role in the country's long-term development and improvement process.

Within the scope of diversifying its resource base and providing the most suitable products to its customer's at the most appropriate costs and maturities, Ziraat Bank unwaveringly works to improving its service and the quality of the products that are provided for the use of its customers.

In this vein, the Bank completed its customer and branch segmentation efforts and the Bank moved to portfolio management. In 2013 the Bank expanded its number of Entrepreneurial Banking branches to 81.

By transferring long-term sources to real sector, Ziraat Bank aims to enhance the competitiveness of Turkish firms in the external arena. The Bank also continues to support SMEs and other commercial firms.

Loans obtained from international finance corporations

Ziraat Bank cooperates with national and international corporations to provide more appropriate low-cost and long-maturity investment credit and to help finance the working capital requirements of SMEs and medium sized enterprises, which make up an important portion of Turkey's commercial and industrial operations. Thus the Bank aims to support the economic improvement taking place in the country.

World Bank loans for SMEs and Medium Sized Enterprises

The World Bank's loans are set apart from the other loans available in the sector in that they provide long-term, low-cost investment and operating finance with grace periods and flexible repayment terms. Ziraat Bank always supports its customers by providing value creating financial solutions and this type of loan is available for its customers.

Ziraat Bank continued to channel the loans secured from the World Bank to the SMEs in 2013, in a process which started in 2010.

To meet the energy efficiency investments financing needs of SMEs and commercial enterprises, a loan agreement for USD 67 million was signed with the World Bank in May 2013. Ziraat Bank also contributed to this project, using the Bank's own resources, by adding 25% to the amount of the loan obtained from the World Bank.

The third agreement in the project to provide SMEs with access to financing was signed in August 2013. A USD 300 million long-term loan was made available, to be used by SMEs through leasing companies and banks which hold a leasing license.

Under the scope of this credit channel, all investments undertaken by SMEs will be financed, thus ensuring a contribution to the development of the national economy. Moreover, the leasing sector also has the opportunity to access medium and long term funding.

Loan from the European Investment Bank (EIB) for SMEs and Medium Sized Enterprises

Ziraat Bank arranged in 2012 a EUR 100 million loan from the European Investment Bank (EIB) with a maturity of 10 years. The loans extended in this framework are intended to fund investments that SMEs will undertake in Turkey, eliminate regional differences and to meet SME's needs for operating capital in an effort to support the growth of SMEs by increasing their production, productivity and employment.

As a result of the high success ratio in the project, a new EUR 200 million loan was approved by the European Investment Bank. The agreement for the first EUR 100 million installment was signed in September 2013 and this resource was made available for the use of customers. The remainder will be accessible after completion of the first part of the project. In an extension of the previous project, medium sized enterprises may also access this loan.

"My First Business, My First Bank" loan collateralized by the European Investment Fund

A guarantee agreement incorporating collateral for the cash loan volume of TL 300 million was signed by the Bank and the European Investment Fund (EIF) in 2011 to finance the operations of SMEs at attractive costs without imposing the burden of additional collateral for their access to funds. The project's success led to an extension of project, to TL 1.3 billion, and this amount has been put in use.

Under the agreement, the EIB-Collateralized "My First Business, My First Bank" SME Loan that will be allocated from the Bank's resources is intended to back newly-established SMEs and tradesmen and, in particular, women entrepreneurs in need of collateral and start-up capital.

Within the scope of the collateral support program secured from the EIF, the Bank started allocating loans to small entrepreneurs seeking to start up a new business, or those whose businesses were established within the last 5 years against their personal guarantee. By helping those businesses that have only recently started operations access external funds, the project is intended to lend significant support to Turkey's young and dynamic entrepreneur force.

SEP (Saudi Export Program) Loan

SEP extended a USD 50 million loan to finance the imports of goods originating from Saudi Arabia. Firms importing goods (excluding crude oil) from Saudi Arabia are eligible to access this loan, which offers low-cost financing with a maturity of up to 3 years. This opportunity will expire in 5 years.

**In 2013 Ziraat Bank lent
TL 11.8 billion of its own
resources to 342,978 customers
(individuals and businesses).
TL 305.8 million from special-
purpose funds was also
supplied to 22,899 agricultural
enterprises.**

209%

Growth in cash lending
to corporate and
commercial customers

TL 24.7^{billion}

Non-cash credit
supplied to corporate
and commercial
customers

TL 22.3^{billion}

Lending to agricultural
enterprises

Corporate/Commercial Banking and Project Finance

Ziraat Bank aims to ensure that its corporate and commercial banking products and services are competitive in the sector and meet customers' needs.

With activities in corporate and commercial banking, the Bank creates costless resource and cross-sales opportunities. Efforts focused on financing the real sector and extending its commercial customer base continued in 2013. Marketing activities directed at commercial enterprises of a sub-corporate scale gained pace. Ziraat Bank continued to play a key role in financing effective projects during the year, which do not discriminate on the basis of sector and which contribute to the national economy, which offer high added value and which generate their own revenue.

In 2013, the Corporate and Commercial Banking segment recorded growth in excess of the sector average. Cash-loans expanded by 209% YoY to TL 35.1 billion and non-cash loans increased by 100% YoY to TL 24.7 billion.

High quality standards in banking services

In the framework of the change-transformation projects being applied, the new service model applied in all branches and the Bank's customer focused approach, customers are provided services in the line of modern banking. Under the scope of ensuring high quality standards in the banking services, where every customer is accepted as a Ziraat Bank customer, solutions to meet customers' financial needs through corporate and commercial branches have been provided, therefore ensuring high standards in banking services.

As a Turkish Bank with a widespread international network, Ziraat Bank offered a competitive advantage in all arenas to customers active in national and international markets.

Thanks to corporate solutions and financial support backed by a strong technological infrastructure and correctly and effectively applied one-to-one customer relations management, Ziraat Bank gained a solid and trustworthy identity and become the most popular bank in all sectors.

The revision in the structure of corporate and commercial banking credit products was completed. A cash credit products infrastructure was established, paving the way for a shift to an FTF (Fund Transfer Pricing) based interest and commission pricing system. In accordance with the customer focused banking approach, efforts to simplify products, systems and legislative processes continue, along with relevant training continue with the aim of providing a high quality of service.

A Customer Oriented Approach

Ziraat Bank will continue to strive to expand and enrich its customer base by extending customer composition in the Corporate and Commercial Banking area in order to maintain sustainable growth in 2014. In this vein, the main strategies are set out as specializing in the customer base and maintaining the effectiveness of customer focused banking by gaining customer loyalty.

The Bank will continue to play a pioneering role in mediating between national and international finance corporations in order to support the real sector, both in domestic and international projects, without discrimination on the basis of industry.

Financing Of The Agricultural Sector

Financing all areas of the agricultural sector, from producer to manufacturer, in every link of the value chain

Within its primary targets, Ziraat Bank attaches the highest priority to strengthening producers and the agricultural sector, helping the sector gain modern financial products and achieve global competitive strength.

The Bank aims to contribute to the development of the agricultural industry by financing every link of the agricultural value chain.

Despite the efforts taken towards achieving capacity expansion and economies of scale in recent years, SMEs and industrial corporations could not reach the desired levels. The Bank seeks to create an organic bond between the aforementioned corporations by providing financing models which will add value by maintaining standardization in production, decreasing cost and increasing efficiency.

TL 22.3 billion loan to finance the agricultural sector

At the end of 2013, Ziraat Bank's lending to the agricultural sector had amounted to TL 22.3 billion with a total of 566,665 credit customers.

Within these loans, the year-end balance of the loans extended from the Bank's resources amounted to TL 19.4 billion, which was extended to 468,585 credit customers, while the balance in loans arranged from funds amounted TL 2.9 billion, being extended to 98,080 customers.

During 2013, a total of 342,978 real persons or legal entity customers received TL 11.8 billion worth of loans from the Bank's resources, and 22,899 producers received TL 305.8 million worth of loans from fund resources.

47% of Ziraat Bank's agricultural loan book is comprised of medium-long term investment loans with a balance of TL 9,039 million, with 53% of its loan book comprised of short-term operating loans worth TL 10,369 million.

Başakkart - Bringing ease in financing

A total of 180,000 producers used a TL 2.1 billion portion of the agricultural credit line of TL 2.9 billion with the Başakkart in 2013, to purchase agricultural inputs and services including fuel oil, seeds, fertilizers, pesticides, feeds and veterinary services from 12,320 member merchants with interest-free repayment terms of up to five months, thus easing the financial burden on their production processes.

Low interest agricultural loans

In May 2013, Ziraat Bank lowered its interest rates on its agricultural loans to single digit levels. In this framework, Ziraat Bank cut its interest rates to 8% on operating loans with terms of one year or less, to 10% on operating loans with terms of one to four years and to 11% for loans with terms of four years or longer.

Customers had the opportunity to obtain agricultural operating and investment loans with annual interest rates varying from 0% to 8.25% within subsidy ratios set on the basis of production scopes in relevant decrees. Accordingly, a total of TL 9.2 billion in loans were extended to 254,610 customers in 2013.

Ziraat Bank continues to contribute to the development of agriculture in Turkey through the financial support that it provides to more than half a million customers.

152,100

Number of customers
supplied with livestock
enterprise financing
credit since 2010

133,937

Number of customers
supplied with farm
tractor loans since
2004

83,559

Number of customers
supplied with
greenhouse cultivation
loans over the last ten
years

Financial Model Contribution to the integration of agriculture industry- producer

Protocols were signed with 18 companies operating in the seed, sugar beet, trout and poultry industries in 2013, and approximately 29,000 contracted producers of these companies were able to obtain operating and investment loans at attractive conditions and through a total credit line of TL 128 million.

Other services

During 2013, Ziraat Bank mediated in the payment of:

- TL 8,116 million in subsidies to 4,282,811 producers and associations,
- TL 1,347 million in costs for products by the Turkish Grain Board,
- TL 528 million by Türkiye Şeker Fabrikaları (Turkish Sugar Factories) for sugar beet advances/prices.

Interest-free stockbreeding loans

In August 2010, Ziraat Bank launched the Interest-Free Stockbreeding Loans to meet the modernization and capacity increase needs for existing cattle and small cattle husbandry and

breeding enterprises, and to support new stockbreeding enterprises. Under the program, loans extended to 30,886 producers amounted to TL 579 million in 2013. Since the beginning of the program, interest-free Stockbreeding Loans yielded a balance of TL 6.9 billion, with a total of 152,100 producers covered under the program at the end of 2013.

Fixed-interest tractor loans

Under the Fixed-Interest Tractor Loan Product, the Bank extended TL 1,052 million in loans to 25,133 producers in 2013. Within the scope of this implementation conducted since 2004, a total of TL 4,294 million in loans were made available to a total of 133,937 producers.

Greenhouse cultivation loans

Under this heading, Ziraat Bank extended TL 306 million in loans to 5,327 producers. The loans supplied to a total of 83,559 producers in the last 10 years for financing greenhouse construction, modernization, cultivation activities and similar needs amounted to TL 2.1 billion.

Retail Banking

Ziraat Bank runs retail banking operations through a wide range of distribution network including branches, internet banking and a call center aiming to provide most suitable products and services to different customer groups through the channels most appropriate to their needs.

With the aim of restructuring its Retail Banking operations, efforts to meet the different needs and trends of various retail banking segments continued, and customer focused operations gained pace in 2013.

The highlights of Ziraat Bank's operations in the retail banking segment in 2013 are provided below;

- Retail Banking customers were reclassified according to their usage criteria of value added individual product usage size and re-segmented on an analytic banking approach. Therefore, a basis for the optimization and differentiation of service models was formed.
- Housing loans displayed a remarkable 49% growth. Efforts towards new housing projects and campaigns aimed at the target audience gained momentum.
- Between 22 April and 17 May, 2013 a total of 3,907 housing and individual business loans worth TL 197.7 million were extended as part of the TOKİ discounted closing campaign.
- A total of TL 742 million in housing loans were provided to 8,379 customers through the "Transfer Housing Credit" campaign between 3 June - 15 July 2013.
- Our mortgage loan product was introduced on 24 June 2013 and the "Specific Housing Loan for OYAK Members" was introduced on 9 September 2013.

- Ziraat Bank maintained its leading position in bancassurance production during 2013. The Bank realized TL 1,551 million of premium production and TL 231 million in commission revenue from transactions related to loans and insurance.
- In order to support the development of the 10 year old private pension system, and with the aim of increasing savings and the number of participants, employees of the Bank also encouraged to take part in the system, along with the employer contribution. At the same time, the Bank has entered into agreements with corporations and institutions to provide private pension products to its customers.
- The "unity loan" for pension customers, "contribution fee education loan" and "2/B land purchase loan" products were provided.
- The "Four Season Product Package" was revised to take account of customer expectations.
- In a bid to bring gold held "under the mattress" into the economic system, the "Gold Time" events, which started in 2012, continued in 2013.

Sustained growth in the retail banking segment

Ziraat Bank maintains its position as the sector's leader in terms of the number of retail customers.

Ziraat Bank supplied TL 28.8 billion worth of credits to its 1,704,390 retail customers in 2013.

An average of TL 553.7 million worth of retail loans was extended to 32,776 customers each week, while an average of TL 110.7 million in credit was extended to 6,555 customers each day, with an average of TL 13.8 million of credit allocated to 820 customers each hour.

At the end of March 2013, in order to score the credit applications from a centralized base, all Ziraat branches started to use the Central allocation system. Allocation decisions are now being made by the Headquarters Allocation Center using the Decision Module.

In 2013, the allocation center allocated;

- a total of TL 10.6 billion to 362,107 customers,
- corresponding to TL 203.9 million worth of credit to 6,964 customers per week, and
- TL 40.8 million in credit to 1,393 customers each day.

In 2013, a total of 4,246 credits, totaling TL 61.5 million, were reconstructed in order to extend the maturities and renew customers' payment plans.

Electronic service channels

Besides its wide branch network, Ziraat Bank also serves its retail customers through electronic services channels.

Banking cards

- **Sustaining its sector leadership in terms of debit cards in circulation.** The sector's leader in terms of the number of debit cards in circulation, Ziraat Bank increased the number of its Bankkart (Ziraat debit cards) cards by 14.6% during 2013.

The number of Bankkart cards increased by 2,768,280 when compared to the end of 2012 and reached 21,762,750, while the number of TSK (Turkish Armed Forces) chip debit cards rose to 933,416. In the same period, the total number of debit cards in the sector increased by 9.5% to 100,164,954.

The Bank derived TL 3.6 billion of turnover on its Bankkart cards, marking an increase of 63.7% compared to the end of 2012. This outperformance of the sector was also positively reflected to market share, which increased from 13.5% to 16.3%. The Bank took also led the sector in terms of turnover in November 2013, with TL 335 million of turnover, and TL 365 million of turnover in December 2013. The sector also grew by 35.7% during 2013, reaching a volume of TL 22.2 billion.

The Ziraat Bank Operations Center plays a key role in efforts to increase productivity and customer satisfaction throughout the Bank.

17.2%

Credit card turnover
growth in 2013

116 thousand

The number of Ziraat
Bank POS units in use
is nearly 116,000.

104 millions of
transactions

Ziraat Bank Operations
Center transaction
handling in 2013

- 17.2% expansion in credit card turnover.

While the number of Ziraat Bank credit cards slid by 104,762 to 3,319,054 in 2013, its turnover on credit cards increased by 17.2% to TL 11.5 billion, an absolute increase of to TL 1.7 billion. In the same period, the sector posted an increase of 4.6% in the number of credit cards in circulation to 56,835,221, with an increase of 17.3% in turnover to TL 423.9 billion.

As a result of the credit line increase operations carried out through the alternative distribution channels, the average credit card limit per customer increased by 56% from TL 2,020 in 2012 to TL 3,156 in 2013.

- Number of POS devices reaches 116,000.

The number of POS devices number in the sector increased by 7% to 2,283,715 in 2013, while the number of POS devices provided by Ziraat Bank reached 115,971. The turnover of member merchants, on the other hand, grew by 26.6% to reach TL 9,468 million. The sector's POS turnover, on the other hand, recorded an increase of 18.2% and reached TL 413,281 billion.

Measures to boost operating efficiency

Efforts to bring down transaction costs to ease the operational burden and increase operational efficiency continued in 2013.

Established to this purpose, Operations Center started to carry out liability payments, SME card application entry, cheque-bond entry, business card applications transactions in addition to the already available 53 transactions.

The entry of loan agreements to the system and the updating of transactions in the system, as well as non-matching EFT transactions and delivery of first notice of unpaid mortgage loans automatically from the center were brought into the pilot application scheme.

104 million transactions were executed by the Operations Center in 2013 and the increasing trend, indicating the general centralization rate, reached 89% in December.

In order to reflect the efficiency gained from the process of centralized operations to other processes, the Bank continued to integrate external transaction operations and centralized operations. Operations Center which, works under a framework of maximum efficiency, has been the lowest cost servicing channel, apart from internet banking and ATMs.

Quality service and modern products in cash management

Under the scope of cash management modules, Ziraat Bank continues to develop its relations with customers in the corporate, commercial and entrepreneurial segment by providing quality services and modern products. Meanwhile, customer focused, effective and efficient cash management applications press ahead at full pace.

The following measures were carried out under the scope of the efforts to develop the cash management module.

- Corporate collection protocols are being drawn up, targeting intermediate corporations' payments and collection transactions.
- General banking services agreements and protocols have been organized regarding corporations' general banking transactions.
- E-commerce products for Corporate, Commercial and Entrepreneurial segment customers were developed and technical and operational sections were managed.
- E-solutions oriented to corporations were produced to enable electronic file transfers on some transactions, while setting up accounting integrations applications with corporations.

The number of corporations/enterprises which have collection, payment, general banking and direct lending protocols was realized at 598 in 2013.

During the stated period, a TL 90.2 million portion of the TL 98.4 billion in total collections was completed through corporate collection systems. Meanwhile, in the framework of easing the work load on branches, various transactions were directed to external-branch channels and the non-cashier's desk usage ratio was realized at 65.3%.

Highlights of Ziraat Bank's operations traffic

- In 2013, total of 16.7 million of the TL 2,016 billion of messages were from Ziraat Bank to other banks, and total of 19.8 million of the TL 2,423 billion messages were sent from other banks to Ziraat Bank.
- KEY payments worth TL 16 million to 55,993 individuals were completed.
- A total of TL 8,132 million in agricultural support payments were completed in 4,282,811 transactions.
- Under the scope of several decrees, a total of TL 1,504 million in revenue loss offsetting transactions were carried out on loans allocated by Ziraat Bank and the Turkey Agriculture Credit Cooperatives Federation.
- A total of 53,358,409 income payment transactions, worth a total of TL 58,183 million, and 782,790 transactions, worth a total of EUR 307 million, were made to the SGK (Social Security Association) through branches in 2013.
- The signatures of 1,874,165 customers were transferred to the system. The total number of signatures on the system stands at 21,626,418.
- A total of 3,313,135 customer ID's were scanned into the system. The total number of scanned customer ID's was 14,310,938.

Ziraat Bank's New Generation Internet Site was selected "best in its class". The Bank's registered internet banking customers grew by 50% in 2013.

50%

Growth in online
banking customer use

35 million

Number of financial
transactions conducted
through Ziraat Bank's
online branch in 2013

TL 90.9 billion

Volume of financial
transactions conducted
through Ziraat Bank's
online branch in 2013

Alternative Delivery Channels

Ziraat Bank's New Generation Internet Site

Ziraat Bank's website was redesigned to provide a faster, easier and more functional internet banking experience for its customers. The Bank's website is equipped with information, infrastructure, concepts and new generation information technology to provide the easiest and most user friendly way to carry out internet banking through new user friendly and useful properties.

The new generation website aims to enable customers to realize banking transactions more effectively, provides an opportunity to reach necessary information and transactions as well as setting future dated reminders through added screen and calendar applications.

The new generation internet site aims to meet customer expectations through its easily accessible and responsive categorized menu structure. Thanks to its modern design, the site can be used easily from both computers and smart phones, regardless of location and time considerations.

A 50% increase in the number of internet banking customers

The number of Ziraat Bank's registered internet banking customers grew by 50% to reach 2.7 million by the end of the year. In parallel with this, financial transactions performed over the internet branch increased by 12.9%, from 31 million during 2012 to 35 million during 2013, while the volume of financial transactions performed over the internet branch jumped by 51.5% to reach TL 90.9 billion.

More ATMs

At the end of 2013, the number of the Bank's active ATMs had increased by 26.5% YoY to 5,353, while the number of its ATMs offering the cash deposit facility had reached 2,749.

New generation ATMs had started to be installed in June 2012; a total of 1,276 of the 1,500 had been brought into operation by the end of 2013. Location plans are ready for the remaining 224 ATMs.

As well as offering the cash deposit facility, new ATMs were enabled with the facility to accept "CP Piliç" transactions, Yurtiçi Kargo, "saving" bank cards, prepaid and credit card bill payments, and Motor Vehicle Tax payments. Efforts on developing the menus were completed.

Ziraat Bank's New Generation internet site receives "best in its class" reward in the financial services category, from the Interactive Media Awards.

Assessments were carried out into the design, content, functions, ease of use, standards convenience and cross-browser adequacy criteria. Ziraat Bank's site gained a score of 492 out of 500 at 5 categories, and qualified for the IMA "Best in its Class" certificate.

Treasury and Strategy Management

The main function of the Treasury and Strategy Management Group is to manage the risks carried on the balance sheet; determine interest rate, exchange rate and liquidity scenarios; implement the policies determined; revise the policies in line with the changing internal and external conditions, and offer centralized pricing service for treasury and investment instruments to all branches.

In addition, the objectives of the Treasury and Strategy Management Group include the creation, development and management of the central treasury

function of the international branches, banks and domestic subsidiaries within the framework of the Ziraat Finance Group, which is in the process of restructuring.

Ziraat Bank realized the dynamic treasury management in parallel with economic and political developments in Turkey and the world in 2013, consistent with monetary policies.

The aim of treasury management, sustainable profitability and customer weighted balance sheet management is to protect the balance sheet from market and interest rate risk. Shifting from a security weighted structure to a real sector financing weighted structure is accepted as the main strategy. The share of securities in total assets declined from 40% at the beginning of the year to 30% by the end.

As a market maker bank in the Turkish bonds and bills market, as determined by the Undersecretariat of the Treasury of the Republic of Turkey, Ziraat Bank successfully maintained its market maker position in 2013. The Bank maintained its 3rd position in terms of the volume of transactions traded on the Borsa Istanbul bonds and bills market.

With the support of its widespread branch network and business model under the "Customer Relations Management" approach, Ziraat Bank's FX transactions volume increased by 89% in 2013.

The Bank's main liabilities management strategy is based on widening the deposits base and diversifying non-depository sources. With the support provided in maintaining diversification in the resource structure and extending average funding maturity, the Bank carried out TL type bond and bill issues. Against TL 5.7 billion of redemptions in 2013, the Bank realized TL 6.4 billion of borrowing.

The nominal value of TL bonds and bills issued by the Bank since 2012 and which are currently trading stands at TL 2.9 billion.

In the coming period,

- The Board of Directors allowed the headquarters to issue up to TL 15 billion in bonds within the country and
- Bills of different types and maturities by one or more methods of issue, to issue up to USD 3 billion in the form of foreign currency, TL bonds and bills or similar borrowing products.

Ziraat Bank has enhanced its operations in gold banking with the aim of diversifying resources and increasing the effectiveness of products which encourage saving. In the first 11 months of 2013, the banking sector achieved a 42% expansion in terms of gold deposits, while the Bank secured 147% growth. Along with the Bank's target of expanding its gold deposits, 1.3 tonnes of gold was brought into the banking sector through the Gold Time product, which transforms customers' physical gold into a savings product. Ziraat Bank continues its gold buy-sell transactions within the scope of investment transactions.

Growing trading volumes in Treasury products

Ziraat Bank's efforts to develop new treasury products and widen its product diversification continue with the support of its widespread branch network and the continuous development in alternative delivery channels. The Bank expanded its customer trading volumes in 2013 thanks to its competitive pricing and effective customer relations approach.

Ziraat Bank has realized its first syndicated loan facility in 2013. 40 international banks from 20 different countries participated in to the facility which amounted USD 865 million.

TL 1.82 billion

Total volume of
investment funds in
Ziraat Bank

16 countries

Ziraat Bank serves its
customers at 83 locations in
16 countries.

The Ziraat Finance Group Investment Funds, established to effectively meet the needs of customers with different risk/return profiles, also continued to diversify and grow in 2013. The number of investment funds created by the Ziraat Finance Group, which includes Ziraat Bank, Ziraat Investment, Ziraat Life and the pension businesses, reached 26. The total volume of funds offered to customers under the slogan of “a fund especially for you” increased by 20.1% YoY to TL 1.82 billion.

In the framework of the Bank’s strategy to diversify investment funds, the “Investing in Inflation indexed Assets Bonds and Bills” and “Growing Children” funds were introduced in 2013.

The “Investing in inflation indexed assets bonds and bills” fund, which is the first portfolio in Turkey where the largest proportion is composed of inflation indexed assets, targets customers seeking to hedge the risk of inflation uncertainties on revenues, and thus enable to longer investment terms.

The “Growing children fund”, which was IPO’ed in August 2013, is aimed at those seeking to secure their children’s future. The fund may also be given as a gift and has a savings feature through regular buy orders. By the end of 2013, the fund had 734 investors, 208 of which had issued regular buy orders.

Ziraat Bank’s current B-Type liquid fund has been transformed to B-Type short-term bonds and bills fund. This aims to widen investors’ product diversification and has a liquidation period of 1 day. It is suitable for investors looking to make short-term investments in the money market and on interest rate changes.

For customers with a low risk appetite and a preference to be able to immediately convert their funds into cash, a new B-Type liquid fund was introduced in August 2013. This fund reached 25,487 investors and has a size of TL 107 million.

Two different funds, which have also have been IPO'ed, provide face-value protection and offer investors the opportunity to gain profit from possible increases in gold prices during the course of the investment period. In the meantime face value protected investment fund was liquidated and payments were made to the fund's investors.

International Banking

A USD 700 million syndication loan - a milestone for the Bank in the financing of external trade

The Bank undertook massive efforts to gain a higher share in the financing of external trade transactions, to improve, widen and increase the effectiveness of its international presence. The Bank took important steps in the change and the transformation process financed through its own resources, to prepare it for the competition, add value to the country's economy and the banking sector, and to be Turkey's pioneering and moral bank.

In the framework of its customer focused business model which has recently been applied at all branches and also allows improvement of agricultural sector financing, the highest quality service is provided in the Bank and in its domestic and international subsidiaries and branches.

In line with the Bank's strategy on diversifying resources, a syndication loan was secured in 2013, representing a milestone in Ziraat Bank's history. Syndication transactions are of great importance in the sense that they will support the Bank's effectiveness in

the international and capital markets. The syndication was realized in March 2013 with the participation of 40 banks from 20 different countries.

In parallel with the borrowing strategy, a syndication transaction contract with a 1 year maturity and a value of USD 865 million was concluded as USD 288.5 million and EUR 322.5 million, totaling around USD 700 million. The loan carried an interest rate of Libor+100 basis points and EURIBOR+100 basis points.

The syndication transaction, which was realized with more than the targeted number of participating banks and at a price which was higher than the target, affirms the increased interest and trust of international markets in Ziraat Bank.

Solid and deep-rooted international relations

Ziraat Bank has a network of solid, deep-rooted and extensive international relations all over the world. The Bank maintains its business partnerships with international finance institutions and corporations, and develops a correspondent bank network, product range and service opportunities in a manner that will ensure a competitive advantage for its customers.

At the end of 2013, Ziraat Bank had more than 1,500 correspondent bank relationships from more than 100 countries.

With Ziraat Bank's sound balance sheet and its effective service, Ziraat Bank is one of the most popular banks in Turkey among foreign banks. With a wide subsidiary and overseas branch network, the Bank continues to increasingly provide correspondent bank services at abroad to foreign banks and to other banks in Turkey.

A global service network

With branches, representative office and subsidiary banks at 83 locations in 16 countries, Ziraat Bank maintains its position as having the largest international service network of any Turkish bank. The Bank's global points of service continue to work actively with the mission of delivering a higher quality of service through launching new products and projects in the countries they are present in.

Ziraat Bank's global service points;

- The New York Branch in the USA,
- The London Branch in the UK,
- The Tbilisi Branch, and Batumi Sub-Branch in Georgia,
- The Sofia Branch, and the sub-branches in Plovdiv, Kardzhali and Varna in Bulgaria,
- The Athens, Komotini, Xanthi and Rhodes branches in Greece,
- The Baghdad and Erbil branches in Iraq,
- The Jeddah Branch in Saudi Arabia,
- The Lefkoşa, Girne, Gazimağusa, Güzelyurt, Gönyeli, Akdoğan, Near East University, Çatalköy, Karaoğlanoğlu, Karakum and İskele branches in the Turkish Republic of Northern Cyprus (TRNC),
- The Tehran Representative Office in Iran, and
- Seven foreign banking subsidiaries, which have a total of 57 branches.

In parallel with the Bank's international banking strategy and vision, global service points increase their effectiveness in the regions of operation. The Bank pursues its international structuring with the goal of contributing to the development of trade and economic relationships between these countries and Turkey, playing an important role in the financing of external trade - where it commands a high share - and providing fast, modern and high quality services to all customers, specifically to Turkish entrepreneurs and corporations.

Agricultural loans, which started to be extended during 2011 in the TRNC branches, were received with great interest and reached a volume of TL 62 million by the end of 2013.

24,725 employees
Number of Ziraat Bank employees at end-2013

4,276 new employees
Number of Ziraat Bank employees hired in 2013

21,278 employees received training
Ziraat Bank personnel were provided with an average of 52 hours of training time in 2013

The most solid and effective Bank in Turkey and the region

Ziraat Bank moves forward with its operations with the target of becoming the strongest and most efficient bank in Turkey and the region going forward, by capitalizing on potential opportunities at every location where it has a presence based on the analysis of developments in global markets. To this end, the Bank constantly undertakes examinations and assessments in line with its target of offering service and expanding its activities at every location that offers development potential and opportunities with respect to business volume and commercial relationships, with a special focus on the neighboring region, while taking account of forward-looking projections.

Efforts to open a Bank in Montenegro, two branches in Pristina and Prizren in Kosovo and a representative office in China are continuing, along with feasibility studies in Iraq, with the aim of increasing operations in the country.

In Bulgaria, Ziraat Bank serves its customers through 4 branches; a central branch in Sofia, and sub-branches in Plovdiv, Kardzhali and Varna. The Bulgaria Directorate entered operation in the framework of shifting Ziraat to a customer business model on 22 July, 2013. Initiatives in branchless banking are ongoing, and the Bank plans to further expand the scope of operations by introducing credit cards, telephone banking and POS products in due course, in addition to the debit cards, ATMs and internet banking that have already been launched.

In Greece, Ziraat Bank serves its customers through four branches in Athens, Komotini, Xanthi and Rhodes.

In the TRNC, where Ziraat Bank started to offer services in 1974, the TRNC Directorate entered operations on 11 February 2013 and sub-branches were transformed to branches in the framework of shifting to the Ziraat customer business model. In parallel with its steady expansion trend in recent years,

the Bank has worked intensively with its wide range of product portfolio and service quality through its 10 branches on the island.

Agricultural loans, which started to be extended during 2011, were received with great interest and reached a volume of TL 62 million by the end of 2013. Total lending, on the other hand, amounted to TL 533 million. Offering all of the banking services available in mainland Turkey, the Bank's branches in the TRNC rank among the best in the TRNC in terms of size and profitability, and contribute significantly to the national TRNC economy.

In Georgia, the Tbilisi Branch has been in operation since 2001. In addition, the Batumi Sub-Branch, reporting to the Tbilisi Branch, entered operation on 11 March 2013, in the framework of the Bank's strategy of increasing its presence in the region and expanding in the nearby geographical region. As well as the ATM and debit card services launched in Tbilisi, an internet banking service is also planned to be introduced.

In Saudi Arabia, the Jeddah Branch started its activities on 14 March 2011. The branch has added momentum to its efforts to meet the needs of Turkish contracting companies for letters of guarantee, as well as meeting the banking needs of businessmen working in Saudi Arabia and Turkish citizens visiting Saudi Arabia for pilgrimages. At the end of the year, the non-cash lending volume of the branch had reached USD 268 million.

In Iraq, having entered service delivery in Baghdad in 2008, Ziraat Bank became the first Turkish bank to open a branch in Erbil on 14 February 2011. Having continued to mediate in the letters of guarantee requested by Turkish contracting companies operating in the region and in the money transfers of Turkish firms and workers at an increasing rate throughout 2013, the Erbil Branch reached a non-cash loan volume of USD 215 million in 2013.

Human Resources and Training

Ziraat Bank continued to apply a modern human resources management system in 2013, recognizing that Ziraat Bank owes its very special and prestigious position to high profile human resources with characteristics of peerless market knowledge and experience, enabling the Bank to provide the most accurate suggestions to its customers through the right channels at the right time.

Meeting the needs of the sector with its 24,725 employees at the end of 2013, despite the challenging competitive conditions, the Bank aims to provide modern and reliable banking services. Some 85% of the employees are university graduates and post-degree graduates with average age of 35, providing an average of 11 years of service.

In 2013, Ziraat Bank again provided unique opportunities to new graduates keen to build up a career in the banking sector. Positions are filled through a process of examinations and announcements enabling applicants to apply for positions in their preferred region and city. Meanwhile, the Bank provided employment opportunities to high school graduates and those with two-year university diplomas. A total of 4,276 new employee started work in 2013.

The following training programs were organized in 2013;

- "First Step" training, which helps newly-hired personnel to become acquainted with the Bank and to adapt to its corporate culture while also providing them with basic and essential knowledge and skills
- Certification training for assistant and executive positions were given to provide the knowledge, skills and competence required for their positions
- The "Management in periods of change" training program was held with the aim of supporting the development of executives' competency skills, such as supporting executives during changing periods, understanding employees during the

transformation process, being a part of the Bank's strategies, using motivating tools appropriately and being able to solve arguments.

- In the framework of the Bank's targets and strategies professional and legally required education is provided to inform employees of the Bank's new products, services and deposit information.

A total of 21,278 employees received training during 2013, with an average of 52 hours of training provided per employee.

A total of 216,030 employees participated in e-training, supporting the in-class training. The e-training also enables the training of a greater number of employees at a lower cost, is less time consuming, does not cause any reduction in the workforce, is accessible from home and can be adjusted according to the learning speed of the individuals.

In the framework of managerial structuring, a new payment system was applied in line with the Bank's needs during 2013. At the beginning of 2014, employees received bonus payments according to promotion criteria, and taking into account the length of their service.

Ziraat bank will continue to provide training, career opportunities and a modern working environment throughout 2014. The Bank is considering applying the skills evaluation system in order to evaluate employees according to the required skills.

Besides, in an effort to create synergy between the Bank and domestic/ international subsidiaries and with the aim of enhancing the operational effectiveness of its international branches, the HR regulations of all international subsidiaries will be updated, an employee-job position matching payment system will be applied and the revisions to other personal benefits are expected to be completed in 2014.

For 150 years, Ziraat Bank has supported culture and the arts in a spirit of sharing with the community.



A reception held on 27 November 2013 in Ankara to celebrate the 150th anniversary of Ziraat Bank's founding was attended by a distinguished guest list of 3,000 people that included Prime Minister Recep Tayyip ERDOĞAN, Deputy Prime Minister Ali BABACAN, and members of Ziraat Bank's senior management.

Ziraat Bank's social contribution activities proceed.

Ziraat Bank unwaveringly continues its efforts in various fields with a special focus on education, sport, culture and the arts. Ziraat Bank supports projects that will contribute to the cultural accumulation of society and help advance individuals and society.

150th year anniversary celebrations

As part of the celebrations of the 150th anniversary of the Bank's founding in 2013, "150th Year Employee Gatherings" that were held in Diyarbakır, Ankara, İstanbul, İzmir, and Trabzon were enthusiastically attended by 26 thousand bank personnel. These greatly-appreciated events made a very important contribution to employee satisfaction.

Prime Minister Recep Tayyip Erdoğan and Deputy Prime Minister Ali Babacan honored Ziraat Bank's 150th Year Reception with their presence when it was held on 27 November 2013 in Ankara. The event, which was attended by the Bank's senior management and by 3,000 distinguished guests, attracted great attention in the national press and media.

The reception took place at the Congressium International Convention & Exhibition Center in Ankara, whose exterior and foyer provided the backdrop for one of the most elaborate visual effects and video mapping shows ever staged in Turkey. Guests arriving at the reception encountered an image of Ziraat Bank's original headquarters projected on the facade and they appeared to be passing through its doors as they entered the Congressium Foyer. Inside, guests were treated to a sound & light performance which used a video mapping system that perfectly matched the scale and resolution of the interior in order to provide an unforgettable experience as the establishment, development, changes, progress, and achievements of Ziraat Bank unfolded before their eyes.

Advertising Activities

As it has done for the past four football seasons, Ziraat Bank sponsored the royalty of the Turkish Football Cup in the 2013 / 2014 season. The organization was renamed as the "Ziraat Turkish Cup".

In the 2013-2014 season, Ziraat Bank continued its sponsorship of the sport club that successfully represents the Bank in the Premier Volleyball League since the 2007-2008 season.

In the same period, in an effort to advertise the Bank, commercial videos of "More than a Bank Abroad", "The Football Machine", "Saving Bankkart" and "150th year" were broadcasted and gained acclaim.

In the "Crystal Apple Turkish Advertising Industry Awards", a prestigious event recognizing the best examples of advertising in Turkey, Ziraat Bank's "Football Machine" TV advert racked up a major success by being awarded 5 Crystal and 3 Silver Apples.

Protecting Cultural Values

For 150 years, Ziraat Bank has supported culture and the arts in a spirit of sharing with the community. According to its values, the Bank extended support in its health, education, service and sports activities in 2013 as a part of social responsibility efforts.

Supporting the arts - an essential tradition for Ziraat Bank

Ziraat Bank has attached the utmost importance to the arts and artists ever since its incorporation, as underlined by the slogan "In Art for Art". The Bank added new links to the chain of support given to the arts since the 1990s, and opened the Mithatpaşa, Kuğulu, Tünel and Kızıltan Ulukavak art galleries and the Ömer Nafi Güvenli Exhibition Hall for art lovers. Seven exhibitions in art galleries in Ankara Kuğulu and İstanbul Tünel were visited by more than 20,000 art lovers.

The founder of Turkey's First Banking Museum

The Ziraat Bank Museum, housed in the Ceremonial Hall of the Bank's Original Head Office building in Ankara's Ulus district, was opened on 20 November, 1981. The museum exhibits the Bank's 150-year long history, which has borne witness to almost every phase of the Republic era, and is the first museum devoted to banking in Turkey. The Ziraat Bank Museum offers a view of the commercial, economic, political, cultural, artistic and educational transformations that the Turkish banking industry has undergone since its beginning right up to the present day. On display in this historic setting are numerous antique artefacts that reflect these characteristics.

Other Activities

Having sponsored a number of trade shows held in and out of Turkey during 2013, Ziraat Bank's support contributed to the launch of projects that are important for our country.

Ziraat Bank's Subsidiaries in 2013

**Ziraat Bank aims at offering
the means whereby Ziraat
Customers can fulfill any
financial need effortlessly
via domestic and overseas
subsidiaries.**

20th

Ziraat Bank's subsidiaries
in Russia, Kazakhstan,
Turkmenistan, and Uzbekistan
celebrated their 20th
anniversaries in 2013.

TL 321 million

Subsidiary portfolio
dividends received in
2013

TL 1,661 million

Ziraat Bank subsidiary
investments as of end-2013

Ziraat Bank's policy regarding its subsidiaries is to deliver contemporary and modern financial services to its customers both in and outside Turkey in the best and most profitable manner, to derive cost advantages and to secure competitive superiority by attaining product diversification.

In the scope of this policy, Ziraat Bank is set its main objectives as follows:

- To establish new subsidiaries that will ensure synergies with the Bank,
- To enter partnerships with existing companies,
- To ensure that the current subsidiaries provide an effective service,
- To expand the Ziraat Customer concept for the Ziraat Finance Group umbrella, and thus offer means where Ziraat Customers can fulfill any financial need effortlessly through domestic and international subsidiaries,
- To help bring domestic subsidiaries, where Bank has control as a parent company, to a leading position in their relevant sectors.

The main developments regarding the subsidiary Banks operating in Russia,

Kazakhstan, Turkmenistan, Uzbekistan - which are enjoying their 20th anniversary - during 2013 are summarized below;

- Under the Ziraat Finance Group Integrated Subsidiary & Affiliate Management Project, the structural transformation of the Bank's subsidiaries and affiliates has begun.
- As of 31 December 2013, domestic subsidiary investments amounted to TL 578 million while investments in international subsidiaries were realized at TL 1,083 million, with overall investments in all subsidiaries totaling TL 1,661 million.
- A total of TL 253.5 million in dividend income was received from domestic subsidiaries, with TL 67.5 million of dividend income from international subsidiaries. As such, dividend income totaled TL 321 million.
- In order to boost profitability and operating volumes, a capital increase of TL 220.9 million was carried out in domestic subsidiaries along with capital increases of USD 3.3 million and EUR 22 million in international subsidiaries.

- The Bank's entire 61% stake in Bileşim Alternatif Dağıtım Kanalları and Ödeme Sistemleri A.Ş. was transferred to T. Halk Bankası A.Ş.
- The Bank's entire 4.86% stake in İstanbul Takas ve Saklama Bank A.Ş. was transferred to Borsa İstanbul A.Ş.
- Ziraat Sigorta A.Ş. took over a 0.087% stake in Ziraat Bank Moscow CJSC from Groupama Sigorta A.Ş.
- The Bank took over the shares in Ziraat Finansal Kiralama A.Ş. and Ziraat Yatırım Menkul Değerler A.Ş. which had been held by Groupama Sigorta A.Ş., and the Bank's share in the aforementioned subsidiaries increased to 99.99% and 75.6% respectively.
- The Bank took over shares in Ziraat Portföy Yönetimi A.Ş. which had belonged to Groupama Emeklilik A.Ş., and the Bank's share increased to 74.9%.
- The Bank purchased shares of Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş. in Ziraat Hayat ve Emeklilik A.Ş. (0.01%), Ziraat Sigorta A.Ş. (0.01%) and Fintek Finansal Teknoloji Hizmetleri A.Ş. (24%).

Foreign Subsidiaries

ZIRAAT BANK INTERNATIONAL AG

Ziraat Bank International AG is the biggest subsidiary of Ziraat Bank at overseas.

Ziraat Bank International AG is one of the largest banks backed by Turkish capital operating in the European Union. As Ziraat Bank's largest international subsidiary, the Bank is active in corporate, commercial, and retail banking. Ziraat Bank International AG's corporate and commercial banking services are mainly concentrated in cash and non-cash credit transactions related to financing foreign trade between Turkey, Germany and other EU countries as well as firms operating in Germany and multinational firms. In addition to corporate, commercial and retail banking services, Ziraat Bank International AG has been

mediating the money transfers of Turkish citizens living in Germany to Turkey for 50 years with a modern and rapid technical infrastructure.

Continually improving its retail banking activities, Ziraat Bank International AG's "Ingenious Account", one of the Bank's retail banking products, has repeatedly and consecutively been rated "Constantly Good" by "Stiftung Warentest/Finanztest", Germany's most respectable independent consumer foundation. With the aim of continuously developing its services, the Bank has initiated a wide range of technological investments in 2013 and aims to provide better services to its customers in the coming years.

Ziraat Bank International AG, which is included in the savings deposit insurance fund of Bundesverband Deutscher Banken e.V. (Banking Association of Germany) is also a member of Entschädigungseinrichtung deutscher Banken GmbH (the deposit protection fund of Germany) and of the Association of Foreign Banks in Germany (Verband der Auslandsbanken in Deutschland). Ziraat Bank International AG services a broad base of customers through its ten branches operating in Frankfurt, Hamburg, Cologne, Hannover, Berlin, Duisburg, Stuttgart, Munich, Nurnberg and Essen.

As of 31 December 2013, Ziraat Bank International AG's paid-in capital stood at EUR 130 million, with shareholders' equity EUR 161 million, total assets EUR 916 million, loans EUR 787 million and deposits of EUR 747 million, while employing a total of 141 people. The Bank registered a 24% expansion in its total loans.

ZIRAAT BANK BH d.d.

Ziraat Bank BH d.d. is the first bank to be fully backed by foreign capital in Bosnia & Herzegovina.

Starting operations in 1997 under the name of Turkish Ziraat Bank Bosnia d.d., the Bank provides an entire suite of banking products and services to its corporate, commercial, and retail banking customers through 26 service units, 32 ATMs, 20,000 credit cards, 15,000 debit cards, and 769 POS devices throughout the Federation. The Bank had 229 employees at the end of 2013. The name of the Bank was changed from Turkish Ziraat Bank Bosnia d.d. to Ziraat Bank BH d.d. on 27 February 2013.

As of 31 December 2013, Ziraat Bank Bosnia d.d.'s total assets amounted to USD 282 million, with loans of USD 192 million, deposits of USD 163.9 million and shareholders' equity of USD 51 million.

ZIRAAT BANK (MOSCOW) CJSC

Ziraat Bank (Moscow) CJSC entered operation in Moscow in 1993.

Aiming to satisfy all of the banking needs of its Turkish and Russian customers, the Bank adopts a customer-focused approach to service in the conduct of its activities. Ziraat Bank (Moscow) CJSC offers rapid, high quality and modern banking services to Russian companies, as well as to Turkish companies operating in Russia, in areas of corporate and commercial banking and non-cash loans.

At the end of 2013, the Bank's total assets amounted to USD 86 million, with loans of USD 36.3 million and shareholders' equity of USD 30.1 million. Its total assets expanded by 28% YoY in 2013.

Ziraat Bank's Subsidiaries in 2013

KAZAKHSTAN ZIRAAT INTERNATIONAL BANK (KZI BANK)

The Kazakhstan-Ziraat International Bank was established in 1993.

The Bank was incorporated as the first foreign capital-owned bank in Kazakhstan. Based in Almaty, the Bank continues to offer service through 3 branches located in Almaty, Astana and Shymkent. The Bank plans to open another branch in Almaty in 2014 and other branches in Karaganda and Ataru cities, increasing its number of branches to six.

As of 31 December 2013, the Bank's total assets amounted to USD 168 million, with shareholders' equity of USD 115 million and a profit of USD 6 million for the period. Its return on equity increased from 3% in 2012 to 5% in 2013. The Bank's loan book was worth USD 107 million in 2013, representing a 74% YoY surge. The value of the Bank's deposits was realized at USD 51.1 million.

In 2014, KZI Bank aims to widen its operation network in the framework of the customer focus business model, and to enable more effective trading between Turkey and Kazakhstan.

AZER-TÜRK BANK ASC

Azer-Türk Bank ASC was established as a joint venture between Ziraat Bank and Agrarkredit QSC (Republic of Azerbaijan).

Incorporated in 1995, the Bank provides services through five different units, with Center, Baku, Ganca and Nakchivan branches and the Customer Services Department under the Head Office organization.

As of 31 December, 2013, Azer-Türk Bank's total assets amounted to USD 120.7 million with shareholders' equity of USD 19.5 million. The Bank wrote a net profit of USD 2.0 million in 2013. With a concept of service focused on customer satisfaction and transparency in its activities, the Bank maintains its position as a trustworthy and prestigious enterprise within the Azeri banking system.

The Bank will further cement its position in the sector with the planned increase in shareholders' equity in 2014, in line with the requirements set out by the Central Bank of the Republic of Azerbaijan.

TURKMEN TURKISH JSC BANK

The Turkmen Turkish Joint Stock Commercial Bank has been operating in Turkmenistan since 1993.

Benefiting from a capability to provide a full-scale banking service, the Bank has taken on a significant role in advancing economic, commercial and social relations between Turkmenistan and Turkey and has also become one of the institutions linking Turkmenistan with the rest of the world.

The Bank is the Ashgabat's most active bank in terms of conversion and foreign currency transactions. The Bank is highly active in consumer and entrepreneur loans and recorded a 49% surge in its credit portfolio in 2013. In addition, 8 Western Union points operated by the Bank handle a large volume of WU transactions.

At the end of 2013, the Bank's total assets amounted to USD 78.8 million, with shareholders' equity of USD 17.5 million and a net profit of USD 6.2 million.

UZBEKISTAN-TURKISH BANK (UTBANK)
The Uzbekistan Turkish Bank (UTBANK) was founded in 1993 in Tashkent by Ziraat Bank and Agrobank (Uzbekistan), with each controlling an equal stake.

Moving operations were completed during 2013 and the Bank physically separated into branches and headquarters divisions. The Bank now provides a higher quality service in a comfortable and modern branch environment.

In 2013, for the first time in history, UTBANK and the other Ziraat Bank subsidiary, ZB International AG, signed a credit lined agreement worth USD 5 million. USD 1.05 million of the limit was allocated as a loan.

The Bank's active loan volume increased by 169% in 2013 to reach USD 5.5 million.

Serving its customers in all business lines of banking, UTBANK's total assets were worth USD 62.4 million at the end of 2013. The Bank's deposits amounted to USD 18.6 million and its shareholders' equity to USD 26.5 million, while it recorded a net profit of USD 2.1 million in the year.

The national credit rating agency again assigned an "A" credit rating in September 2013 with a "positive" outlook for the rating.

Domestic Subsidiaries

ZİRAAT SİGORTA A.Ş.

Ziraat Sigorta was founded on 11 May 2009, and initiated insurance operations in 2010. It recorded TL 567.6 million in premiums during the 2013 full year, representing a YoY increase of 50%, comparing with the 22% average increase in premiums attained by the overall non-life insurance industry in the same period. Succeeding in attaining sustainable growth and profitability, Ziraat Sigorta has become an exemplary company in the sector. The “yenibiris.com” portal, an important recruitment site, rewarded the Company’s success with the title of “Most Rapidly Growing Company”.

Agricultural insurance comprised the key production branch for Ziraat Sigorta in 2013, and with a 40.3% market share the Company sustained its leadership in terms of premium production in the sector. Its modernized product, “Ailem Ziraat Güvencesinde” (My Family is under Ziraat’s Assurance), showed noticeable growth increasing to TL 53.6 million premium volume. The number of insurance policy contracts increased to 467,832 in 2013 from 33,744 last year. Besides, growth of Ziraat Bank in commercial businesses, led to remarkable increase of the share of commercially derived production in the portfolio.

By featuring all the branches “Bank Integration Project” was completed in 2013. With this project it is aimed to ease workforce on branches by enabling the need of insurance arising from the loans given by Bank to match with insurance policies automatically. At the same time, with the help of campaign screens, offer and sale of the most suitable products to customers enabled, developing customer focused marketing approach.

Ziraat Sigorta offers service in all sectors but life insurance. The companies’ priority is to meet the insurance demand deriving from banking transactions. Innovative product development and creating

extra capacities, targeting individual arena, will be also helpful for the growth of insurance sector. In the sector wise, importance is given to technical profitability by right pricing and optimal risk preference on the loss creating branches.

Having become a role model that is closely watched in the sector owing to its successful bancassurance activities, Ziraat Sigorta remained the highest premium generator in this field in 2013. It is aimed to carry the Company up the rankings on the back of incentive implementations that will be launched so as to gain greater access to the Bank’s insurance potential and increased contribution of other delivery channels to premium production.

ZİRAAT HAYAT VE EMEKLİLİK A.Ş.

Ziraat Emeklilik was authorized for incorporation on 11 May 2009 and entered operation in the life insurance and personal accident insurance branches at the beginning of 2010. Involved in the Private Pension System since July 2011, the Company maintained its rapid ascent during 2013.

With a weighted portfolio of loans-linked life insurance, the Company has been in a leading position in insurance premium production since its establishment. Based on the year-end premium production data published by the Association of the Insurance and Reinsurance Companies of Turkey (TSRŞB), the Company’s premium production increased by 38% and reached TL 796 million, corresponding to a market share of 23% in 2013. In the same period, company paid TL 351 million in indemnities.

With the new law and regulations (where the government compliments all payments with an additional 25% contribution), which entered effect on 1 January 2013, the Private Pension sector notched up a remarkable pace of growth. By the end of December 2013, the sector’s fund size had expanded by 22% YoY, rising from TL 20.3 billion to TL 25

billion. In the same period, the number of participants grew by 32%, rising from 3,128 to 4,126.

Turkey’s Private Pension System was inaugurated in 2003. Ziraat Pension began offering personal pension products of its own in July 2011. Despite its rather late entry into this business line, the Company grew quite rapidly as people were attracted by the solid reputation of the Ziraat name and brand. By end-2012, the volume of pension fund assets under Ziraat Pension’s management increased by 133% from its initial TL 169.7 million to TL 400 million while the number of account-holders rose by 193% from 39,819 to 116,666.

When compared to the sector, the Company ranked 4th in terms of its technical profitability, with a TL 42.4 million technical profit as of the end of September 2013, according to figures published by the Association of Insurance Turkey, and was ranked 1st in terms of its net investment return, which stood at TL 75 million. In the same period, company wrote a net profit of TL 92.2 million, maintaining second position in the sector. The Company recorded a 5.98% return on assets - exceeding the sector’s average profitability of 3% - with the Company ranked in 4th position. In terms of its shareholders equity, the Company maintained its first position, with a Return on Equity of 49%.

Ziraat Emeklilik sets its main business model as bancassurance, and aims to lowering costs and increase the ratio of Ziraat Bank customers’ insurance and private pension contracts. One of the most effective ways of using the bancassurance model is to deliver insurance and private pension products through the branches. The project of offering the BES license to Bank employees has been applied. Ongoing training efforts in 2013 paved the way for 2,450 bank employees to gain the Private Pension license. Ziraat Emeklilik achieved a 92% success ratio in the licensing examination, organized by Pension

Ziraat Bank's

Subsidiaries in 2013

Monitoring Center. The success of Ziraat Emeklilik employees in the examinations effectively raised the average success ratio of the sector from 46% to 56%.

Ziraat Emeklilik offers services to its customers through private pension plans and corporate solutions products. Addressing a broad customer segment, the Company's primary private pension plans include "Güldüren Yarınlar Bireysel Emeklilik Planı" (planning for a future that will make you smile), "Bereket Bireysel Emeklilik Planı" (Plan for Plenty) designed for interest rate sensitive customers, "Şemsiye Bireysel Emeklilik Planı" (Umbrella Plan) and "Prlanta Bireysel Emeklilik Planı" (Diamond Plan) that provides special advantages to newcomers who enter the system. In addition, there are private pension designed especially for occupational groups which provide unique advantages. There are also alternative investment opportunities, dependent on groups, where employers also contribute for their employees.

On the life insurance front, besides death and disability by accident guaranties, major products include "Hayata Dair Yıllık Hayat Sigortası" (Annual Life Insurance for Life) that pays an indemnity, not only in the event of death or disability, but also in the event of contracting one of the 12 dangerous illnesses and "Hayat Arkadaşım Yıllık Hayat Sigortası" (Annual Life Insurance for my Spouse) which offers various optional assurances in addition to death coverage. The Company also provides special corporate product solutions for the groups.

As far as life insurance is concerned, the Company aims to develop a product portfolio in 2014 in order to diversify its products. Efforts are underway to produce life insurance products which pay death indemnities; this products are widely used internationally, and have recently seen an increase in popularity in Turkey too, with the products aiming to protect standards

of living. As such, the Company carries out studies with potential business partners and reinsurance firms. Furthermore, the Company continues its efforts to implement modern life insurance products and customize them according to the legislative framework in different countries, while increasing its market share abroad.

In 2013 the Company undertook investments aimed at improving its technological infrastructure. In the framework of the Bancaassurance project, infrastructure integration with the main distribution channel, Ziraat Bank, was realized. Starting from January 2014, the project to provide private pension products to customers through Bank's computer systems by licensed employees was implemented. This will enable products to be accessed by more people and raise the participation ratio of Ziraat Bank customers. The Company will therefore gain more a higher market share in the sector and attain a greater fund size.

ZİRAAT FİNANSAL KİRALAMA A.Ş.

Since its foundation in 1991, Ziraat Leasing has been working to a principle of producing the right financial solutions for the right projects. The Company continued to pursue its consistent growth in 2013.

Ziraat Leasing's primary target has been to provide financing to a wide array of sectors, including construction, healthcare, textiles, food, iron & steel, metal processing and the printing and manufacturing industries, and to support technological advancement in mechanization. Having played a pioneering role in promoting the use of financial leasing for agricultural machinery, Ziraat Leasing maintained its position as the leader in its sector in 2013 with the leasing transactions directed at the agricultural sector.

Ziraat Leasing's mission is "to finance investments by producing effective and accurate solutions in order to contribute to the national economy and to deepen the financial markets", and its vision is spelled out as "being the top choice leasing company for investors and employees". With Ziraat Bank's support and experienced staff, the Company moves forward to be one of the pioneering and leading companies in the sector.

ZİRAAT YATIRIM MENKUL DEĞERLER A.Ş.

An active participant in the capital markets with its professional team of 106 staff and its mission of providing an efficient service to its customers, Ziraat Yatırım Menkul Değerler entered operation in 1997.

The Company holds authorization certificates for Trade Brokerage, Public Offering Brokerage, Portfolio Management, Investment Consultancy, Trade on Credit, Short Sale and Borrowing-Lending, Options and Derivatives Transactions. The Company also applied to the Capital Markets Authority for a (Forex) Leveraged Trade Brokerage license. The Company is also involved in the Borsa İstanbul Emerging Companies Market (ECM) as a market consultant.

Providing services through 4 branches, 16 investment centers and one liaison office, Ziraat Yatırım Menkul Değerler uses all domestic branches of Ziraat Bank across the country as its agencies.

Ziraat Yatırım Menkul Değerler actively uses alternative delivery channels. The Company's comprehensive delivery channels include the Company's internet branch (e-Ziraat) at www.ziraatyatirim.com.tr; "Ziraat Trader", which allows orders to be placed from mobile phones, tablet PCs and data screens; and the Customer Care Center on 444 4 979.

Ziraat Yatırım Menkul Değerler's trade volume in the Borsa Istanbul equity market reached TL 19.3 billion in 2013. During the same period, the Company recorded a total of TL 35 billion in repo-reverse repo transactions volume in and outside Borsa Istanbul, while its outright purchase and sale transactions volume in the bonds and bills market stood at TL 3.9 billion. As a leading participant of the derivatives market, Ziraat Yatırım's total transaction volume on the derivatives exchange totaled TL 6.1 billion in 2013.

ZİRAAT PORTFÖY YÖNETİMİ A.Ş.

Ziraat Portföy Yönetimi entered operation in 2002. The Company manages its clients' investment portfolios of capital market instruments in the capacity of a commissioner.

Ziraat Portföy Yönetimi manages 12 mutual funds owned by Ziraat Bank, 4 mutual funds owned by Ziraat Yatırım and 10 private pension funds; and one incorporated portfolio owned by Ziraat Hayat ve Emeklilik.

With TL 8.5 million of capital, the total volume of assets managed by the Company had reached TL 1.8 billion by the end of 2013. The Company was ranked 8th among the 41 asset management companies active in the sector, with a market share of 2.81%.

FİNTEK FİNANSAL TEKNOLOJİ HİZMETLERİ A.Ş. (ZİRAAT TEKNOLOJİ)

Founded in 2001, Fintek has been providing IT services to Ziraat Bank and its foreign branches and subsidiaries in the fields of infrastructure, integration, system management, support-operations, application development and technical consultancy. Holding the TS ISO/IEC 27001 Information Security Management System certificate, Fintek was ranked among the top 100 IT companies in "Turkey's Top 500 IT Companies Survey" conducted by İnterpromedya.

With its competent and dynamic staff of 500 people, and benefiting from state-of-the-art technology and expertise, Ziraat Teknoloji constantly strives to achieve more. The Company continued to provide

strong technological support to Ziraat Bank in 2013 with its innovative and up-to-date technological investments and products that comply with TSE EN ISO 9001 and ISO 27001 standards. Ziraat Bank targets dynamic customer interaction through its new service model of being "More than a Bank". Ziraat Teknoloji carried out the necessary work in line with the "technological transformation" in the "internet banking" channel. Customer display and system infrastructure was designed. User friendly screens and new functionalities were developed. The New Generation website was deemed the best website in its class in the financial services category in the Interactive Media Awards. Assessments were based on the design, content, functions, ease of use, convenience and cross-browser adequacy.

The other important channel - call center systems - was also transformed to a multiple functioning, multi-location structure. The system was given functions including sale functions with customer focused CRM displays, is able to receive calls from every channel (social media, web-chat, e-mail), and which is adequate for a mass working environment.

Credit risk monitoring and measuring systems that include access to all lending decisions and operational processes to be realized in accordance with the risk level of the corporation have been redesigned and brought into use. Besides, credit monitors have been redesigned to be more user friendly and easy to use. Efforts in the "Target and performance management system", which allows employees' performance and efficiency to be measured have been completed. Solutions systems which are able to implement customer-focused dynamic pricing and employ analytic models have been developed.

The International Branches/Subsidiaries Basic Banking Software Implementation Projects were developed in order to improve the level of service at the international branches and subsidiaries, as well as at Ziraat Bank. In this context, in Central Asia, the necessary work was initiated at the Bank's Turkmenistan subsidiary, while approval for the second phase of the Kazakhstan subsidiary was

provided, and agreements regarding the Azerbaijan subsidiary were signed and analytical processes were initiated. In Europe, the analytical processes regarding the German subsidiary were completed and the systems at the Bank's Bosnian subsidiary were brought to installation level.

The Infrastructure standardization project continued during the year, which included international branches and subsidiaries. In order to change the application used by Ziraat Financial Leasing, consultancy services were provided. At Ziraat Sigorta, the Bancassurance project was completed. Market research was carried out for the third party applications that will be used at Ziraat Faktoring and Ziraat GYO subsidiaries.

All communication and data transformation lines were redesigned and all exchanges and traditional communication infrastructure was replaced, and an IP telephone network was set up with the "working together" vision and the transformation within this framework, the "integrated communication" system was established. As a result of this massive infrastructure transformation, pass-code entry to all communication system was enabled. New generation data base solutions have been applied on the data base of the fundamental banking platform, and the central banking system was therefore made available to successfully deal with new demands. This project enabled the Bank to complete 3,000 transactions each second and produce 600 thousand slips in an hour. The 15 terabyte central banking system was moved to a new platform in the space of just 30 minutes, paving the way for an increase of more than 60% in performance. This success was recognized by the Dünya Newspaper CIO Magazine, which handed the "CIO of the year" award to Ziraat Bank's CIO.

Ziraat Teknoloji will continue to provide Ziraat Bank with rapid and superior technological infrastructure and hardware support in 2014 by increasing operational efficiency at the Bank and its subsidiaries while strictly maintaining quality, in line with the Bank's purpose of gaining a competitive edge in the sector.

Articles of Association

Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi

The Bank's articles of association were revised to bring them into compliance with the requirements of Turkey's newly-passed commercial code. The amendments were duly approved at the Bank's annual general meeting held on 29 March 2013.

PART ONE

Foundation:

Article 1- "T.C. Ziraat Bankası" has been converted into "T.C. Ziraat Bankası A.Ş." (Turkish Republic Ziraat Bank Inc.) under the Law no. 4603.

Title:

Article 2- Business Title of the Bank is "Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi" (Turkish Republic Ziraat Bank Inc.). Its acronym is "Ziraatbank", "Ziraat Bankası", which shall be called hereinafter briefly as the "Bank".

Head Office and Organization:

Article 3- Head Office of the Bank is located in Ankara at "Doğanbey Mahallesi, Atatürk Bulvarı No.8 Altındağ/Ankara". The Organization of the Bank consists of the Head Office, domestic and foreign operations units.

Purpose and Scope:

Article 4.1- Purpose of the Bank is to carry out all kinds of banking transactions as per Article 4 of the Banking Law by which all of deposit/saving banks are allowed to fulfill such transactions, including receipt/acceptance of deposits, subject to performance and execution of all obligations and liabilities as stipulated in the Banking Law No. 5411 and in other applicable ordinances.

4.2- In order to accomplish its objectives and purposes, the Bank shall exercise all powers vested by the Banking Law and other applicable ordinances.

4.2.1- Furthermore, the Bank shall carry out any and all activities and operations such as, to extend all kinds of Turkish and Foreign Currency cash and non-cash credits, to act as intermediary agency in issuance, buying, selling of financial instruments used in the local and international financial markets, to carry out investment banking transactions, to buy, sell, transfer credits (loans) on wholesale or retail basis, to execute trading (buying/selling) transactions at local and foreign futures markets, to supply fund inter-bank money markets, from domestic and foreign markets, to carry out all sorts of capital market transactions, to act in the capacity of intermediaries in import and export transactions, to act as agencies for insurance companies and other financial institutions, to participate in all kinds of partnerships incorporated by banks within Turkey and abroad or in which they may be partner within provisions of the related ordinances or to set up new partnerships for this purpose or to withdraw from such established partnership;

4.2.2- to acquire and utilize all limited real and personal rights such as rights of possessing all kinds of immovable and movable properties, industrial and intellectual property rights, rights of usufruct. Easement and superficies (construction) and to sell, transfer any and all properties and rights so possessed, to

establish liens and mortgages on these properties and rights, to redeem such properties and rights from liens and mortgages, as well as to conduct any and all related transactions and formalities thereof, to lease or let out movable and immovable properties, industrial and intellectual property rights, to put and affix their preliminary lease and sales contracts onto the title deed, etc.

Acquisition of Movable and Immovable Properties and Transactions on Movable and Immovable Properties

Article 5.1- The Bank shall not be authorized to buy and sell immovable properties and commodities for commercial purposes. The Bank shall not be authorized to participate in partnerships exclusively dealing with the trade of immovable properties, except for mortgaged house financial agencies (i.e. financial institutions providing funds for houses under mortgage) and real estate investment partnerships.

5.2- However, reserving provisions of the related ordinances, under the resolution of the Board of Directors of the Bank, the Bank shall be free to acquire all sorts of rights of movable and immovable properties and specifically industrial and intellectual property rights and similar rights as well as such real rights as rights of redemption and usufruct, superficies and rights of receivables, and to sell, transfer, pledge or mortgage them to others, to take pledge and mortgage over movable and immovable properties in its own favor, to redeem existing mortgages, to assign its receivables and its associated securities, to lease or let out movable and immovable properties, industrial and intellectual property rights and the like, to cause to be put and affixed their preliminary lease and sales contracts onto the title deed in its favor, to cause such annotations removed from the title deed, to create liens and mortgages individually or collectively and pro rata thereon.

5.3- In order to carry out its banking operations and to collect its receivables within the legally prescribed limits, the Bank may acquire movable and immovable properties and may dispose them by way of sale, barter and otherwise, when necessary.

5.4- The Bank shall be free to receive all kinds of securities in kind and personal form so as to collect and obtain its rights and receivables. In connection with them the Bank shall perform registration, cancellation and all other transactions before the title deed offices, tax offices and similar government and private sector organizations.

PART TWO

CAPITAL AND STOCKS AND BONDS

Capital:

Article 6- The capital of the Bank is 2,500,000,000.- Turkish Lira. This capital has been divided into 2,500,000,000 pieces of registered shares (issued to the name of bearer), each with nominal value of 1 Turkish Lira. All of the capital have been paid up, and owned and undertaken as a whole by the Treasury.

Issuance of Stocks and Bonds (Debt/borrowing instruments)

Article 7- The Bank can issue all kinds of stocks and bonds which are specified and described in the Ordinances of the Capital Market, ensuring to get into debt. The Bank's Board of Directors is authorized in the issuance of stocks and bonds.

PART THREE

AUTHORIZED BODIES and COMMITTEES OF THE BANK

Authorized Bodies of the Bank:

Article 8- Reserving provisions of the Banking Law No. 5411, Authorized Bodies of the Bank are composed in the form of the General Assembly, the Board of Directors, General Manager and Committees to be created pursuant to the applicable ordinances.

General Assembly:

Article 9- General Assembly of the Bank may convene ordinarily or extraordinarily. Ordinary meeting of the General Assembly shall be held at least once a year and within three months from the end of the Bank's accounting year. Extraordinary meetings shall be called as and when dictated by the affairs of the Bank, according to the provisions of the Turkish Code of Commerce and of the present Articles of Association and the General Assembly takes necessary resolutions.

Duties and Powers of the General Assembly:

Article 10- Other than matters stipulated in the present Articles of Association, the General Assembly shall perform duties and exercise powers as laid down in the Turkish Code of Commerce, the Banking Law and the related legislations.

Meeting of the General Assembly:

Article 11- The General Assembly convenes in the city where Head Office of the Bank is located.

Invitation to the General Assembly Meeting and Announcement:

Article 12- Date, time, venue and agenda The General Assembly is convened to the Meeting in accordance with the present Articles of Association by announcement at the Bank's Web Site and Turkish Commercial Registry Journal and in at least one newspaper published at the locality of the Bank's Head Office. In the said announcement date, time, venue and agenda of the Meetings are indicated and the announcement is made at least 2 (two) weeks in advance the date of Meeting, except days of notice and meeting. Provisions of the Turkish Code of Commerce allowing that General Assembly Meetings are to be held without complying to the ceremonies related with the notice of invitation are reserved.

Agenda:

Article 13- The following particulars shall be included in the agenda: reading out reports of the Board of Directors, Auditors; elaboration and ratification of balance sheet profit-loss accounts; indemnification of directors of the Board of Directors and of Auditors; motions regarding distribution of profit, election of new directors of the Board of Directors and of new Auditors in place of those whose office term expired and discussion of same by the Board of Directors and other particulars deemed necessary and other items of agenda as specified by the Turkish Code of Commerce.

Chairmanship of the General Assembly Meeting:

Article 14.1- Meetings of the General Assembly are opened by the Chairman of the Board of Directors of the Bank, in case of his actual and legal absence, opened by the Deputy Chairman of the Board of Directors or opened by one of the directors of the General Assembly chaired by the Chairman of the Board of Directors or deputy Chairman of the Board of Directors or by the General Director consists of two secretaries to be elected among partners and two vote collectors to be elected either among partners or non-partners.

14.2- The Board of Directors prepares an internal directive containing rules related with operational principles and procedures of the General Assembly. This Internal Directive shall enter into force and effect upon approval by the General Assembly and then shall be registered and announced.

Quorum:

Article 15- General meetings and quorum at such meetings are subject to the related provisions of the Turkish Code of Commerce.

Right to Vote and Type of Voting:

Article 16.1- Shareholders use their right to vote pro rata/in proportion to the total nominal value of their shares.

16.2- Although each and every shareholder has got only one share, the respective shareholder shall have only one right to vote.

Ratification of the Balance Sheet and Indemnification:

Article 17- The General Assembly's resolution on ratification of the balance sheet, unless otherwise specified in the resolution, results in indemnification of members of the Board of Directors, Executive Officers and of the auditors. However, if some particulars are never indicated or are indicated in due form or the balance sheet contains some particulars which hinder revealing the actual condition of the Bank and which is acted deliberately then the ratification/approval shall not inure the effect of indemnification. The resolution of indemnification cannot be lifted by the decision of the General Assembly.

Board of Directors:

Article 18- Board of Directors consists of 9 (nine) members. Members of the Board of Directors are elected by the General Assembly. The Board of Directors elects one of its members as the Chairman of the Board of Directors at its first meeting following the members swearing in ceremony. At this meeting one of the members is elected as the Deputy Chairman of the Board of Directors. The Board of Directors shall be chaired by the Chairman of the Board of Directors and in case of his absence chaired by the Deputy Chairman of the Board of Directors. Requirements as set forth in the Banking Law for the General Manager (CEO) are also sought for one plus half of the members of the Board of Directors.

Duties and Powers of the Board of Directors:

Article 19.1- The Bank shall be managed and represented by the Board of Directors. The Board of Directors and the Management at the field left to it, shall have the authority to take decision on all kinds of issues and transactions required for accomplishment of the Bank's business activity, except for those which are left to the power of the General Assembly under the Law and the provisions of the Articles of Association of the Bank.

Articles of Association Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi

19.2- The Board of Directors shall be under the obligation to fulfill all tasks and to exercise all powers vested it by the Turkish Code of Commerce, Banking Law and all other applicable ordinances. The Board of Directors shall have the right to assign its management power completely or partially by means of an internal directive to be issued by it. It is mandatory that the persons to whom the right of management is assigned should have the conditions and requirements as prescribed in the Law and Regulations.

19.3- In order that a Contract, Deed, Power of Attorney and other instruments may bind and commit the Bank, these documents and instruments must bear the signatures of at least two authorized officials as per circular of master signatures which has been prepared by the Board of Directors and registered by the Commercial Register and published in the Turkish Commercial Registry Journal, beneath the Business Title of the Bank.

Tenure of Members of the Board of Directors and Termination of Membership:

Article 20- Members of the Board of Directors are to be elected for a period of three years.

Meetings of the Board of Directors:

Article 21.1- The Board of Directors shall convene upon invitation of the Chairman of the Board of Directors, the Deputy Chairman of the Board of Directors or of any member of the Board of Directors at times as required by the business and affairs of the Bank. Venue and time of the Meeting shall be indicated in the notice of invitation (convocation) for the Meeting.

21.2- Agenda of the Board of Directors is arranged by the inviter and shall be communicated to the directors by any means or delivered by hand with the accompaniment of letter of invitation.

21.3- The agenda is determined and distributed to the directors/members in advance the date of meeting. In cases of emergency upon request of the Chairman of the Board of Directors, new items may be added to the agenda. Members/Directors of the Board of Directors may also submit motions on matters related for taking resolution of the Board of Directors.

21.4- It is obligatory that absolute majority of the full number of members (5 members) must be present at the meeting in order that the Board of Directors may convene and discuss the agenda. Resolutions of the Board of Directors shall be taken with participation of the absolute majority of the full number of members/directors.

21.5- Unless one of the members/directors makes request for discussion, on condition that a motion is made by one of them on a specific issue should be submitted to the members/directors of the Board of Directors, resolution of the board of directors may also be reached by taking written approval of at least the majority of full number of members/directors.

21.6.1- It is possible to attend meetings of the Board of Directors through all sorts of technological methods ensuring access from remote distance. At meeting to be held by this method motions may be submitted, views and thoughts may be provided and vote may be cast.

21.6.2- The parties who have the right to attend meeting of the Board of Directors of the Bank may also attend these meeting at the electronic environment pursuant to Article 1527 of the Turkish Code of Commerce. The Bank may set up an Electronic Meeting System allowing the right holders/share holders attend these meetings at electronic environment and cast their votes or may purchase/hire service from systems which have been established for this purpose, pursuant to provisions of the Communiqué on General Assemblies to be Held at the Electronic Environment other than General Assemblies of Joint Stock Companies in the Commercial Companies. At the meetings to be held over the system which has been set up under the above mentioned provisions of the Communiqué or over the system by which a supporting service to be procured, it is ensured that right holders/share holder may exercise their rights as specified in the applicable ordinance within the framework as set forth in the Provisions of the Communiqué.

Remunerations of Members of the Board of Director:

Article 22- Monthly salary, bonus, attendance fee and/or dividend from/share out of annual profit to be determined and designated by the General Assembly shall be paid to members/directors of the Board of Directors.

General Director

Article 23- The Board of Directors appoints a member from amongst the directors who is qualified as the General Director according to the Law of Banking. The Board of Directors may assign some and whole of its powers to the General Director under the terms and conditions and limits to be specified by it. The General Director ensures effective and healthy carrying out and execution and coordination of activities and businesses of the Bank in addition to his duties and tasks prescribed by the Law of Banking and the applicable ordinances as well as all administrative affairs and works of the Bank.

Committees

Article 24- Committees created by the Bank pursuant to the Turkish Code of Commerce, Banking Law as well as applicable other provisions are in the form of Credit/Loan Committee, Supervision/Auditing Committee, Corporate Governance/Management Committee and Remuneration/charging Committee. When it deems necessary and when it becomes necessary the Bank's Board of Directors shall have the power to establish other committees.

Credit/Loan Committee

Article 25- A Credit/Loan Committee composed of the General Manager (CEO) of the Bank and at least two members to be elected among members with qualifications (except terms/time) sought in the General Manager (CEO) may be created in order to execute duties to be assigned by the Board of Directors in relation with the Credits/Loans. Two alternate (substitute) members to be appointed in place of any member of the Loan Committee who could not attend any one of the meetings shall be elected among members of the Board of Directors having the qualifications, except office terms, sought for the General Director/Manager (CEO).

25.1- The Loan Committee makes decisions on the issues of restructuring such as new allocation, extension of validity period, increment, alterations in conditions, interest cut, etc. in connection with loans remaining within its limits under the authorizations granted by the Board of Directors. The Committee sets forth terms and conditions on the loans required to be observed.

25.2- The Credit/Loan Committee, with attendance of all members, convenes with the agenda which has been designated and sent to all members by the General Director/Manager. Decisions made by unanimous vote by the Credit/Loan Committee are enforced directly, and decisions made by majority vote are entered into force and effect upon their ratification and approval by the Board of Directors.

25.3- Decisions of the Credit/Loan Committee are entered in the Resolutions Ledger. Resolutions Ledger of the Credit/Loan Committee shall be kept in accordance with the principles and procedures to which the Resolutions Ledger of the Board of Directors is subjected.

Supervision/Auditing Committee:

Article 26 – In order to assist in performance of auditing and supervision activities by the Board of Directors, at least two members of the Board of Directors who did not have executive task and whose qualifications are determined by the Banking Regulatory and Supervisory Authority are assigned by the Board of Directors to create an Auditing Committee.

Corporate Governance/Management Committee

Article 27.1 – The Corporate Governance Committee shall be determined and publicly announced by the Board of Directors.

27.2- The main task of the Committee is to monitor the Bank's compatibility with the principles of the Corporate Governance/Management, to perform and execute improvement studies on this matter and to submit proposals and suggestions to the Board of Directors.

Remuneration/Charging Committee

Article 28.1 – The Bank sets up a Remuneration Committee consisting of 2 members.

28.2- The Committee monitors and audits the remuneration applications for and on behalf of the Board of Directors. Furthermore, the Committee performs the duties as laid down in the provisions of "The Regulation on the Banks' Corporate Governance Principles" promulgated by the Banking Regulatory and Supervisory Authority.

PART FOUR

AUDITING AND AUDITORS

Auditing and Independent Auditing Agency:

Article 29.1 – The Bank, within the framework of the applicable Laws, the Decree on Determination of Companies to be subjected to the Independent Auditing and Rules and Procedures as specified by the Public Supervision, Accounting and Auditing Standards Authority and/or the Banking Regulatory and Supervisory Authority, selects its Independent Auditing Agency, subjects its accounts of activity, financial statements and Annual Activity Report of the Board of Directors to independent auditing, submits its independently audited previous year's end financial statements and the Annual Activity Report of the Board

of Directors to the General Assembly, announces its independent auditing reports at the specified time and at the specified places.

29.2- Action shall be taken in accordance with the provisions of the Laws and/or the provisions of the arrangements promulgated by the Authorities as specified in the above subparagraph (Art. 29.1) in case of selecting an independent auditing agency, removing it from office, cancellation of its contracts, and in case of their refraining from providing unfavorable opinion or view in the independent auditing reports as well as in case of disagreements and dissidences that may occur between the Bank and the Independent Auditing Agency.

The Board of Auditors

Article 30.1- The General Assembly elects two real persons among those holding university degrees with minimum 10 year experience in the field of banking, economy, law, accounting or financial affairs as auditors for the Board of Auditing, in order to work on matters other than independent auditor and the auditing activity as arranged in Article 397 and following Articles thereof of TCC (Turkish Code of Commerce) and to submit its annual auditing report to the General Assembly (for information purpose).

30.2- Term of office of the members of the Board of Auditors shall be 3 years. In case of vacancy of one membership, the other member of the Board of Auditors elects temporarily anybody who is eligible for this office in order to submit same to the first General Assembly's approval. The General Assembly, if it is found appropriate and necessary, may remove members of the Board of Auditors from their office. Reelection of members of the Board of Auditors whose terms of office expired is possible. Remunerations of members of the Board of Auditors are determined by the General Assembly and paid by the Bank.

30.3- Auditors may be present at meetings of the General Assembly on condition that they should not join discussions and should not cast vote.

PART FIVE

ACCOUNTS AND DIVIDEND DISTRIBUTION

Accounting Period:

Article 31- Accounting period of the Bank shall begin on the first day of the month of January and end on the last day of the month of December of every year.

Balance Sheet and Profit and Loss Table, Reports of the Board of Directors and Auditors:

Article 32- The Bank keeps and publishes its annual balance sheets and profit and loss tables and sends them to the competent authorities in accordance with the rules and principles as specified laid down as per Turkish Code of Commerce, Banking Law and provisions of other related ordinances. The balance sheet, profit/Loss Table, Reports of the Board of Directors and Auditors certified by independent auditing body shall be made ready for examination and review by shareholders fifteen days before the date of the General Assembly Meeting.

Articles of Association Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi

Computation, Allocation and Distribution of the Net Profit of the Current Year:

Article 33.1- After deduction of all sorts of costs, collaterals, expenditures and taxes of the Bank from incomes earned within an accounting period, the balance shall be the Bank's net profit of the current year.

From this net profit of the current year;

33.1.1- Five percent (5%) shall be set aside as legally prescribed general reserve fund,

33.1.2- Five percent (5%) from the balance shall be set aside for the shareholders as the first dividend over the paid-up portion capital.

33.1.3- From the remaining portion of the profit;

33.1.3.1- Subject to approval by the General Assembly and likewise provided that rate (percentage) and amount is to be determined by the General Assembly, the portion may be distributed to directors of the Board of Directors and to personnel of the Bank up to the amount which should not exceed threefold of their gross salaries.

33.1.3.2- A certain amount of the profit to be designated by the General Assembly however shall be reserved as "the second dividend share" so as to be distributed to the shareholders.

33.1.4- Ten percent (10%) portion of total amount of profit to be distributed pursuant to Articles 33.1.3.1 and 33.1.3.2 shall be set aside as reserve funds pursuant to subparagraph c of paragraph 2 of Article 519 of the Turkish Code of Commerce after payment of profit margin at the rate of five percent to the shareholders.

33.1.5- The remaining sum of net profit shall be set aside as reserve funds.

33.2- On which date and in which amount the annual dividend shares are to be payable shall be determined by the General Assembly upon proposal of the Board of Directors.

33.3- Dividends distributed as per provisions of the present Articles of Association shall be irrevocable. The provision of Article 512 of the Turkish Code of Commerce is reserved.

33.4- If the sum of reserve funds falls short of making up the capital due to loss of the Bank, dividends of profit shall not be distributed to shareholders until the amount of loss so suffered has been fully refunded.

PART SIX

DISSOLUTION, LIQUIDATION, MERGER OR TRANSFER OF THE BANK

Dissolution or Liquidation of the Bank:

Article 34- If voluntary dissolution and liquidation of the Bank becomes necessary for whatever reason except bankruptcy, the General Assembly shall be invited to an extraordinary meeting and thus after resolution which is to be taken by the General Assembly thereon, formalities and transaction pertaining to the liquidation of the Bank shall be carried out by the Board of Directors under the Resolution to be made by the General Assembly in accordance with provisions of the Banking Law No. 5411 and the Turkish Code of Commerce.

Merger and Transfer

Article 35- Merger or transfer of the Bank shall be resolved by the General Assembly. Merger or transfer proceedings shall be performed pursuant to the Banking Law, the Turkish Code of Commerce and provisions of the applicable legislations, reserving provisions of the Law No. 4603 and 4684.

PART SEVEN

PROVISIONS RELATED WITH THE PERSONNEL

Personnel's Performance of Duty

Article 36- Regardless of the legal basis of the appointment of the Bank's personnel, they shall be under the obligation to act and behave in conformity with the requirements of the Contemporary Banking and International Competition, and the Restructuring rules and purposes while performing their duties.

Provisions of the Private Law

Article 37- Members of the Board of Directors and the Personnel being subjected to the provisions of the Private Law shall be subject to provisions of the Private Law in respect to their financial liabilities arising from their duties and activities.

PART EIGHT

MISCELLANEOUS PROVISIONS

Announcements

Article 38- Announcements pertaining to the Bank shall be made in accordance with TCC provisions of the applicable ordinances.

Legal Provisions

Article 39- In all matters not specifically dealt with in the present Articles of Association applicable provisions of the Law No. 4603, the Banking Law, the Turkish Code of Commerce and other legislations shall prevail.

PART NINE

PROVISORY ARTICLES

Provisory Article 1- Until the sum of public shares drops below the rate of fifty percent (50%) activities of the Bank to provide agricultural loans shall continue provided that their interest rates should not remain below the Bank's resource cost.

Utilization of the Right to Recourse

Provisory Article 2.1- Filing a suit of recourse (recovery) against directors of the Board of Directors and Members of the Board of Auditors who are employed in jobs and operations regarding restructuring process, pursuant to provisions of the Law No. 4603 respecting "T.C. Ziraat Bankası A.Ş.", "T. Halk Bankası A.Ş.", "T. Emlak Bankası A.Ş." and the Law no. 4684 on Making Amendments to certain Laws and Statutory Law, is possible only with the presence of act of default and failure.

2.2- In order that a lawsuit can be filed against duties and jobs of these persons, it is a must that there is a finalized criminal or civil court writ, and additionally there must be a resolution of the General Assembly which has been taken and become finalized allowing that a lawsuit is to be initiated in the same line.

The Report on Compliance of Annual Report



CONVENIENCE TRANSLATION OF THE REPORT ON COMPLIANCE OF ANNUAL REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH

To the General Assembly of Shareholders of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.:

We have audited the compliance and consistency of the financial information included in the annual report of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") as of 31 December 2013 with the audited financial statements. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on the annual report that we have audited.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Law No.5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is free from material errors. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information included in the accompanying annual report accurately reflects, in all material respects, the information regarding the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 31 December 2013 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law No.5411 and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements originally issued in Turkish.

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

Haluk Yalçın, SMMM
Partner

Istanbul, 3 March 2014

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



FEYZİ ÇUTUR
Member of the Board
Audit Committee Member

SALİM ALKAN
Member of the Board

YUSUF DAĞCAN
Deputy Chairman

MUHARREM KARSLI
Chairman and Member
of the Audit Committee

HÜSEYİN AYDIN
General Manager and
Member of the Board



FAHRETTİN ÖZDEMİRCİ
Member of the Board

METİN ÖZDEMİR
Member of the Board

MUSTAFA ÇETİN
Member of the Board

ERDAL ERDEM
Member of the Board

GÖKHAN KARASU
Audit Board Member

Ziraat Bank Board of Directors

MUHARREM KARSLI

Chairman and Member of the Audit Committee

Muharrem Karslı graduated from İstanbul University (Faculty of Economics, Department of Business Administration and Finance) in 1959, where he later completed a master's degree in money and banking. As he worked as an assistant inspector and inspector at İşbank from 1965 until 1974, he also pursued one-year research studies in banking in the UK and France. Based on his research studies, he introduced ATM devices to Turkey for the first time in 1972. In 1974, he set up the Securities Department at the same bank, a first in the Turkish banking industry, and continued to lead this process for 11 years until 1985. In 1985, he assumed the duty of establishing İstanbul Stock Exchange and served as its chairman for 5 years. He subsequently established his own brokerage firm, which he transferred 10 years later in 2001. On 03 November 2002, he was elected as a member of the Parliament representing İstanbul during the 22nd government of the republic. During his employment at İşbank, he served as a board member with Tofaş Türk Otomobil Fabrikaları A.Ş., the bank's subsidiary, for 5 years and for Dışbank A.Ş. (Fortis Bank) for 1 ½ years, and as a statutory auditor for T. Şişe ve Cam Fabrikaları A.Ş. and Takasbank. During his term of office as a member of Parliament, he served as a member on the Turkey-EU Joint Parliamentary Commission for 2 ½ years and on the NATO Parliamentary Assembly for 2 ½ years. Mr. Karslı has been serving as the Chairman of the Bank since May 2010. His published work includes a book entitled "Sermaye Piyasası Borsa Menkul Kıymetler" (Capital Markets, Stock Exchange and Securities), which is used as a textbook at universities.

YUSUF DAĞCAN

Deputy Chairman

Yusuf Dağcan graduated from Eskişehir Academy of Economic and Commercial Sciences. He worked as an assistant inspector, inspector and branch manager at Vakıfbank from 1977 through 2001. He held a seat on the Board of Directors of TAIB Yatırım Bank A.Ş. from 05 September 2007 until 30 June 2008. After assuming responsibility as a member of the Audit Committee at Halkbank from 27 March 2003 until 18 April 2012, Mr. Dağcan was also the chairman of the Board of Directors of Halk Leasing, a Board member of Halk Banka A.D., Skopje operating in Macedonia, and Deputy Chairman of the Arab Turkish Bank. Serving as a member on our Bank's Board of Directors since April 2012, Mr. Dağcan is also a member of the Bank's Credit Committee and as being the Chairman of the Board of Directors of the Ziraat Sigorta A.Ş.

HÜSEYİN AYDIN

General Manager and Member of the Board

Hüseyin Aydın graduated from the Ankara Academy of Economics and Commercial Sciences (Faculty of Economics) in 1981. He began his career as an Assistant Inspector at Ziraat Bank and served as a director in various departments at Ziraat Bank until 27 March 2003. After working as an Executive Board member at Halkbank, as a Board member at Pamukbank and as Deputy Chairman at Ziraat Bank, Mr. Aydın worked as the General Manager and Board member at Halkbank between 31 May 2005 and 14 July 2011. Having joined Ziraat Bank as the General Manager on 15 July 2011, Mr. Aydın also serves as the Chairman of the Banks Association of Turkey.

ERDAL ERDEM

Member of the Board

Erdal Erdem graduated from Afyon Kocatepe University (Faculty of Economics and Administrative Sciences, Department of Public Finance) in 1993. He started his professional life in 1995 at Türkiye Finans Kurumu A.Ş. and then joined Asya Katılım Bankası A.Ş., where he worked, in chronological order, as an assistant specialist, specialist, II. Manager, assistant manager and manager from October 1996 until March 2010. From March 2010 until January 2012, he served as Assistant General Manager responsible for Loans Tracking, Financial Analysis and Credit Information, Non-performing Loans, Construction-Real Estate and Legal Consultancy at the same bank. Serving as a member on the Bank's Board of Directors since April 2012, Mr. Erdem is also a member of the Bank's Credit Committee.

FAHRETTİN ÖZDEMİR

Member of the Board

He graduated from Ankara University, Faculty of Political Sciences, Business Administration Department in 1996. He got his MA at Ankara University, Faculty of Political Sciences, and Business Administration Department in 2006. After passing the entrance exam, he was appointed as an Assistant Accountant in 1997 and after succeeding the proficiency exam he was appointed as an Account Expert in 2001. He had been a Vice-President of Provincial Treasury of Antalya between 29.07.2003 and 01.09.2005 and he had been the Group Director of Revenue Administration of Antalya Directorate of Tax Administration between 01.09.2005 and 15.03.2006 by proxy. He was appointed as the Chief Account Expert in 12.03.2008. He worked as a Group Leader in Revenue Administration, Application and Data Management Department between 28.07.2008 and 31.12.2010. He worked as the Head of The Department in Revenue Administration between 01.01.2011 and 31.12.2011. He worked as the Group Leader of Major Taxpayers in Tax Inspection Board of İstanbul between 01.01.2012 and 03.02.2014. Since 3 February 2014, he has been working as head of provincial treasury of İstanbul. Mr. Ozdemir, who has been selected to be a Member of the Board of Directors of the Bank since 2 April 2013, is also a member of Corporate Governance Committee.

FEYZİ ÇUTUR

Member of the Board
Audit Committee Member

Feyzi Çutur graduated from Gazi University (Faculty of Economics and Administrative Sciences, Department of Banking) in 1983. After working as accounting and finance manager at various private sector companies from 1977 until 1990, he functioned as General Accounting Manager at Bayındır Menkul Değerler A.Ş. (1990-1998), as Finance and Operations Directors, Assistant General Manager, Acting General Manager and General Manager at Eti Yatırım A.Ş. (1998-2010). He served as the Fund Board member and Fund Board Chairman at Eti Yatırım and various Mutual Funds owned by Etibank, and held a seat on the Board of Directors of İktisat Yatırım A.Ş. in 2006. From July 2011 until March 2012, he was a Board member representing the Savings Deposit Insurance Fund (SDIF) at Arab Turkish Bank and its subsidiary A&T Leasing. Serving as a member on our Bank's Board of Directors since April 2012, Mr. Çutur is a member of the Bank's Audit Committee and Remuneration Committee, and an alternate member of the Credit Committee, is also a member of the Board of Ziraat Bank International A.G.

METİN ÖZDEMİR

Member of the Board

Metin Özdemir graduated from İstanbul University (Faculty of Business Administration) in 1990. He is currently pursuing his graduate studies in the Department of Economics at Marmara University, Institute of Middle East Studies. He started his career at Kuveyt-Türk Finans Kurumu A.Ş. in 1992 and worked at the İstanbul Metropolitan Municipality in 1994-1995. From 1996, he carried on with his business life as an executive in the retail sector. Mr. Özdemir still functions as a member of İstanbul Metropolitan Municipal Council, a position he has been holding since 2004. Elected as a Board member of our Bank in the Ordinary General Assembly held on 18 April 2012, Mr. Özdemir is also a member of the Bank's Remuneration Committee and an alternate member of the Credit Committee.

MUSTAFA ÇETİN

Member of the Board

Mustafa Çetin graduated from Ankara University (Faculty of Law) in 1974. He served as a Governor and Mayor in the Hadım, Akçakale and Pasinler districts between 1979 and 1985. Then he went on to work as a Chief Civil Inspector, Vice Chairman of the Board of Inspectors, Minister's Advisor and General Secretary at the Ministry of Internal Affairs between 1985 and 1996. He worked as the Governor of Gümüşhane between 1996 and 1999, as a Chairman of the Committee of Research, Planning and Coordination at the Ministry of Internal Affairs from 1999 to 2000, a Central Governor from 2000 to 2002, and Prime Ministry Deputy Undersecretary from 2002 to 2007. While he was serving as the Prime Ministry Deputy Undersecretary, he was a member of the General Assembly of the Press and Publication Agency and a member of the board of Anadolu Agency. He also served as a member of parliament representing the province of Uşak between 2007 and 2011. Mr. Mustafa Çetin has been serving as a member of the board of Ziraat Bank since July 2011.

SALİM ALKAN

Member of the Board

Salim Alkan graduated from Ankara University (Faculty of Political Sciences, Department of Business Administration). He worked as an inspector, branch and department manager and assistant general manager at various banks from 1971. After functioning as Vice President of the Savings Deposit Insurance Fund (SDIF), Advisor to the Chairman of the SDIF, and general manager, board member and chairman of various banks taken over by the SDIF from 2005 to 2010, he held a seat on the Board of Directors of Halkbank from 24 May 2010 until 18 April 2012, as well as on the boards of Halk Real Estate Investment Trust, and Halk Yatırım Menkul Değerler A.Ş. Serving as a member of the Bank's Board of Directors since April 2012, Mr. Alkan is also a member of the Bank's Credit Committee.

DAVUT KARATAŞ

Audit Board Member

Davut Karataş graduated from İstanbul University Faculty of Political Science, Public Administration Department. Currently serving as the General Director for Laws and Resolutions at the Prime Ministry, Mr. Karataş has been a member of the Bank's Board of Auditors since March 2013.

GÖKHAN KARASU

Audit Board Member

Gökhan Karasu graduated from İstanbul University (Faculty of Law). Currently functioning as an assistant general manager in the Directorate General of Insurance at the Turkish Treasury, Mr. Karasu has been serving as a member of the Bank's Audit Board since September 2012.

Ziraat Bank Senior Management



ÖMER M. BAKTİR
Assistant General Manager
for Marketing



MUSA ARDA
Assistant General Manager
for Credit Allocation and
Management



M. CENGİZ GÖĞEBAKAN
Assistant General Manager
for Credit Policies



BİLGEHAN KURU
Assistant General Manager
for Treasury and Strategy
Management



OSMAN ARSLAN
Assistant General Manager
for International Banking
and Joint Ventures



ALPASLAN ÇAKAR
Assistant General
Manager for Retail
Banking

CEM İNAL
Assistant
General Manager
for Financial
Coordination

**PEYAMİ ÖMER
ÖZDİLEK**
Assistant General
Manager for
Human Resources

**YUNUS UYGUR
KOCAOĞLU**
Assistant General
Manager for
Information Technology
Management

BÜLENT SUER
Assistant General
Manager for Operational
Transactions

YÜKSEL CESUR
Assistant General
Manager for Internal
Systems

Ziraat Bank Senior Management

ÖMER M. BAKTIR

Assistant General Manager for Marketing

Ömer Muzaffer Baktır graduated from İstanbul Technical University (Department for Mining Engineering). He joined Pamukbank in 1990, where he worked as an assistant inspector, inspector, service director and as a departmental manager. Having joined Halkbank in December 2004, Mr. Baktır was appointed as an Assistant General Manager on 14 June 2005 and he was responsible for Corporate Commercial Marketing, Corporate and SME Marketing, and Credit Allocation and Management respectively until March 2010. He then joined Cengiz Holding in March 2010 where he served as a CFO and Member of the Executive Committee until October 2011. Mr. Baktır has been serving at Ziraat Bank as Assistant General Manager for Marketing since November 2011.

MUSA ARDA

Assistant General Manager for Credit Allocation and Management

Musa Arda graduated from Çukurova University (Faculty of Economics and Administrative Sciences). He began his career at Pamukbank in 1994 as a financial analyst. He worked at the same bank as an analyst, a service manager in various units at the headquarters and a marketing director at Güneşli Corporate Branch between 1994 and 2004. He joined Halkbank in 2005 as a division manager at the Commercial Marketing Department before working as the head of the Financial Analysis Department, the head of the Department of Credit Policies and Project Evaluation, the head of the Department of Commercial Loans and, most recently, as the coordinator responsible for the İstanbul 2nd Region. He has been serving at Ziraat Bank as Assistant General Manager for Credit Allocation and Management since November 2011.

M. CENGİZ GÖĞEBAKAN

Assistant General Manager for Credit Policies

Mehmet Cengiz Göğebakan graduated from Ankara University (Department of Economics, Faculty of Political Sciences) in 1987. He began his career at Pamukbank as an assistant inspector in the same year. He served at the same bank between 1994 and 2004 as a manager of the Department of Firm Evaluation, Department of Credit Monitoring, Department of Credit Allocation, Department of Administrative Follow-up and Department of Credit Policies. He joined Halkbank on 17 November 2004 where he worked as an executive responsible for Retail Loans; he was promoted to the post of assistant general manager responsible for risk liquidation on 9 June 2005. He served as an assistant general manager for credit policies from 2007 to 2010 at the same bank. He worked at Anadolubank as an assistant general manager responsible for loans from May 2010 to October 2011. Mr. Göğebakan has been serving at Ziraat Bank as Assistant General Manager for Credit Policies since November 2011.

BİLGEHAN KURU

Assistant General Manager for Treasury and Strategy Management

Bilgehan Kuru graduated from the Middle East Technical University (Department of Mining Engineering). He studied for a master degree in finance at the Institute of Physical Sciences of the same university. He began his career as a foreign exchange clerk at Halkbank, where he worked from 1986 to 1988. He joined Pamukbank in 1988 as an assistant specialist before serving as a service director and manager of the Treasury Department at the same bank. He was appointed as the Head of the Department of Foreign Exchange and Money Markets at Halkbank in November 2004. Having held the position of Assistant General Manager for Retail Banking at Halkbank from June 2007 until July 2011, Mr. Kuru has been serving as Assistant General Manager for Treasury and Strategy Management at our Bank since July 2011.

OSMAN ARSLAN

Assistant General Manager for International Banking and Joint Ventures

Osman Arslan graduated from the Middle East Technical University (Faculty of Arts and Sciences, Department of Statistics) in 1995. He completed his MBA degree in the Faculty of Economic and Administrative Sciences at the same university from 2006 to 2008. Having worked at the Bank's Banking School in 1995 and 1996, he functioned as a specialist at our Bank (1996-1998), as an assistant inspector at Sümerbank (1998-2000), as an inspector and assistant manager at Asya Katılım Bankası A.Ş. (2000-2004), as section head, division head and assistant general manager at Halkbank and as General Manager at Arab Turkish Bank (2004-2012). Currently holding the responsibility of the Chairman of the Board at A&T Bank, Mr. Arslan has begun to work for our Bank in March 2012 as Assistant General Manager for Financial Management. He has been serving as Assistant General Manager for International Banking and Joint Ventures since January 2013.

ALPASLAN ÇAKAR

Assistant General Manager for Retail Banking

Alpaslan Çakar graduated from Ankara University (Department of Public Administration, Faculty of Economics and Administrative Sciences). He joined Ziraat Bank in 1996 as an assistant inspector and later served as an inspector and branch manager. Mr. Çakar was appointed as the regional head manager in 2005. Promoted to the position of department head in August 2007, Mr. Çakar has served as the Assistant General Manager for Retail Banking and Assistant General Manager for Operational Transactions respectively. He has been serving as Assistant General Manager for Retail Banking since September 2013.

CEM İNAL

Assistant General Manager for Financial Coordination

Cem İnal graduated from Ankara University (Department of Finance, Faculty of Political Sciences). He joined Ziraat Bank in 1992 as an assistant inspector and served in a number of posts, as an inspector, branch manager, regional head manager and a departmental manager. Appointed as Assistant General Manager for Retail Banking in November 2011, Mr. İnal has been serving as Assistant General Manager for Financial Coordination since January 2013.

PEYAMİ ÖMER ÖZDİLEK

Assistant General Manager for Human Resources

Mr. Özilek graduated from the Middle East Technical University, Department of Political Science and Public Administration. He has begun to work in our Bank in 1996 as the an assistant inspector, after working at the various positions of the staff, he has served respectively as London, Gayrettepe Branch Manager and Head of the Human Resources Department. Mr. Özilek has been carrying out his office as Assistant General Manager for Human Resources since September 2013.

YUNUS UYGUR KOCAOĞLU

Assistant General Manager for Information Technology Management

Yunus Uygur Kocaoğlu graduated from Boğaziçi University (Department of Computer Engineering). Also holding an MBA degree, he started his career in 1997. After working as a software engineer in various private companies, he joined Fintek Finansal Teknoloji Hizmetleri A.Ş. in 2003. Having held the positions of department manager, assistant general manager and general manager, Mr. Kocaoğlu has been serving as Assistant General Manager for Information Technology Management at Ziraat Bank since January 2013.

BÜLENT SÜER

Assistant General Manager for Operational Transactions

Mr. Suer graduated from Ankara University, Faculty of Political Sciences, Department of the Labor Economy. He has begun to work in our Bank in 1991 as the Assistant Inspector at the Board of Inspectors. Thereafter having performed his offices as the Inspector, Branch Manager, Head of Department and Regional Head Manager, Mr. Suer has been proceeding his service as the Assistant General Manager for Operational Transactions since September 2013.

YÜKSEL CESUR

Assistant General Manager for Internal Systems

Yüksel Cesur graduated from Boğaziçi University, Faculty of Economics & Administrative Sciences. He has begun to work in our Bank in 1996 as an Assistant Inspector, and later on he has been appointed as the Inspector. He has performed his duty as the Head of Department of Training Section since 2005. Mr. Cesur who was appointed to the Department of Treasury Operations in 2007 has served thereafter as the Head of Agricultural Marketing Group. Appointed as the Head of the Board of Inspectors in September 2013, Mr. Cesur has been serving as Assistant General Manager for Internal Systems since April 2014.

Summary Report – Board of Directors

Celebrating its 150th anniversary year, Ziraat Bank proceeded step by step in realizing its goals with the dynamism brought by reorganization. Ziraat Bank has worked intensively towards achieving the Bank's transformation in Service for Bank Customers model which is shaped by "Customer Oriented Banking", with the underlying motto in this transformation being "Together, to a Better Future". In this respect, Ziraat Bank switched to a portfolio management system upon completion of customer and branch segmentation, in order to provide services to customers through accurate channels. The General Management, Regional and Branch Organization have been restructured in accordance with principles such as "division of powers" and "customer orientation".

Branch and customer segmentation has been carried out in line with the one-to-one Customer Relationships Management study. Under the framework of customer orientation, branches have been diversified in order to meet different financial needs of the customers. The Bank switched to a customer representation model - in compliance with Portfolio Management principles - and a number of infrastructural IT projects have been completed in order to allow Bank to follow-up customer needs. Consequently, Ziraat Bank turned into a bank with the most extensive network which aims to meet all financial needs of the customers in a customer centric way.

Within the context of the project, the "Operations Center" was activated and operations gradually transferred to the Center in order to reduce operational density and simplify our services. An Individual Performance System started to be employed in parallel with the objective and transparent HR policies, which are at the heart of the motto of "Together, to a Better Future".

In line with the "Together toward the Target" strategy, which marks the second stage of the reorganization, work on the corporate development projects continued unabated within Ziraat Bank and corresponding banks and branches abroad. The primary objective of "Together toward the target" is to ensure the transformation of customers from "Bank Customers" to "Ziraat Customers", with the ultimate goal of ensuring all our partners and international branches operate efficiently, in compliance with our understanding of global banking under the "Ziraat" brand and serve our customers with the same quality of service in every country, and therefore, turn into a bank with a high brand and market value which operates on an international scale.

Infrastructural IT investments for our international partners and branches are carried out in alignment with our target, and basic banking systems are renewed. As a consequence of this work, the Bank became more prepared to tackle the competition in the sector and the volatility in the markets, and rounded off a successful performance in 2013, despite the challenges of the instabilities in the fluctuations.

Ziraat Bank increased its total assets by 27% YoY to TL 207.5 billion by the end of 2013. By re-establishing credit evaluation, allocation, management and risk appetite by institutionalizing these processes, the Bank achieved a record 55% increase in total credits and raised its total credit balance to TL 111 billion. Consequently, the ratio of credit in total assets was realized as 54%.

As one of the country's most important assets, the Bank continued to increase its support for the real sector. The Bank realized this by strategically placing itself in the entrepreneurial customer segment, mainly in the SME segment. Additionally, the Bank is poised to continue adding value to the national economy by involving itself in investment and project financing operations in those sectors which are contributing to reducing the current account deficit.

Ziraat Bank is close to its customers in financing the agricultural sector and considers the growth and development of the agricultural sector as one of its primary objectives, helping the sector become competitive on a global scale. Being involved in every stage of the financing of agricultural production, agricultural industry and industrial production, the Bank strives for all players in this value chain, as part of the transformation process. In the agricultural industry Ziraat Bank is close to the customer in every stage of the production process from the ground to the shelf, starting from production right up to the sale and marketing of goods in both domestic and foreign markets, from the very first product to the end customers of the Bank. Anticipating that agriculture will be as important as energy as a business line, the Bank will remain a key supporter of the agricultural sector while increasing its efficiency and competitiveness.

Building its deposit resources on a solid basis, Ziraat Bank continued to fund its assets at low cost by concentrating on its deposit base in 2013. Deposits, which accounted for the highest weighting in assets, amounted to TL 141.7 billion. The share of demand deposits in total deposits reached around 20%. In order to extend funding maturities, the Bank purchased syndication loans for USD 700 million and placed priority on the issue of domestic bank bills and bonds during the process of diversification in the structure of resources.

Ziraat Bank completely renewed its Internet Branch. The New Generation Internet Branch is categorized according to customers' various needs and received the Best in its Class award in the Financial Services category in the Interactive Media Awards, in view of its accessible homepage and user-friendly

structure. This award, granted to Ziraat Bank's New Generation Internet Branch, was also the first award given by the IMA to an Internet Branch in Turkey.

The Bank leads the sector in terms of the number of cards in circulation, with more than 20 million cardholders. In the framework of increasing the utilization of debit cards in shopping purposes, the Bank activated the Bankkart project which provides cash to cardholders whenever they spend using their Bankkart - the Bank's own brand. The Bankkart was the first bank card to allow its holders to earn while both spending and saving.

The Bank opened 150 new branches in its 150th year. The number of ATMs increased by 1,120 in 2013, with 243 added in the last quarter to reach a total of 5,353, helping the Bank meet customer's demands more rapidly and efficiently.

The ratio of equity - amounting to TL 18.3 billion - in total liabilities stood at 8.9% at the end of 2013, with our Bank commanding a capital adequacy ratio of 13.2%. The main constituent of the equity was the net profit, which was realized as TL 3.3 billion in 2013, placing the Bank as the most profitable bank in the sector.

Performing well on the basis of many profitability and efficiency ratios including net interest margin and capital efficiency, the Bank realizes its aim with a dedicated project discipline and continues to work to generate value for customers and the country with its global banking vision and dynamic new structure.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.



Hüseyin AYDIN
General Manager



Muharrem KARSLI
Chairman of the Board of Directors

Human Resources Practices

Activities in 2013

Our Bank is operating in a highly competitive sector, which includes international capital. Our Bank carries forward its position of being the strongest national bank. Our Bank maintained its civilized human resources policies in 2013, with the awareness of its success, including its unique position in the sector, pre-eminent market knowledge, ability to serve its customers at the right time, through the right channel and with the right value propositions.

In meeting the requirements of the banking sector and international competition, our Bank aims to provide a modern and credible service, and had 24,725 employees at the end of 2013, 85% of which were university graduates, some with a master's degree. While the average of age is 35, average employment year is 11.

Our Bank opened doors to new graduates aiming at a banking career in 2013, as in previous years. The recruitment test and announcements asked the candidates to specify their preferred city for working, in line with the principle of hiring locally. In addition, our Bank started to hire employees from among high school graduates and associate degree holders in its 150th anniversary year.

In this scope in 2013;

41 Assistant Inspectors, 37 Assistant Internal Auditors, 242 Assistant Specialists, 826 Service Clerks, 3,135 employees with the "teller" title and a total of 4,276 employees began to work at our Bank.

In addition, in accordance with the needs of newly founded departments and the need for experienced mid-level employees, 277 employees joined the Ziraat Bank family.

Our Bank aims to raise executive managers from its employees, in line with transparent career management approach. Within this scope, a total of 6,375 employees were promoted as a result of written and/or oral examinations in 2013.

Major innovations were also carried out in the human resources practices within the scope of the Bank Customer Service Model concept formulated upon the principles of "customer-focus, rapid service delivery, and efficient communication."

In line with Ziraat Bank's people-centric HR practices, employees perform their jobs according to their competences and where they can enjoy job satisfaction. To sustain this, the Bank switched from the title based vertical organizational structure to a duty based horizontal organizational structure in 2012. In this scope, the "job position" implementation was introduced in career management. In addition to the title designation that indicates the professional level of employees, a "job position" is determined for each employee in accordance with the job performed, the customer segment addressed, and the distinction between marketing versus operations functions.

At the end of 2013, a total of 1,634 branches had switched to the new business model and 24,725 employees had been appointed to their new job positions, according to their talents and competence. As a result, the switch to the Bank Customer Service Model was completed.

In the scope of 2013 training program, in order to help new recruits get to know the Bank, adapt to the corporate culture and provide them with the necessary knowledge and ability: “First step to work” training was provided; in order to provide assistants and specialists with the necessary knowledge and ability, “Certification Training” was provided; in order to support executives in changing, transformation, being a part of the corporate strategy, for the right use of motivation tools, problem solving: “Management in Change Training” was provided; to inform employees of new products/ services/ regulatory provisions: “Vocational Training” was provided. Additionally, there were some training programs prepared in the scope of “Statutory Obligation”.

During 2013, training programs were provided to 21,278 employees and an average of 52 hours in training time was provided per person.

Besides, in the scope of e-Training, e-training sessions were provided to 216,030 people in 2013. E-training has the advantages of low cost and time efficiency, accessibility from every location (such as the workplace or at home), the ability to be altered in line with employees’ learning curves and compatibility with in-class training.

In line with the restructuring in title and duty positions, the Bank moved to the new remuneration system based on titles and job positions of employees at the beginning of the year. This system was revised and innovated according to needs observed in 2013. A new practice was launched in the beginning of 2014: As per this new practice, our Bank will pay – in addition to the regular wages and salaries that are paid according to each employee’ title and position – a fee to employees for remaining in their positions (or for maintaining their titles) for a specific period of time. During the execution of this practice, the minimum working periods (in a specific position or title) that are required for promotion are also taken into account.

Ziraat Bank Personal Performance Bonus System

A new bonus system was implemented in 2013 in accordance with the Bank’s new organizational structure and strategy which is focused marketing and sales, and aimed at increasing the efficiency of sales employees, by using personal performances as a basis. The Personal Bonus System was designed in line with the increasing gain principle, which rewards increasing performance and efficiency, providing higher compensation for those with a higher performance. Through personal performance evaluations, bonus payments were made in accordance with performance with the aim of strengthening the

customer focused business model, deepening the marketing and efficiency focused work approach by motivating employees, increasing their corporate loyalty and rewarding personal success.

In the scope of this implementation, considering our Bank’s profitability and operational results, bonus budget was determined not to extend 7% of total monthly wage payments. These payments were determined according to substantial and numerically measurable criteria, and paid to the employees pertaining to three month periods beginning from February, May, August, and November. Bonus payments were designed to provide additional payments to those who had achieved a higher performance on a marketing basis and on the basis of:

- Branch segment and measure group,
- Ordering according to performance ration cards, as a result of measurable performances at the end of three months period,
- Performance bonuses were distributed according to coefficients.

Different coefficients are applied in the calculation of bonuses according to branch segment, scale, and personal performance ordering and duty position.

As in other banks, a performance bonus system was designed for rewarding higher performance and increasing the efficiency of sales employees. In addition, employees working in the operations departments of the branches and the general directorate could be benefit from this implementation.

2014 Projections

In 2014, our Bank will continue to provide its employees with appropriate career opportunities aligned with their respective job positions, and modern working conditions.

In addition to promotions regarding title, our Bank enriches career opportunities through promotion. In this scope, implementation of the “Competence Evaluation System” has been planned in order to evaluate our employees’ performance in terms of their competence in their duties.

Furthermore, establishing synergy between our Bank and domestic/international subsidiaries and affiliates has been planned. In this scope, in order to improve operational efficiency, updating of code of human resources, improving personnel-duty matching, compensation and other benefits revision have been planned to be completed during 2014.

Information on the Activities of the Committees

Information on the Activities of the Credit Committee

The activities of the Credit Committee include fulfillment of the duties and powers specified in the Banking Law, the Bank's articles of association, and other legislation issued by the BRSA; extending loans and passing decisions within the framework of the authority delegated by the Board of Directors, and performing other duties related to lending assigned to it by the Board of Directors.

The Credit Committee met 40 times during 2013 and passed 600 decisions.

Chairman

Hüseyin AYDIN, General Manager and Member of the Board

Members

Yusuf DAĞCAN, Deputy Chairman of the Board
Erdal ERDEM, Member of the Board
Salim ALKAN, Member of the Board
Feyzi ÇUTUR, Member of the Board
Metin ÖZDEMİR, Member of the Board

Information on the Activities of the Audit Committee

Pursuant to the Bank's "Regulation on Management Bodies", the Audit Committee is obliged to satisfy the duties, powers and responsibilities set out by the Banking Law and the Banking Regulation and Supervision Agency (BRSA). The Committee is responsible for the execution of the Compliance Program that will be formed pursuant to the "Regulation on Compliance Program concerning Prevention of Legalization (Laundering) of Proceeds from Crime and Financing of Terrorism" issued in relation to the enforcement of the Law on the Prevention of Legalization (Laundering) of Proceeds from Crime, and fulfills the duties, powers and responsibilities set out in the legislation issued concerning these matters.

Members

Muharrem KARSLI, Chairman of the Board
Feyzi ÇUTUR, Member of the Board

Information on the Activities of the Corporate Governance Committee

The Corporate Governance Committee monitors the Bank's compliance with corporate governance principles and works to ensure improvements in these aspects. The Committee reports its activities in writing to the Board of Directors.

Members

Mustafa ÇETİN, Member of the Board
Fahrettin ÖZDEMİRÇİ, Member of the Board

Information on the Activities of the Remuneration Committee

The Remuneration Committee is responsible for overseeing and supervising the remuneration practices on behalf of the Board of Directors. The Committee assesses the remuneration policy and practices within the framework of risk management to ensure that remuneration policies are aligned with the Bank's ethical values and strategic goals, and submits its recommendations to the Board of Directors.

Members

Feyzi ÇUTUR, Member of the Board
Metin ÖZDEMİR, Member of the Board

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

Board of Directors

The Board of Directors meets regularly at least once a month upon summons by the chairman, deputy chairman or any member of the Board. The Board met 39 times during 2013 and passed 603 resolutions.

Audit Committee

The Audit Committee meets regularly at least once a month with the attendance of all members. The committee met 28 times during 2013 and passed 70 resolutions.

Related Party Transactions

In accordance with article 49 of the Banking Law no 5411 and because the Bank's capital belongs entirely to the Turkish Treasury, the risk group of which Ziraat Bank is a member consists of itself and the companies over which it exercises control over, either directly or indirectly.

Relations between the Bank and the members of the risk group in which it controls a stake consist of 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 extending deposits.

Details of the amounts of the transactions that Ziraat Bank engaged in with members of its own risk group in 2013 and their reasons are presented in Footnote VII of section five of the year-end financial report that is included in this annual report.

Companies from which Support Services are Obtained

The services obtained by our Bank within the scope of the "Regulation Concerning the Outsourcing of Support Services by Banks and the Authorization of Organizations Providing Such Services", and the companies providing these services are presented below.

1. Fintek A.Ş.; information technology infrastructure and integration, system management, support/operation, application development and technical consultancy,
2. Bileşim A.Ş.; alternative delivery channels and payment systems,
3. Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.; software, applications and development for card-based payment systems,
4. Veri Raporlama Programlama Bilişim Yazılım ve Danışmanlık Hizmetleri Tic. A.Ş.; internet banking software and applications development,
5. SmartSoft Kartek Kart ve Bilişim Teknolojileri Tic. Ltd. Şti.; TSK (Turkish Armed Forces) smart card software, application development,
6. Güzel Sanatlar Çek Basım Ltd. Şti.; printing of cheques,
7. Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş.; security services,
8. KRL Özel Güvenlik Koruma ve Eğitim Hizmetleri; security services,
9. Başkent Güvenlik Hizmetleri; security services,
10. Ekol Grup Güvenlik Koruma ve Eğt. Hizm. Ltd. Şti.
11. Gram Altın Pazarlama Sanayi ve Ticaret A.Ş.; expertise services,
12. Turyap Tapu Hizmetleri A.Ş.; support services for creation and registration of mortgages
13. Avi Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş.; support services for creation and registration of mortgages,
14. Fu Gayrimenkul Yatırım Danışmanlık A.Ş.; support services for the creation and registration of mortgages,
15. From AVİ Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş. and TURİYAP Tapu Hizmetleri A.Ş.; support services for creation and registration of mortgages for our Bank on real properties placed as collateral for the loans extended.

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

The internal audit, internal control and risk management activities at Ziraat Bank are carried out by the Board of Auditors and Internal Control and Risk Management Group, which have segregated duties and responsibilities, are organizationally independent from each other, but work in coordination.

Set up to cover all units, branches and the Bank's subsidiaries subject to audit, the organization aims to ensure complete and secure pursuance of banking activities, realization of long-term profit targets, reliable financial and administrative reporting, and minimization of unexpected risks that might negatively affect the Bank's reputation and financial stability.

OPERATION OF THE INTERNAL AUDIT SYSTEM

The Board of Auditors adopts a risk-focused approach to auditing and monitors the compliance of the activities carried out by all of the Bank's head office units, domestic and international branches, and subsidiaries under its control with the law and other applicable legislation, as well as the Bank's internal strategy, policy, principles and targets, including internal control and risk management. The Board of Auditors keeps the Bank's Senior Management informed and pursues its efforts in a manner to contribute to the decision-making processes of the Senior Management.

Having 167 members and working in line with the international internal audit standards, in 2013 the Board of Auditors audited and evaluated the effectiveness and efficiency of transaction steps that make up the primary processes, and the secondary processes, besides auditing the compliance of the Bank's activities with the processes that they are governed under. In addition, the Bank's IT Inspectors audited the processes set out in the Regulation on Bank Information Systems and Banking Processes published by the Banking Regulation and Supervision Agency (BRSA) in line with the Bank's implementations.

In addition to the on-site audits that are conducted using the reporting structure integrated into the Bank's system, the Centralized Audit Team, which operates under the Board of Auditors and plays a key role by applying various scenario analyses to identify realized irregularities and by producing a dissuasive effect on possible irregularities in order to prevent them, thus continues to increase its contributions to the activities of the Board of Auditors.

In addition, members of the Board of Auditors strived to build up the personnel's practical knowledge through on-site training sessions provided in the branches in 2013. At the same time, the inspectors have the opportunity to conduct audit in different units periodically and thereby constantly build on their professional knowledge and experience; they were also given training at certain intervals to support their personal and professional development. In this context, in 2013 the Bank continued to implement the training catalogue, which is formulated by identifying the training programs for each member of the Board of Auditors of all seniority levels, and opportunities were created for members of the Board of Auditors to take part in numerous external (outside the Bank) meetings, conferences and workshops during the reporting period.

Having made it a principle and a goal to contribute significantly to the Bank's qualified and high-quality human resources, the Board of Auditors provided an intensive transition of its members to administrative duties during 2013; hence, the Bank's experienced members who have been involved in the examination and inspection of the Bank's various domestic and international branches, regional offices and Head Office units continued to offer administrative services to our Bank's different units in various regions. On the other hand, the recruitment process for 41 assistant inspectors was completed in January 2013, and the individuals started working in their new posts.

The Board of Inspectors continues to evaluate the organizational changes at the Bank, the modules introduced in lending decisions and the systematic differences arising from the launch of centralized allocation structures, and the Operations Center, and continues to work on the New Auditing Model.

In the coming period, the Board of Auditors will continue to be guided by a high sense of responsibility and duty in the execution of the internal audit plan to be devised in line with the targets and policies determined by the Bank's Senior Management and within the framework of the modern approach to auditing; in the reporting of their outcomes to the Board of Directors through the Audit Committee and in monitoring the precautions to be adopted based on audit reports.

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

OPERATION OF THE INTERNAL CONTROL SYSTEM

Internal control activities are organized in such a way to cover the activities of the Bank's domestic and international branches, regional directorates and head office units under the Regulation on Banks' Internal Systems issued by the BRSA, and are constantly revised in line with the Bank's requirements.

The scope and implementation of the approach are in line with the Bank's main goals and strategies. After the change in risk perceptions and a new service model implementation, a proactive structure is adopted in accordance with the changes in the strategy and circumstances. Thanks to this adopted proactive structure, the Bank's operations are performed at higher standards than the sector norms in accordance with both domestic and international codes and competitive conditions.

Internal control programs are enforced upon approval from our Committee. Controls are carried out on an average of 840 branches each quarter within the scope of the program, within the framework of the branches' risk map prepared by the risk management department.

Internal control activities at all of our international branches are conducted in accordance with the annual control plans that are approved by our Committee.

The control intervals at head office units are determined in view of the units' functions and risk exposure, their job descriptions and their impact on the Bank's balance sheet, and are revised in line with the Bank's needs.

The findings contained in the reports prepared following these activities are categorized under certain headings, and are shared with relevant units and the Senior Management.

In 2013, on-site Internal Controllers continued to conduct examinations regarding matters established during the control activities and which were deemed to require further examination. The necessary action to be taken by the Bank based on the preliminary examination reports was taken and transactions which were suspected of being subject to abuse were shared with the Board of Auditors in order to ensure that the necessary examinations/investigations were undertaken.

In addition to the above, compliance control activities are also carried out by the internal control function within the framework of Article 18 of the Regulation on the Banks' Internal Systems. Accordingly, all past or planned activities of the Bank, as well as new products and transactions are checked for compliance with the Law and other applicable legislation, internal policies and guidelines, and established banking practices. Furthermore, regulations that are issued or modified by the Bank are also reviewed within the scope of compliance controls and resulting opinions are shared with the related units.

Besides control activities, recommendation reports continued to be issued, which are aimed at improving the processes related to the activities carried out at the Bank by Internal Controllers and at prevention of possible risks. The objectives of this implementation are to prevent risks by identifying them in advance, improving processes so as to achieve alignment with the competitive environment and customer satisfaction, and taking cost-saving measures.

Internal Controllers are encouraged to take on administrative duties; accordingly, 19 Internal Controllers were transferred to administrative positions during 2013, thus continuing to supply qualified human resources to the Bank's administrative personnel. In addition, the decision was taken to hire 36 assistant internal controllers from outside the Bank to be trained to replace the internal controllers who had been transferred to administrative duties, and to sustain the dynamic nature of the internal controller staff.

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

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 human resources. The utmost attention is taken towards ensuring that the risk management activities undertaken are conducted with the coordinated participation of all units that are involved in every activity associated with each category of risk. Risk management activities cover the main headings of credit risk, market risk, operational risk and balance sheet risks (interest rate risk arising from banking accounts and liquidity risk), and have the ultimate objective of achieving compliance with international best practices.

Under credit risk management activities, work is undertaken to define, measure, monitor and report credit risk, employing methods that are in alignment with Basel II. In this context, legal reporting process started using the Basel II Standardized Method from 1 July 2012. The amount of credit risk is reported to the BRSA each month on a solo basis and quarterly on a consolidated basis. Efforts are ongoing at the Bank to measure the creditworthiness in connection with advanced measurement methods. Accordingly, work is being carried out on the outcomes of scoring models used for different loan portfolios. Validation is carried out using statistical methods to measure the accuracy and performance of these scoring models. Furthermore, credit risk limits that are approved by the Board of Directors are monitored, and work is in progress to conduct scenario analyses and stress testing for the non-performing loans ratio. Methods that are in alignment with Basel III have been prepared and will be implemented in the new operational year.

Under the operational risk management activities, operational risks are defined, classified, measured and analyzed. The operational risk loss database in the Finart environment allows incidents of operational risk to be tracked. Risks arising from information technology and actions taken are followed up. An Operational Risk Map is being prepared for use in the Internal Control audit program for the purpose of establishing the risk levels of the Bank's branches. In addition, risk exposure assessments are conducted for companies providing outsourced support services within the framework of the BRSA's regulations in force.

Within the scope of market and balance sheet risk management activities, market risk, liquidity risk, and interest rate risk arising from banking accounts are measured, analyzed, limited, reported and monitored, and the analyses conducted are supported through stress tests.

To determine the amount of shareholders' equity that is aligned with the loss our Bank may sustain due to its risk exposure, a capital adequacy assessment is conducted using the economic capital approach and the results are reported to the senior management.

The results of the analyses conducted under risk management activities and the risk indicators are reported to the Board of Directors and our Committee at six month intervals, and to the executive units and internal system units at monthly, weekly and daily intervals.

The new operating period will be marked by continued activities under all risk categories on the basis of internationally accepted advanced risk management techniques, as well as execution of these activities as an integral part of the Bank's strategic decision-making processes.



Feyzi ÇUTUR
Member of the Audit Committee



Muharrem KARSLI
Chairman of the Board of Directors,
Member of the Audit Committee

**Publicly Announced Unconsolidated Financial
Statements together with Independent Auditor's
Report at 31 December 2013**

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Publicly Announced Unconsolidated Financial Statements together with Independent Auditor's Report at 31 December 2013

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

Independent Auditor's Report

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

We have audited the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") at 31 December 2013 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Basis for the qualified opinion:

As mentioned in Section II. Note 7.d1 of Explanations and Notes to the Unconsolidated Financial Statements; as of the balance sheet date, the accompanying financial statements include a general reserve amounting to TL1,006,000 thousand (TL250,500 thousand of this reserve amount was charged to the income statement as an expense in the current period), provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions.

Independent Auditor's Opinion:

In our opinion, except for the effect of the matter described in the "Basis for the qualified opinion" paragraph above on the financial statements, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as of 31 December 2013 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

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

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



Haluk Yalçın, SMMM
Partner

Istanbul, 17 February 2014

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

The Unconsolidated Financial Report of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as of 31 December 2013

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

The unconsolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

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

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



Muharrem KARSLI
Chairman of the Board of Directors
Member of the Audit Committee



Hüseyin AYDIN
Member of the Board of Directors
General Manager



Feyzi ÇUTUR
Member of the Board of Directors
Member of the Audit Committee



Cem İNAL
Financial Coordination
Assistant General Manager



Atakan BEKTAŞ
Head of
Reporting Management

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

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SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

The sole shareholder of the Bank is the Republic of Turkey Prime Ministry Undersecretariat of Treasury.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements at 31 December 2013

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

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGER, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS

Name	Administrative Function
Members of the Board of Directors	
Muharrem KARSLI	Chairman
Hüseyin AYDIN	General Manager and Member
Yusuf DAĞCAN	Vice Chairman and Member
Erdal ERDEM	Member
Fahrettin ÖZDEMİRÇİ	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mustafa ÇETİN	Member
Salim ALKAN	Member
Audit Committee Members	
Muharrem KARSLI	Member
Feyzi ÇUTUR	Member
Assistant General Managers	
Alpaslan ÇAKAR	Individual Banking
Bilgehan KURU	Treasury and Strategy Management
Bülent SUER	Operational Transactions
Cem İNAL	Financial Coordination
Mehmet Cengiz GÖĞEBAKAN	Credit Policies
Musa ARDA	Credit Allocation and Management
Osman ARSLAN	International Banking and Joint Ventures
Ömer Muzaffer BAKTİR	Marketing
Peyami Ömer ÖZDİLEK	Human Resources
Yunus Uygur KOCAOĞLU	Information Technologies Management
Chairman of the Board of Inspectors	
Yüksel CESUR	Chairman of the Board of Inspectors
Head of Group	
Bülent YALIM	Internal Control and Risk Management

Ali Toker is continuing his mission as assistant general manager under the authority of General Management.

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

Notes to the Unconsolidated Financial Statements at 31 December 2013

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

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

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

The sole shareholder of the Bank is the Treasury.

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

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

As of 31 December 2013, Bank carries its activities with a grand total of 1,661 branches; 1,636 branches including 5 corporate branches, 27 commercial branches, 81 entrepreneurial branches, 1,521 domestic branches and 2 mobile branches (31 December 2012: 1,490 domestic branches including 1,316 branches, 5 corporate branches, 27 commercial branches, 77 entrepreneurial branches, 32 bureaus, 31 private operation centers, 2 mobile branches) and 25 branches abroad including 21 branches and 4 sub branches (New York branch in United States, London branch in England, Tbilisi branch, and Batumi sub branch in Georgia, Baghdad and Arbil branches in Iraq, Athens, Komotini, Xanthi and Rhodes branches in Greece, Sofia branch and Filibe/Plovdiv, Kardzhali and Varna sub branches in Bulgaria, Jeddah branch in Saudi Arabia, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gonyeli, Akdoğan, Near East University, Karaoğlanoğlu, Karakum and İskele branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran.

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

Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Bank can associate Başakkart with enterprise loans below TRY50,000 and agricultural loan limits in line with the demands of the customers. All limits of loan accounts assigned to the Başakkart can be used via POS machines of the Bank in Başakkart Member Business points for the purchase of agricultural inputs (feed, grain, fuel, etc.). According to preferences of customers, maximum 75% of cash limits of loan accounts can be used through the branches/ATMs of the Bank. Repayments regarding the transactions with Başakkart can be made through the branches of the Bank. Agricultural products/services obtained by using Başakkart are repaid without any interest charge within the time periods defined by the Bank.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements at 31 December 2013

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

VI. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF EQUITY, OR REPAYMENT OF DEBT BETWEEN THE BANK AND ITS SUBSIDIARIES

None.

SECTION TWO

THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

- I. BALANCE SHEET
- II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
- III. STATEMENT OF INCOME
- IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY
- V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
- VI. STATEMENT OF CASH FLOW
- VII. PROFIT APPROPRIATION STATEMENT

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
Unconsolidated Balance Sheet
(Statement of Financial Position) as of 31 December 2013

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Note (Section Five I)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
			TL	FC	Total	TL	FC	Total
I.	CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	3,664,488	22,937,925	26,602,413	5,908,268	14,805,063	20,713,331
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	304,618	149,319	453,937	16,956	129,261	146,217
2.1	Financial Assets Held for Trading		304,618	149,319	453,937	16,956	129,261	146,217
2.1.1	Public Sector Debt Securities		10,878	4,432	15,310	9,068	4,582	13,650
2.1.2	Securities Representing a Share in Capital		-	-	-	-	-	-
2.1.3	Derivative Financial Assets Held for Trading		293,740	144,887	438,627	7,888	124,679	132,567
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.2.1	Public Sector Debt Securities		-	-	-	-	-	-
2.2.2	Securities Representing a Share in Capital		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	(3)	512,104	1,952,907	2,465,011	45,116	1,888,355	1,933,471
IV.	MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	40,238,476	6,445,321	46,683,797	33,500,459	4,567,558	38,068,017
5.1	Securities Representing a Share in Capital		130,405	232,190	362,595	141,489	118,064	259,553
5.2	Public Sector Debt Securities		40,097,373	6,081,524	46,178,897	33,357,334	4,337,465	37,694,799
5.3	Other Marketable Securities		10,698	131,607	142,305	1,636	112,029	113,665
VI.	LOANS AND RECEIVABLES	(5)	90,418,006	20,629,967	111,047,973	63,983,499	7,442,980	71,426,479
6.1	Loans and Receivables		89,623,480	20,629,955	110,253,435	63,188,677	7,441,617	70,630,294
6.1.1	Loans Granted to Risk Group of The Bank		116,829	550,432	667,261	4,994	207,713	212,707
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		89,506,651	20,079,523	109,586,174	63,183,683	7,233,904	70,417,587
6.2	Loans under Follow-up		2,396,871	20,570	2,417,441	2,040,802	16,751	2,057,553
6.3	Specific Provisions (-)		1,602,345	20,558	1,622,903	1,245,980	15,388	1,261,368
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD TO MATURITY (Net)	(6)	10,529,555	5,130,795	15,660,350	23,030,009	4,224,816	27,254,825
8.1	Public Sector Debt Securities		10,520,533	5,130,175	15,650,708	23,020,788	4,224,308	27,245,096
8.2	Other Marketable Securities		9,022	620	9,642	9,221	508	9,729
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	65,452	-	65,452	65,452	-	65,452
9.1	Accounted with Equity Method		-	-	-	-	-	-
9.2	Unconsolidated Associates		65,452	-	65,452	65,452	-	65,452
9.2.1	Financial Associates		59,386	-	59,386	59,386	-	59,386
9.2.2	Non-financial Associates		6,066	-	6,066	6,066	-	6,066
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	382,478	768,828	1,151,306	183,360	710,374	893,734
10.1	Unconsolidated Financial Subsidiaries		376,241	768,828	1,145,069	176,127	710,374	886,501
10.2	Unconsolidated Non-Financial Subsidiaries		6,237	-	6,237	7,233	-	7,233
XI.	ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	81,362	81,362	-	74,926	74,926
11.1	Accounted with Equity Method		-	-	-	-	-	-
11.2	Unconsolidated Entities Under Common Control		-	81,362	81,362	-	74,926	74,926
11.2.1	Financial Entities Under Common Control		-	81,362	81,362	-	74,926	74,926
11.2.2	Non Financial Entities Under Common Control		-	-	-	-	-	-
XII.	RECEIVABLES FROM LEASING TRANSACTIONS	(10)	-	-	-	-	-	-
12.1	Finance Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1	Fair Value Hedges		-	-	-	-	-	-
13.2	Cash Flow Hedges		-	-	-	-	-	-
13.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(14)	1,042,246	7,406	1,049,652	924,132	7,224	931,356
XV.	INTANGIBLE ASSETS (Net)	(15)	130,238	4,690	134,928	54,780	6,636	61,416
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		130,238	4,690	134,928	54,780	6,636	61,416
XVI.	REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-
XVII.	TAX ASSET		334,067	-	334,067	224,079	-	224,079
17.1	Current Tax Asset		551	-	551	321	-	321
17.2	Deferred Tax Asset	(16)	333,516	-	333,516	223,758	-	223,758
XVIII.	ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	104,952	-	104,952	66,049	-	66,049
18.1	Held for Sale		104,952	-	104,952	66,049	-	66,049
18.2	Held from Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	963,959	730,795	1,694,754	972,816	35,589	1,008,405
	TOTAL ASSETS		148,690,639	58,839,315	207,529,954	128,974,975	33,892,782	162,867,757

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
Unconsolidated Balance Sheet
(Statement of Financial Position) as of 31 December 2013

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	Note (Section Five II)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
LIABILITIES AND EQUITY							
I. DEPOSITS	(1)	100,601,120	41,134,026	141,735,146	92,330,087	26,636,217	118,966,304
1.1 Deposits Held By the Risk Group of the Bank		136,144	125,813	261,957	794,137	138,305	932,442
1.2 Other		100,464,976	41,008,213	141,473,189	91,535,950	26,497,912	118,033,862
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	18,520	36,144	54,664	38,987	16,561	55,548
III. FUNDS BORROWED	(3)	1,081,962	7,477,367	8,559,329	864,946	2,207,493	3,072,439
IV. MONEY MARKET BALANCES		12,509,222	12,061,628	24,570,850	5,577,693	5,584,781	11,162,474
4.1 Interbank Money Market Borrowings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3 Funds Provided under Repurchase Agreements		12,509,222	12,061,628	24,570,850	5,577,693	5,584,781	11,162,474
V. MARKETABLE SECURITIES ISSUED (Net)		2,636,887	-	2,636,887	1,943,988	-	1,943,988
5.1 Bills		2,404,051	-	2,404,051	1,764,858	-	1,764,858
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		232,836	-	232,836	179,130	-	179,130
VI. FUNDS		4,036,491	-	4,036,491	4,292,229	-	4,292,229
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		4,036,491	-	4,036,491	4,292,229	-	4,292,229
VII. MISCELLANEOUS PAYABLES		1,055,333	297,595	1,352,928	849,575	307,908	1,157,483
VIII. OTHER LIABILITIES	(4)	1,418,521	455,598	1,874,119	1,180,753	352,446	1,533,199
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	941	941	-	287	287
10.1 Finance Lease Payables		-	959	959	-	297	297
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	18	18	-	10	10
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)	3,940,036	18,259	3,958,295	2,996,158	5,881	3,002,039
12.1 General Provisions		1,962,430	7,663	1,970,093	1,204,127	612	1,204,739
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Employee Benefits Provisions		701,643	-	701,643	774,200	-	774,200
12.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5 Other Provisions		1,275,963	10,596	1,286,559	1,017,831	5,269	1,023,100
XIII. TAX LIABILITY	(8)	383,219	406	383,625	513,973	304	514,277
13.1 Current Tax Liability		383,219	406	383,625	513,973	304	514,277
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
14.1 Held for Sale		-	-	-	-	-	-
14.2 Held from Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(9)	18,181,872	184,807	18,366,679	16,466,387	701,103	17,167,490
16.1 Paid-in Capital		2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2 Capital Reserves		(282,183)	184,807	(97,376)	1,072,419	701,103	1,773,522
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(826,752)	184,807	(641,945)	477,484	701,103	1,178,587
16.2.4 Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6 Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7 Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17,388	-	17,388	17,369	-	17,369
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other Capital Reserves		527,181	-	527,181	577,566	-	577,566
16.3 Profit Reserves		12,474,183	-	12,474,183	10,083,742	-	10,083,742
16.3.1 Legal Reserves		2,541,114	-	2,541,114	2,408,490	-	2,408,490
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		9,011,091	-	9,011,091	7,041,211	-	7,041,211
16.3.4 Other Profit Reserves		921,978	-	921,978	634,041	-	634,041
16.4 Profit or Loss		3,489,872	-	3,489,872	2,810,226	-	2,810,226
16.4.1 Prior Years Profit/Loss		159,798	-	159,798	159,798	-	159,798
16.4.2 Net Period Profit/Loss		3,330,074	-	3,330,074	2,650,428	-	2,650,428
TOTAL LIABILITIES AND EQUITY		145,863,183	61,666,771	207,529,954	127,054,776	35,812,981	162,867,757

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

Unconsolidated Statement of Off-Balance Sheet Commitments as of 31 December 2013

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS

	Note (Section Five III)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)	(1),(3)	47,672,612	72,559,005	120,231,617	54,150,267	40,389,162	94,539,429
I. GUARANTEES AND WARRANTIES		10,835,207	19,379,847	30,215,054	5,529,664	9,863,890	15,393,554
1.1 Letters of Guarantee		10,747,008	12,785,744	23,532,752	5,464,619	6,623,113	12,087,732
1.1.1 Guarantees Subject to State Tender Law		741,194	12,209,334	12,950,528	379,750	6,132,611	6,512,361
1.1.2 Guarantees Given for Foreign Trade Operations		9,275,313	-	9,275,313	4,281,844	-	4,281,844
1.1.3 Other Letters of Guarantee		730,501	576,410	1,306,911	803,025	490,502	1,293,527
1.2 Bank Acceptances		68,438	2,360,400	2,428,838	5,363	953,966	959,329
1.2.1 Import Letter of Acceptance		68,438	2,360,400	2,428,838	5,363	941,199	946,562
1.2.2 Other Bank Acceptances		-	-	-	-	12,767	12,767
1.3 Letters of Credit		19,761	4,233,703	4,253,464	59,682	2,286,811	2,346,493
1.3.1 Documentary Letters of Credit		19,761	3,854,687	3,874,448	59,682	2,225,671	2,285,353
1.3.2 Other Letters of Credit		-	379,016	379,016	-	61,140	61,140
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	-	-	-	-	-
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1),(3)	34,679,496	32,541,574	67,221,070	47,181,489	20,634,722	67,816,211
2.1 Irrevocable Commitments		12,271,120	5,025,779	17,296,899	8,097,722	828,020	8,925,742
2.1.1 Asset Purchase and Sale Commitments		326,682	4,140,216	4,466,898	115,642	328,248	443,890
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		1,020,202	125,054	1,145,256	11	141,006	141,017
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		2,513,009	-	2,513,009	2,410,263	-	2,410,263
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		6,275,095	-	6,275,095	3,813,950	-	3,813,950
2.1.10 Commitments for Credit Cards and Banking Services Promotions		13,049	-	13,049	10,985	-	10,985
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		2,123,083	760,509	2,883,592	1,746,871	358,766	2,105,637
2.2 Revocable Commitments		22,408,376	27,515,795	49,924,171	39,083,767	19,806,702	58,890,469
2.2.1 Revocable Loan Granting Commitments		22,408,364	27,515,795	49,924,159	39,083,755	19,806,702	58,890,457
2.2.2 Other Revocable Commitments		12	-	12	12	-	12
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	2,157,909	20,637,584	22,795,493	1,439,114	9,890,550	11,329,664
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Off-Balance Sheet Commitments as of 31 December 2013

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS								
	Note (Section Five III)	Current Period (31/12/2013)			Prior Period (31/12/2012)			
		TL	FC	Total	TL	FC	Total	
3.2	Trading Transactions	2,157,909	20,637,584	22,795,493	1,439,114	9,890,550	11,329,664	
3.2.1	Forward Foreign Currency Buy/Sell Transactions	357,260	363,104	720,364	7,225	105,117	112,342	
3.2.1.1	Forward Foreign Currency Transactions-Buy	178,811	181,566	360,377	3,611	52,564	56,175	
3.2.1.2	Forward Foreign Currency Transactions-Sell	178,449	181,538	359,987	3,614	52,553	56,167	
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	1,800,649	20,274,480	22,075,129	1,431,889	9,785,433	11,217,322	
3.2.2.1	Foreign Currency Swap-Buy	-	11,220,359	11,220,359	664	5,666,087	5,666,751	
3.2.2.2	Foreign Currency Swap-Sell	1,800,649	9,054,121	10,854,770	1,431,225	4,119,346	5,550,571	
3.2.2.3	Interest Rate Swap-Buy	-	-	-	-	-	-	
3.2.2.4	Interest Rate Swap-Sell	-	-	-	-	-	-	
3.2.3	Foreign Currency, Interest rate and Securities Options	-	-	-	-	-	-	
3.2.3.1	Foreign Currency Options-Buy	-	-	-	-	-	-	
3.2.3.2	Foreign Currency Options-Sell	-	-	-	-	-	-	
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-	
3.2.3.4	Interest Rate Options-Sell	-	-	-	-	-	-	
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-	
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-	
3.2.4	Foreign Currency Futures	-	-	-	-	-	-	
3.2.4.1	Foreign Currency Futures-Buy	-	-	-	-	-	-	
3.2.4.2	Foreign Currency Futures-Sell	-	-	-	-	-	-	
3.2.5	Interest Rate Futures	-	-	-	-	-	-	
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-	
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-	
3.2.6	Other	-	-	-	-	-	-	
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	319,358,128	31,851,701	351,209,829	230,375,194	15,136,640	245,511,834	
IV.	ITEMS HELD IN CUSTODY	46,955,962	6,141,575	53,097,537	30,302,721	2,549,943	32,852,664	
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-	
4.2	Investment Securities Held in Custody	20,973,487	2,922,058	23,895,545	10,785,482	1,298,862	12,084,344	
4.3	Checks Received for Collection	1,790,488	124,295	1,914,783	942,646	22,480	965,126	
4.4	Commercial Notes Received for Collection	3,606,962	130,038	3,737,000	2,627,395	132,381	2,759,776	
4.5	Other Assets Received for Collection	8,445	-	8,445	8,879	-	8,879	
4.6	Assets Received for Public Offering	20,295,171	112	20,295,283	15,722,252	90	15,722,342	
4.7	Other Items Under Custody	279,760	2,965,072	3,244,832	214,418	1,096,130	1,310,548	
4.8	Custodians	1,649	-	1,649	1,649	-	1,649	
V.	PLEDGES RECEIVED	272,389,147	25,164,097	297,553,244	200,065,042	12,000,385	212,065,427	
5.1	Marketable Securities	933,047	18,700	951,747	513,623	37,418	551,041	
5.2	Guarantee Notes	10,095,965	607,373	10,703,338	8,060,791	291,639	8,352,430	
5.3	Commodity	1,263,180	18,155	1,281,335	1,249,249	13,603	1,262,852	
5.4	Warranty	-	-	-	-	-	-	
5.5	Immovable	242,084,954	21,391,097	263,476,051	177,629,793	9,318,980	186,948,773	
5.6	Other Pledged Items	18,006,792	3,120,499	21,127,291	12,606,377	2,331,916	14,938,293	
5.7	Pledged Items-Depository	5,209	8,273	13,482	5,209	6,829	12,038	
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	13,019	546,029	559,048	7,431	586,312	593,743	
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)	367,030,740	104,410,706	471,441,446	284,525,461	55,525,802	340,051,263	

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

Unconsolidated Statement of Income

For the Year Ended at 31 December 2013

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

III. STATEMENT OF INCOME

	INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period 01/01-31/12/2013	Prior Period 01/01-31/12/2012
I.	INTEREST INCOME	(1)	14,369,841	14,810,669
1.1	Interest Income from Loans		9,508,502	8,665,298
1.2	Interest Income From Reserve Deposits		1,215	1,635
1.3	Interest Income from Banks		34,291	23,933
1.4	Interest Income from Money Market Placements		3	5
1.5	Interest Income from Marketable Securities		4,814,022	6,110,808
1.5.1	Financial Assets Held for Trading		1,364	2,887
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	-
1.5.3	Financial Assets Available-for-Sale		2,999,220	3,182,466
1.5.4	Investments Held-to-Maturity		1,813,438	2,925,455
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		11,808	8,990
II.	INTEREST EXPENSES	(2)	6,631,043	7,909,759
2.1	Interest Expense on Deposits		5,600,944	6,299,506
2.2	Interest on Borrowings		143,861	74,691
2.3	Interest on Money Market Borrowings		678,662	1,381,016
2.4	Interest on Marketable Securities Issued		166,417	135,102
2.5	Other Interest Expense		41,159	19,444
III.	NET INTEREST INCOME/EXPENSES (I - II)		7,738,798	6,900,910
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		958,779	752,112
4.1	Fees and Commissions Received		1,163,371	932,416
4.1.1	Non-cash Loans		101,512	62,102
4.1.2	Other		1,061,859	870,314
4.2	Fees and Commissions Paid		204,592	180,304
4.2.1	Non-cash Loans		51	26
4.2.2	Other		204,541	180,278
V.	DIVIDEND INCOME	(3)	320,981	98,068
VI.	TRADING PROFIT/LOSS (Net)	(4)	(197,939)	(51,613)
6.1	Profit/Loss from Capital Market Operations		69,946	64,555
6.2	Profit/losses on Derivative Financial Transactions	(5)	407,438	(46,158)
6.3	Profit/Loss from Foreign Exchanges		(675,323)	(70,010)
VII.	OTHER OPERATING INCOME	(6)	1,047,754	428,801
VIII.	TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		9,868,373	8,128,278
IX.	PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)	(7)	1,828,483	1,795,213
X.	OTHER OPERATING EXPENSES (-)	(8)	3,661,367	2,828,340
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		4,378,523	3,504,725
XII.	GAINS RECORDED AFTER MERGER		-	-
XIII.	PROFIT/LOSS ON EQUITY METHOD		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(9)	4,378,523	3,504,725
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(10)	(1,048,449)	(854,297)
16.1	Current Tax Provision		(670,519)	(1,142,233)
16.2	Deferred Tax Provision		(377,930)	287,936
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(11)	3,330,074	2,650,428
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
18.3	Other Income From Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3	Other Expenses From Discontinued Operations		-	-
XX.	PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(12)	3,330,074	2,650,428
	Earnings/Loss per Share		1.332	1.060

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Profit and Loss Items Accounted Under Shareholders' Equity for the Years Ended at 31 December 2013

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

IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY			
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Current Period (31/12/2013)	Prior Period (31/12/2012)
I.	ADDITIONS TO THE MARKETABLE SECURITY VALUATION DIFFERENCES ON AVAILABLE FOR SALE FINANCIAL ASSETS	(3,042,849)	2,476,170
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(27,063)	(15,634)
V.	PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)	-	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	(20,376)	93,907
IX.	DEFERRED TAXES RELATED TO VALUATION DIFFERENCES	487,688	(345,882)
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(2,602,600)	2,208,561
XI.	CURRENT YEAR PROFIT/LOSS	765,767	(655,605)
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	758,836	(667,102)
11.2	Reclassification of cash flow hedge transactions and presentation of the related under income statement	-	-
11.3	Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4	Other	6,931	11,497
XII.	TOTAL PROFIT/LOSS FOR THE PERIOD (X±XI)	(1,836,833)	1,552,956

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**Unconsolidated Statement of Changes In Shareholders' Equity
at 31 December 2012**

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

	31 December 2012	Note (Section Five V)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Canc. Profits	Legal Reserves
I.	Balance at the Beginning of the Period		2,500,000	543,482	-	-	2,290,756
II.	Corrections according to TAS 8		-	-	-	-	-
2.1.	The Effect of Correction of Errors		-	-	-	-	-
2.2.	The Effect of Changes in Accounting Policy		-	-	-	-	-
III.	New Balance (I+II)		2,500,000	543,482	-	-	2,290,756
	Changes During the Period						
IV.	Increase/Decrease Related to Merger		-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-
VI.	Hedging Funds (Active Part)		-	-	-	-	-
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		-	34,084	-	-	-
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		-	-	-	-	-
14.1	Cash		-	-	-	-	-
14.2	From Internal Resources		-	-	-	-	-
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		-	-	-	-	117,734
20.1	Dividend Distributed		-	-	-	-	-
20.2	Transfers to Legal Reserves		-	-	-	-	117,734
20.3	Other		-	-	-	-	-
	Balance at the end of the period (I+II+III+.....+XVIII+XIX+XX)		2,500,000	577,566	-	-	2,408,490

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

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

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**Unconsolidated Statement of Changes In Shareholders' Equity
at 31 December 2013**

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

	31 December 2013	Note (Section Five V)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Canc. Profits	Legal Reserves
I.	Balance at the Beginning of the Period		2,500,000	577,566	-	-	2,408,490
	Changes During the Period						
II.	Increase/Decrease Related to Merger		-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-
IV.	Hedging Funds (Active Part)		-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-
4.2	Hedges for Investments Made in Foreign Countries		-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-
VII.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-
VIII.	Foreign Exchange Differences		-	(34,084)	-	-	-
IX.	Changes Resulted from Disposal of Assets		-	-	-	-	-
X.	Changes Resulted from Reclassification of Assets		-	-	-	-	-
XI.	Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity		-	-	-	-	-
XII.	Increase in Capital		-	-	-	-	-
12.1	Cash		-	-	-	-	-
12.2	From Internal Resources		-	-	-	-	-
XIII.	Issuance of Share Certificates		-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-
XV.	Adjustment to Paid-in Capital		-	-	-	-	-
XVI.	Other		-	-	-	-	-
XVII.	Net Profit or Losses		-	-	-	-	-
XVIII.	Profit Distribution		-	-	-	-	132,624
18.1	Dividend Distributed		-	-	-	-	-
18.2	Transfers to Legal Reserves		-	-	-	-	132,624
18.3	Other		-	-	-	-	-
	Balance at the End of the Period (I+II+III+.....+XVI+XVII+XVIII)		2,500,000	543,482	-	-	2,541,114

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

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

	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity
-	7,041,211	634,041			2,810,226	1,178,587	-	17,369	-	-	17,167,490
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(1,827,553)	-	-	-	-	(1,827,553)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	19	-	-	19
-	-	-	-	-	-	7,021	-	-	-	-	(27,063)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(16,301)	-	-	-	-	-	-	-	(16,301)
-	-	-	-	3,330,074	-	-	-	-	-	-	3,330,074
-	1,969,880	287,937	-	-	(2,650,428)	-	-	-	-	-	(259,987)
-	-	-	-	-	(259,987)	-	-	-	-	-	(259,987)
-	1,969,880	287,937	-	-	(2,390,441)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	9,011,091	905,677	3,330,074	159,798	(641,945)	-	17,388	-	-	-	18,366,679

Unconsolidated Statement of Cash Flows

As of 31 December 2013

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

VI. STATEMENT OF CASH FLOWS

	Note (Section Five VI)	Current Period (31/12/2013)	Prior Period (31/12/2012)
A. CASH FLOWS FROM BANKING OPERATIONS			
11 Operating Profit Before Changes in Operating Assets and Liabilities		5,001,737	3,652,117
11.1 Interest Received		15,653,030	13,544,903
11.2 Interest Paid		(6,612,487)	(7,950,104)
11.3 Dividend Received		83,141	98,068
11.4 Fees and Commissions Received		1,164,734	932,492
11.5 Other Income		452,411	675,334
11.6 Collections from Previously Written-off Loans and Other Receivables		1,346,372	749,391
11.7 Payments to Personnel and Service Suppliers		(1,763,184)	(1,361,181)
11.8 Taxes Paid		(1,105,771)	(1,121,543)
11.9 Other		(4,216,509)	(1,915,243)
1.2 Changes in Operating Assets and Liabilities		(7,177,768)	(13,018,769)
1.2.1 Net (Increase)/Decrease in Trading Securities		(3,154)	41,742
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net (Increase)/Decrease in Banks		(7,488,121)	(6,978,913)
1.2.4 Net (Increase)/Decrease in Loans		(40,667,297)	(717,893)
1.2.5 Net (Increase)/Decrease in Other Assets		(945,365)	(346,281)
1.2.6 Net Increase/(Decrease) in Bank Deposits		16,854,420	(10,774,655)
1.2.7 Net Increase/(Decrease) in Other Deposits		19,327,193	2,112,603
1.2.8 Net Increase/(Decrease) in Funds Borrowed		5,463,939	2,495,280
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		280,617	1,149,348
I. Net Cash Provided from Banking Operations		(2,176,031)	(9,366,652)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		244,611	7,964,569
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(36,764)	(30,213)
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3 Fixed Assets Purchases		(271,477)	(59,728)
2.4 Fixed Assets Sales		53,278	68,672
2.5 Cash for Purchase of Financial Assets Available for Sale		(17,055,354)	(10,939,205)
2.6 Cash Obtained from Sale of financial Assets Available for Sale		6,856,764	13,048,221
2.7 Cash Paid for Purchase of Investment Securities		(253,278)	(178,529)
2.8 Cash Obtained from Sale of Investment Securities		12,723,586	5,222,077
2.9 Other		(1,772,144)	833,274
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		432,968	1,656,341
3.1 Cash from Funds Borrowed and Securities Issued		693,011	1,903,580
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Marketable Securities Issued		-	-
3.4 Dividends Paid		(259,987)	(247,239)
3.5 Payments for Finance Leases		(56)	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		408,178	(182,399)
V. Net Decrease/Increase in Cash and Cash Equivalents (I+II+III+IV)		(1,090,274)	71,859
VI. Cash and Cash Equivalents at the Beginning of the Period	(1)	7,759,851	7,687,992
VII. Cash and Cash Equivalents at the End of the Period	(1)	6,669,577	7,759,851

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Profit Appropriation As of 31 December 2013

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

VII. PROFIT APPROPRIATION STATEMENT ⁽¹⁾		Current Period (31/12/2013)	Prior Period ⁽²⁾ (31/12/2012)
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	Current Year Income	4,378,523	3,504,725
1.2	Taxes And Duties Payable (-) ⁽³⁾	1,048,449	1,142,233
1.2.1	Corporate Tax (Income tax)	670,519	1,142,233
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	377,930	-
A.	NET INCOME FOR THE YEAR (1.1-1.2)	3,330,074	2,362,492
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	166,504	118,125
1.5	Other Statutory Reserves (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	3,163,570	2,244,367
1.6	First Dividend To Shareholders (-)	-	125,000
1.6.1	To Owners Of Ordinary Shares	-	125,000
1.6.2	To Owners Of Privileged Shares	-	-
1.6.3	To Owners Of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.7	Dividends To Personnel (-)	-	134,987
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To Owners Of Ordinary Shares	-	-
1.9.2	To Owners Of Privileged Shares	-	-
1.9.3	To Owners Of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	-	14,500
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	-	1,969,880
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	Appropriated Reserves	-	-
2.2	Second Legal Reserves (-)	-	-
2.3	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Privileged Shares	-	-
2.3.3	To Owners Of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.4	Dividends To Personnel (-)	-	-
2.5	Dividends To Board Of Directors (-)	-	-
III.	EARNINGS PER SHARE		
3.1	To Owners Of Ordinary Shares	1.3320	0.9450
3.2	To Owners Of Ordinary Shares (%)	133.20	94.50
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	-	0.05
4.2	To Owners Of Ordinary Shares (%)	-	5.00
4.3	To Owners Of Privileged Shares	-	-
4.4	To Owners Of Privileged Shares (%)	-	-

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

⁽²⁾ The profit distribution table belongs to prior period becomes definite with the decision of Ordinary General Assembly after the publishing of 31 December 2012 audited financial statements. It is rearranged in this direction.

⁽³⁾ The deferred tax asset of current period amounting to TL287,936 is not subject to profit distribution.

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA ("Banking Regulation and Supervision Agency") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority, and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA (all defined as "BRSA Principles"). The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 28337 dated 28 June 2012.

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

As of 31 December 2013, financial statements are presented comparatively with independently audited financial statements as of 31 December 2012.

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

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

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

Additional paragraph for convenience translation into English:

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

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

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements at 31 December 2013

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

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

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

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

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

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

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

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

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

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Bank's derivative transactions mostly include currency and precious metal swaps and foreign currency forward contracts. The Bank has no embedded derivative instruments separated from the host contract.

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Commission income from banking, agency, intermediary services is recognized as income on the date they are collected. Whereas, commission income from individual, corporate, commercial and entrepreneurial cash loans are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle. Other fees and commission expenses are recorded as expense on the date they are paid.

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

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

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

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

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

b. Held-to-maturity financial assets:

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

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements at 31 December 2013

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

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

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

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

c. Loans and receivables:

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

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

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

d. Available-for-sale financial assets:

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

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

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

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

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

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

The Bank has no discontinued operations.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Unconsolidated Financial Statements at 31 December 2013

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

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

Estimated depreciation rates of tangible fixed assets are as follows;

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

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Financial Lease

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

The Bank does not perform financial operations as "Lessor".

Operational Lease

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment Termination and Vacation Benefits

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

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

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The Bank uses independent actuaries in determining liability, and also makes assumptions relating to the discount rate, future salary increases, and the employee turnover. These assumptions are reviewed on an annual basis. Retirement benefit obligation is TL567,043 as of 31 December 2013. (31 December 2012: TL639,800)

	Current Period	Prior Period
Discount rate (%)	9.60	9.80
Expected inflation rate (%)	6.00	5.21

Communiqué on "Turkish Accounting Standard (TAS19) about Benefits for Employee (No: 9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss after tax effect, which is amounted 16,301 TL, regarding the accounting period of 1 January - 31 December 2013 has been classified as 'Other Comprehensive Expenses' in financials.

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

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

b. Pension Rights

Some of the Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. As of 31 December 2013 the number of personnel who benefit from the Fund, excluding dependents, is 18,066 (31 December 2012: 14,325). 14,443 of these members are active while 3,623 are passive members. (31 December 2012: 10,925 active members, 3,400 passive members).

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

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

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

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

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

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

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

The technical balance sheet report as of 31 December 2013 which is prepared in accordance with the new law and the rate determined as 9.80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

XVII. EXPLANATIONS ON TAXATION

a. Current Tax

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

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

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

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

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

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

b. Deferred tax

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

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

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

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

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

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

XVIII. EXPLANATIONS ON BORROWINGS

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

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

The Bank has issued no convertible bonds.

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXII. CASH AND CASH EQUIVALENTS

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

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

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

XXIV. EXPLANATIONS ON OTHER MATTERS

In accordance with the decision taken in the General Assembly of the year 2012 which was carried out on 29 March 2013, on the basis of distribution amounting to TL2,362,492 of the profit for the year 2012 amounting to TL2,650,428, TL118,125 is transferred to first legal reserve and TL14,500 is transferred to second legal reserve, TL145,000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL106,250 is distributed to Treasury after deducting withholding tax of 15% (TL18,750) in cash. In this context, TL1,959,867 of the profit is preserved; dividend payment made to Treasury on 15 April 2013, and within the framework of the dividend to be distributed to the employees, TL134,987 is paid. The remaining TL10,013 from the dividends distributed to the personnel as of 31 December 2013 was transferred to the extraordinary reserves.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO

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

The Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" is 13.21%. (31 December 2012: 19.01%)

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

Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and "Communiqué on Credit Risk Mitigation Techniques" published in the Official Gazette dated 28 June 2012 numbered 28337.

Counterparties/operations related to the credit risk were separated on the basis of risk classes mentioned in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and each of them is assigned by the weight of risk. After, they are subject to risk reduction in accordance with the principles of "Communiqué on Credit Risk Mitigation Techniques", their risk-weighted amount is calculated by multiplying risk weights.

Non-cash loans and commitments, after deduction of specific provisions from them in accordance with "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" are included to the calculation of credit risk weighted amount with loan conversion rates presented in article 5 of "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" Assets subject to depreciation and impairment are calculated over their net book values after deducting the relative depreciations and provisions.

Trading accounts and the values deducted from the capital base in the shareholders' equity computation are excluded in calculation of risk-weighted assets.

Calculations regarding to the counter party credit risk, are made for repurchase agreement and derivative transactions. These transactions are added to the accounts with rates as applied that presented in the amendments of the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and "Communiqué on Credit Risk Mitigation Techniques". Repurchase agreements and derivative transactions that are presented in the banking accounts are added to calculation of the basis of the value at credit risk.

Calculations regarding counter parties credit risks are made with method of basic financial collateral for banking accounts, and for purchase-sale accounts are made with method of extensive collateral. Counter party credit risk amount calculated for purchase-sale accounts is included in the calculations of the amount subject to total market risk.

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Information related to capital adequacy ratio:

Current Period	Risk Weights										
	Bank Only										
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Value at Credit Risk Exposure Categories	72,326,224	-	25,979,031	-	20,540,912	45,308,880	58,020,949	3,269,187	17,464,372	9,215	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	66,553,362	-	-	-	10,882,453	-	244,666	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	138,899	-	132	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	383,439	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	6	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	25,254,905	-	7,524,260	-	394,401	-	-	-	-
Conditional and unconditional corporate receivables	-	-	585,222	-	2,134,065	-	52,532,583	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	2	37,720,339	651,189	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	7,588,541	236,898	-	-	-	-
Past due receivables	-	-	-	-	-	-	545,855	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	3,269,187	17,464,372	9,215	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	52,987	-	-	-	-
Other receivables	5,772,856	-	5	-	-	-	2,978,931	-	-	-	-

Prepared with the numbers after the conversion rate to credit and before Credit Risk Reduction.

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Information related to capital adequacy ratio:

Prior Period	Risk Weights									
	Bank Only									
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	1250%
Value at Credit Risk Exposure Categories	80,773,000	-	2,954,823	-	15,770,532	42,769,173	23,613,710	2,709,624	8,947,550	-
Risk Classes										
Conditional and unconditional receivables from central governments or central banks	75,058,356	-	-	-	7,189,829	-	201,384	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	99,250	-	22	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	332,421	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	2,855,506	-	8,580,681	-	425,570	-	-	-
Conditional and unconditional corporate receivables	-	-	-	-	-	-	19,517,032	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	-	35,074,899	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	7,694,274	179,500	-	-	-
Past due receivables	-	-	-	-	-	-	588,005	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	2,709,624	8,947,550	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Other receivables	5,714,644	-	67	-	-	-	2,369,798	-	-	-

Prepared with the numbers after the conversion rate to credit and before Credit Risk Reduction.

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Summary information about the capital adequacy standard ratio:

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11,222,068	6,450,484
Capital Requirement for Market Risk (CRMR)	657,522	379,023
Capital Requirement for Operational Risk (CROR)	960,999	910,851
Shareholders' Equity	21,197,616	18,390,975
Shareholders' Equity/((CRCR+CRMR+CROR)*12.5*100)	13.21	19.01

Information Related To The Components Of Shareholders' Equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Inflation Adjustment to Paid-in Capital	543,482	543,482
Share Premium	-	-
Share Cancellation Profits	-	-
Reserves	12,457,882	10,083,742
Inflation Adjustments to Reserves	-	-
Profit	3,489,872	2,810,226
Current Period's Profit	3,330,074	2,650,428
Prior Period's Profit	159,798	159,798
Provision for Possible Losses (up to 25% of Core Capital)	1,017,586	765,976
Income on Sale of Equity Shares and Real Estates	-	-
Primary Subordinated Debts (up to 15% of Core Capital) ⁽¹⁾	-	-
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Period's Losses	-	-
Leasehold Improvements on Operational Leases (-)	59,550	32,458
Intangible Assets (-)	75,378	28,959
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in 3 rd Clause 56 th Article of the Banking Act (-)	-	-
Total Core Capital	19,873,894	16,642,009

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

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	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	1,970,093	1,204,739
45% of Movable Assets Revaluation Fund	-	-
45% of Immovables Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	17,388	17,369
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Value increase amount of Available for Sale Securities and Subsidiaries and Associates	(641,945)	545,702
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	1,345,536	1,767,810
CAPITAL	21,219,430	18,409,819
DEDUCTIONS FROM CAPITAL	21,814	18,844
Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or More of whose Capital is Owned by the Bank and which are Excluded from the Consolidation	-	-
Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose Capital is Owned by the Bank and that Exceeds 10% of the Total Core Capital and Supplementary Capital	-	-
Loans to Banks, Financial Institutions (Domestic/Foreign), Holders of Qualified Shares in the form of Secondary Subordinated Loan and Loan Instruments Purchased from those Parties Qualified as Primary or Secondary Subordinated Loan	21,300	17,793
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	409	386
Other	105	665
TOTAL SHAREHOLDERS' EQUITY	21,197,616	18,390,975

3. Applied approaches in order to evaluate internal capital adequacy within the scope of internal capital adequacy evaluation of internal capital requirement in terms of future and current activities:

Bank determined the capital adequacy policy within the scope of internal capital adequacy evaluation process, fixed the minimum factors to be considered in the capital adequacy determination.

Therefore, in the Bank,

- Being evaluated within the scope of capital adequacy of financial situation of the Bank in prior period, legal ratios and economic capital analysis.
- Being analysed within the scope of the accord to legal ratios and legal capital adequacy of budget considering imposed risks.
- Analyzing operations with stress tests are carried out the preservation potential against financial fluctuations of budget and convenience to capital adequacy policy in the process of these fluctuations

II. EXPLANATIONS ON THE CREDIT RISK

Credit risk is the possibility of loss that the Bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

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 Managements, Group Presidencies, Department Presidencies, Assistant General Management, 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 Managements basis by considering the factors like portfolio structure, potentials of the customers and credit, regional and sectoral characteristics, competencies of the personnel.

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The Bank's credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Managements/Branches.

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

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

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

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

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

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

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

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

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

Foreign financial institution and country risks of the Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the clients

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

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

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

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 19% and 23% respectively (31 December 2012: 10%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 63% and 73% respectively (31 December 2012: 56%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 24% and 29% respectively (31 December 2012: 18%).

General provision made by the Bank for the credit risk is TL1,970,093 (31 December 2012: TL1,204,739).

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	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables
Current Period							
Domestic	77,427,774	139,031	383,434	6	-	13,162,978	54,048,295
European Union Countries	7,446	-	-	-	-	14,631,824	32,473
OECD Countries ⁽¹⁾	-	-	-	-	-	466,560	-
Off-shore Banking Regions	-	-	-	-	-	-	-
USA, Canada	1,809	-	-	-	-	2,325,121	117,435
Other Countries	243,452	-	5	-	-	441,553	110,956
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	2,145,530	942,711
Unallocated Assets/ Liabilities ⁽²⁾	-	-	-	-	-	-	-
Total	77,680,481	139,031	383,439	6	-	33,173,566	55,251,870
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables
Prior Period							
Domestic	82,039,611	99,272	332,418	-	-	2,350,439	19,239,193
European Union Countries	4,807	-	-	-	-	7,931,430	8,092
OECD Countries ⁽¹⁾	-	-	-	-	-	81,116	-
Off-shore Banking Regions	-	-	-	-	-	-	-
USA, Canada	175,065	-	-	-	-	37,737	150,494
Other Countries	230,087	-	-	-	-	324,075	65,970
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	1,136,961	53,283
Unallocated Assets/ Liabilities ⁽²⁾	-	-	-	-	-	-	-
Total	82,449,570	99,272	332,418	-	-	11,861,758	19,517,032

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

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

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

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

	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
	38,247,781	7,823,179	545,824	20,742,734	-	-	-	52,987	8,751,792	221,325,815
	35,032	-	12	-	-	-	-	-	-	14,706,787
	-	-	-	-	-	-	-	-	-	466,560
	-	-	-	-	-	-	-	-	-	-
	1,022	-	-	-	-	-	-	-	-	2,445,387
	87,695	2,260	19	40	-	-	-	-	-	885,980
	-	-	-	-	-	-	-	-	-	3,088,241
	-	-	-	-	-	-	-	-	-	-
	38,371,530	7,825,439	545,855	20,742,774	-	-	-	52,987	8,751,792	242,918,770
	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
	34,978,986	7,867,954	586,020	11,645,478	-	-	-	-	8,084,506	167,223,877
	28,441	-	1,363	11,682	-	-	-	-	3	7,985,818
	-	-	-	-	-	-	-	-	-	81,116
	-	-	-	-	-	-	-	-	-	-
	1,903	-	-	-	-	-	-	-	-	365,199
	65,569	5,820	622	14	-	-	-	-	-	692,157
	-	-	-	-	-	-	-	-	-	1,190,244
	-	-	-	-	-	-	-	-	-	-
	35,074,899	7,873,774	588,005	11,657,174	-	-	-	-	8,084,509	177,538,411

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Current Period	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Sectors/Counter Parties								
Agriculture	-	-	-	-	-	-	3,555,661	16,320,686
Farming and Stockbreeding	-	-	-	-	-	-	3,393,649	16,133,423
Forestry	-	-	-	-	-	-	90,767	80,743
Fishing	-	-	-	-	-	-	71,245	106,520
Manufacturing	-	1,679	61,196	-	-	-	25,772,785	2,114,747
Mining and Quarrying	-	39	15	-	-	-	350,277	49,182
Production	-	1,152	61,176	-	-	-	20,355,050	2,052,844
Electric, Gas and Water	-	488	5	-	-	-	5,067,458	12,721
Construction	-	69	12,831	-	-	-	6,471,345	948,725
Services	25,813,255	6,229	224,641	6	-	28,028,976	17,239,637	6,493,655
Wholesale and Retail Trade	-	39	2,444	-	-	-	8,290,284	4,584,466
Hotel Food and Beverage Services	-	168	82	-	-	-	1,889,021	461,011
Transportation and Telecommunication	-	272	38,543	-	-	-	705,425	741,002
Financial Institutions	25,813,255	587	483	6	-	26,387,261	3,271,522	7,823
Real Estate and Leasing Services	-	654	78,203	-	-	1,641,715	2,790,708	447,123
Self Employment Services	-	-	-	-	-	-	12	125
Education Services	-	16	94,404	-	-	-	126,204	65,171
Health and Social Services	-	4,493	10,482	-	-	-	166,461	186,934
Other	51,867,226	131,054	84,771	-	-	5,144,590	2,212,442	12,493,717
Total	77,680,481	139,031	383,439	6	-	33,173,566	55,251,870	38,371,530

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

Risk Classes											
	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	TL	FC	Total
	348,896	6,539	22,750	-	-	-	-	2,487,247	22,589,023	152,756	22,741,779
	324,553	6,409	18,580	-	-	-	-	2,487,247	22,317,897	45,964	22,363,861
	1,623	128	2,780	-	-	-	-	-	94,674	81,367	176,041
	22,720	2	1,390	-	-	-	-	-	176,452	25,425	201,877
	55,213	12,135	29,421	-	-	-	-	-	11,106,139	16,941,037	28,047,176
	4,364	91	1,435	-	-	-	-	-	305,781	99,622	405,403
	50,148	9,787	25,367	-	-	-	-	-	9,394,281	13,161,243	22,555,524
	701	2,257	2,619	-	-	-	-	-	1,406,077	3,680,172	5,086,249
	21,360	3,080	15,657	-	-	-	-	-	3,126,996	4,346,071	7,473,067
	253,698	23,935	216,982	-	-	-	49,674	-	33,391,994	44,958,694	78,350,688
	161,291	15,255	91,327	-	-	-	-	-	10,601,052	2,544,054	13,145,106
	23,417	1,333	23,794	-	-	-	-	-	765,113	1,633,713	2,398,826
	18,433	2,423	28,654	-	-	-	-	-	1,202,379	332,373	1,534,752
	701	31	42,978	-	-	-	-	-	17,359,586	38,165,061	55,524,647
	35,743	4,352	18,295	-	-	-	49,674	-	2,866,378	2,200,089	5,066,467
	-	-	-	-	-	-	-	-	-	137	137
	2,883	333	2,709	-	-	-	-	-	215,573	76,147	291,720
	11,230	208	9,225	-	-	-	-	-	381,913	7,120	389,033
	7,146,272	500,166	20,457,964	-	-	-	3,313	6,264,545	88,918,819	17,387,241	106,306,060
	7,825,439	545,855	20,742,774	-	-	-	52,987	8,751,792	159,132,971	83,785,799	242,918,770

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Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Prior Period	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Sectors/Counter Parties								
Agriculture	398	1,411	27,744	-	-	4	2,339,649	13,412,629
Farming and Stockbreeding	80	506	14,001	-	-	-	2,182,256	9,746,139
Forestry	4	10	495	-	-	-	104,486	85,594
Fishing	314	895	13,248	-	-	4	52,907	3,580,896
Manufacturing	44,067	1,727	11,351	-	-	-	10,063,049	1,579,958
Mining and Quarrying	4	139	14	-	-	-	219,899	51,089
Production	44,063	869	11,331	-	-	-	8,506,551	1,503,084
Electric, Gas and Water	-	719	6	-	-	-	1,336,599	25,785
Construction	-	69	11,957	-	-	9,168	1,823,214	751,825
Services	24,112,398	5,477	228,285	-	-	8,859,204	4,262,261	4,480,741
Wholesale and Retail Trade	22	171	742	-	-	-	2,165,033	2,906,218
Hotel Food and Beverage Services	56	193	38	-	-	-	354,134	321,131
Transportation and Telecommunication	8	324	89,507	-	-	-	183,104	663,993
Financial Institutions	24,108,610	1,304	502	-	-	8,323,280	150,721	21,456
Real Estate and Leasing Services	130	741	101,938	-	-	535,924	1,278,777	245,176
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	1,277	27	30,103	-	-	-	39,277	56,595
Health and Social Services	2,295	2,717	5,455	-	-	-	91,215	266,172
Other	58,292,708	90,588	53,084	-	-	2,993,380	1,028,859	14,849,743
Total	82,449,571	99,272	332,421	-	-	11,861,756	19,517,032	35,074,896

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

	Risk Classes										
	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	TL	FC	Total
	293,313	8,475	9,884	-	-	-	-	3,005,128	18,861,556	237,079	19,098,635
	270,771	8,028	4,810	-	-	-	-	3,005,128	15,108,743	122,976	15,231,719
	2,884	192	2,172	-	-	-	-	-	96,836	99,001	195,837
	19,658	255	2,902	-	-	-	-	-	3,655,977	15,102	3,671,079
	90,622	18,484	18,766	-	-	-	-	-	5,027,601	6,800,423	11,828,024
	1,555	1,479	1,093	-	-	-	-	-	103,106	172,166	275,272
	86,915	15,514	15,155	-	-	-	-	-	4,617,512	5,565,970	10,183,482
	2,152	1,491	2,518	-	-	-	-	-	306,983	1,062,287	1,369,270
	46,427	12,660	8,542	-	-	-	-	-	1,769,318	894,544	2,663,862
	305,287	494,410	97,539	-	-	-	-	-	18,281,881	24,563,721	42,845,602
	174,387	22,318	49,256	-	-	-	-	-	4,506,636	811,511	5,318,147
	35,149	1,870	10,921	-	-	-	-	-	420,727	302,765	723,492
	36,556	2,948	16,997	-	-	-	-	-	903,572	89,866	993,438
	3,241	64	824	-	-	-	-	-	10,568,486	22,041,516	32,610,002
	22,794	465,559	9,090	-	-	-	-	-	1,361,789	1,298,340	2,660,129
	-	-	-	-	-	-	-	-	-	-	-
	4,074	383	2,043	-	-	-	-	-	117,980	15,798	133,778
	29,086	1,268	8,408	-	-	-	-	-	402,691	3,925	406,616
	7,138,123	53,976	11,522,443	-	-	-	-	5,079,381	90,006,566	11,095,719	101,102,285
	7,873,772	588,005	11,657,174	-	-	-	-	8,084,509	133,946,922	43,591,486	177,538,408

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Analysis of maturity-bearing exposures according to remaining maturities:

	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications					
Conditional and unconditional exposures to central governments or central banks	1,079,038	1,937,869	6,608,525	5,520,087	62,534,962
Conditional and unconditional exposures to regional governments or local authorities	23,029	280	5,562	18,616	91,544
Conditional and unconditional receivables from administrative units and non-commercial enterprises	91,241	5,432	9,764	42,026	234,976
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	6
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	22,315,473	3,193,816	1,706,534	1,539,436	4,418,307
Conditional and unconditional exposures to corporates	3,447,681	1,521,454	2,621,822	16,646,672	31,014,241
Conditional and unconditional retail exposures	2,072,141	1,850,262	2,953,367	10,015,433	21,480,327
Conditional and unconditional exposures secured by real estate property	68,375	91,266	250,690	923,827	6,491,281
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	44,103	-	-	199,493	20,488,575
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	3,313	-	-	-	49,674
Grand Total	29,144,394	8,600,379	14,156,264	34,905,590	146,803,893

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

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Grades of Fitch Ratings International Rating Agency are used in determining risk weights for risk classes being used rating grade of risk classes indicated in article 6 of Communiqué on "Measurement and Assessment of Capital Adequacy of Banks". Additionally, grades of Fitch Ratings International Rating Agency were used for receivables from central government and central bank of our country and counter parties abroad. Counter parties resident are accepted as "gradeless" and take risk weight suited for "gradeless" category in relevant risk class.

Rating Scores are used in the following risk classes;

1. Receivables from Central Governments or Central Banks
2. Receivables from Regional Governments or Local Authorities
3. Receivables from Administrative Units and Non-Commercial Enterprises
4. Receivables from Banks and Brokerage Houses

While credit quality level grade given by Fitch Ratings International Rating Agency decreases to 3, grades using in risk class of receivables from banks and intermediary institutions matched with all credit quality levels from 1 to 6 in risk classes of receivables from central governments or central banks, receivables from regional governments or local authorities and receivables from administrative units and non-commercial enterprises.

For determination of risk weight regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

Exposures by risk weights:

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	72,326,224	-	25,979,031	20,540,912	45,308,880	58,020,949	3,269,187	17,464,372	9,215	-	156,742
2 Exposures after Credit Risk Mitigation	89,123,509	-	13,082,737	25,680,818	37,302,402	56,986,530	3,269,187	17,464,372	9,215	-	156,742

Prepared with the numbers after conversion rate to credit.

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Information in terms of major sectors and type of counterparties:

Impaired Credits; are the credits that were deemed to be impaired because of the credibility or delaying more than 90 days as of the end of the reporting period. For these credits "Special Provision" calculation is made within the scope of Regulation on Provisions.

Past Due Credits; are the credits whose maturity delayed up to 90 days as of the end of the reporting period but not incurred to impairment. For these credits "General Provision" calculation is made within the scope of Regulation for Provisions.

	Credits			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
Agriculture	608,954	884,011	21,838	345,444
Farming and Stockbreeding	595,216	875,842	21,632	331,911
Forestry	2,763	2,545	93	2,763
Fishery	10,975	5,624	113	10,770
Manufacturing	179,368	93,754	2,652	168,212
Mining and Quarrying	9,713	3,151	135	9,634
Production	164,479	89,794	2,483	155,636
Electricity, Gas and Water	5,176	809	34	2,942
Construction	742,420	106,992	3,320	265,365
Services	348,163	356,017	10,111	323,190
Wholesale and Retail Trade	188,387	173,898	5,411	175,878
Accommodation and Dining	12,156	23,335	686	11,130
Transportation and Telecom.	33,182	57,876	1,461	31,213
Financial Institutions	2,320	4,797	150	2,218
Real Estate and Rental Services	98,290	73,494	1,694	89,449
Professional Services	89	244	11	89
Educational Services	2,775	5,029	145	2,465
Health and Social Services	10,964	17,344	553	10,748
Other	538,536	1,916,522	97,646	520,692
Total	2,417,441	3,357,296	135,567	1,622,903

Information about Value Adjustment and Change in Provisions:

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1 Specific Provisions	1,261,368	673,373	311,838	-	1,622,903
2 General Provisions	1,204,739	765,354	-	-	1,970,093

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

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit/Loss	453,937	146,217
Banks	2,465,011	1,933,471
Interbank Money Market Placements	-	-
Available-for-sale Financial Assets	46,683,797	38,068,017
Held-to-maturity Investments	15,660,350	27,254,825
Loans	111,047,973	71,426,479
Other Assets	1,553,745	852,682
Total credit risk exposure of balance sheet items	177,864,813	139,681,691
Financial Guarantees	30,215,054	15,393,554
Commitments	67,221,070	67,816,211
Total credit risk exposure of off-balance sheet items	97,436,124	83,209,765
Total credit risk exposure	275,300,937	222,891,456

	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	2,465,011	-	2,465,011	1,933,471	-	1,933,471
Financial Assets at Fair Value Through Profit or Loss	453,937	-	453,937	146,217	-	146,217
Loans:	106,896,139	3,357,296	110,253,435	66,128,881	4,501,413	70,630,294
Commercial Loans	47,691,568	690,996	48,382,564	17,215,473	1,008,778	18,224,251
Consumer Loans	37,582,985	1,786,696	39,369,681	27,823,178	2,678,930	30,502,108
Specialized Loans	21,621,585	879,605	22,501,190	21,090,230	813,705	21,903,935
Available-for-sale Financial Assets	46,683,797	-	46,683,797	38,068,017	-	38,068,017
Held-to-maturity Investments	15,660,350	-	15,660,350	27,254,825	-	27,254,825

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Information about credit quality per class of financial assets

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

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Loans:	2,261,148	662,092
Commercial Loans	943,893	285,088
Consumer Loans	57,858	31,219
Specialized Loans	1,259,397	345,785
Other	-	-
Available-for-sale Financial Assets	-	-
Held-to-maturity Investments	-	-

III. EXPLANATIONS ON THE MARKET RISK

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

The Bank has determined 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' and 'Regulation on Internal Systems of Banks'.

Market risk management strategy policy and implementation procedures of the Bank are determined within the context of "Regulation for Market Risk Management" which was approved by the Board of Directors.

Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and banks also reports the findings cyclically. Continuing operations are carried out on a trading portfolio determined by Bank's Treasury Management. New products and services are evaluated from the point of market risk.

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

Excluding Standard Method, Daily Value at Risk ("VAR") forecasts are made as per daily period for Held-for-Trading accounts and are reported to the related units. Historical Simulation Method is used in daily reporting and limit allocation. VAR results, calculated with Parametric and Monte Carlo Methods, are used for monitoring. Backward testing is performed so as to measure performance of used model. Also, Bank performs as per daily and monthly periods stress tests and scenario analysis so as to observe the effect of excessive market fluctuations that are not covered by models over the Bank's financial position.

The market risk exposure by VAR based limits (interest rate and currency risk limit) within the context of "Regulation for Market Risk Management".

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Information Related to Market Risk:

	Current Period
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	310,062
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	38,371
Capital Requirement for Specific Risk of Securitisation Positions	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	296,399
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting from Options - Standard Method	-
(VII) Capital Requirement to be Employed for Counter Party Credit Risk - Standard Method	12,690
(VIII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	657,522
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	8,219,025

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	184,611	311,125	119,301	337,498	344,600	233,283
Equity Share Risk	24,902	37,308	23,782	26,685	17,584	19,082
Currency Risk	198,609	296,399	165,386	82,071	110,504	104,949
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counter Party Credit Risk	12,824	12,690	12,070	16,478	21,012	21,709
Amount Subject to Total Risk	5,261,820	8,219,025	4,006,738	5,681,158	6,171,250	4,737,788

Counter party credit risk is calculated for repurchase agreements and derivative transactions. According to the fair value of valuation method is based on the calculations. Costs of reconditioning of agreements that have positive value are obtained with valuation according to fair value of derivative transactions. Potential credit risk amount is obtained by multiplying agreement amounts with the ratios indicated in Regulation attachment. In repo transactions, risk reduction is applied by using extensive financial collateral method.

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Quantitative Information on Counterparty Risk:

	Amount
Agreements based on Interest Rate	-
Agreements based on Foreign Exchange Currency	249,512
Agreements Based on Commodity	-
Agreements Based on Shares	-
Other	-
Gross Positive Fair Values	145,602
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	204,710
Net Position of Derivatives	213,619

IV. EXPLANATIONS ON THE OPERATIONAL RISK**a) The method used in calculating the operational risk and the interval in which the market risk measurement is done:**

In the Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income obtained from shares excluding shares of subsidiaries and associates, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of assets monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation within the scope of Loss Distribution Method.

	31.12.2010	31.12.2011	31.12.2012	Total/ Positive Year	Rate (%)	Total
Gross Income	5,891,306	5,739,624	7,589,041	6,406,657	15	960,999
Amount Subject to Operational Risk						12,012,482

b) The Bank does not apply standard method.

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V. EXPLANATIONS ON THE CURRENCY RISK

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

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

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

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

None.

c) Management policy for foreign currency risk:

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2013	2,0629	2,8161	1,8431	0,3788	0,3143	2,3058	1,9490	0,3350	3,3830	0,5514	1,9820
25.12.2013	2,0724	2,8336	1,8532	0,3816	0,3162	2,3250	1,9565	0,3374	3,3862	0,5539	1,9906
26.12.2013	2,1129	2,8917	1,8810	0,3888	0,3235	2,3662	1,9943	0,3439	3,4816	0,5650	2,0230
27.12.2013	2,1383	2,9481	1,9087	0,3966	0,3304	2,4180	2,0076	0,3499	3,5386	0,5717	2,0441
30.12.2013	2,1101	2,9097	1,8830	0,3915	0,3284	2,3810	1,9812	0,3470	3,4920	0,5642	2,0137
31.12.2013	2,1300	2,9365	1,9132	0,3955	0,3323	2,4053	2,0144	0,3515	3,5408	0,5707	2,0385

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
2,0528	2,8120	1,8468	0,3782	0,3149	2,3046	1,9335	0,3347	3,3709	0,5487	1,9880

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Information on the foreign currency risk of the Bank:

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	8,704,687	8,329,892	5,903,346	22,937,925
Banks	282,210	1,542,236	128,461	1,952,907
Financial Assets at Fair Value Through Profit and Loss ⁽³⁾	-	4,432	-	4,432
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3,544,502	2,900,819	-	6,445,321
Loans ⁽²⁾	6,439,329	14,227,899	51,503	20,718,731
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	526,366	323,824	-	850,190
Investments Held-to-Maturity	1,710,446	3,419,942	407	5,130,795
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	4,340	1,317	1,749	7,406
Intangible Assets	1,115	2,173	1,402	4,690
Other Assets	580,754	145,117	2,185	728,056
Total Assets	21,793,749	30,897,651	6,089,053	58,780,453
Liabilities				
Interbank Deposits	1,403,879	3,908,576	48,288	5,360,743
Foreign Currency Deposits	21,996,156	10,979,472	2,797,655	35,773,283
Money Market Borrowings	2,853,819	9,207,809	-	12,061,628
Funds Provided from Other Financial Institutions	1,729,349	5,747,576	442	7,477,367
Issued Marketable Securities	-	-	-	-
Sundry Creditors	286,278	10,513	804	297,595
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	324,648	106,893	43,663	475,204
Total Liabilities	28,594,129	29,960,839	2,890,852	61,445,820
Net Balance Sheet Position	(6,800,380)	936,812	3,198,201	(2,665,367)
Net Off-Balance Sheet Position ⁽³⁾	8,191,495	(1,164,328)	(4,860,901)	2,166,266
Financial Derivative Assets	8,374,906	2,238,303	788,716	11,401,925
Financial Derivative Liabilities	183,411	3,402,631	5,649,617	9,235,659
Non-cash Loans	5,329,095	12,786,246	1,264,506	19,379,847
Prior Period				
Total Assets	13,145,153	16,129,234	4,492,036	33,766,423
Total Liabilities	16,797,705	16,673,758	1,623,852	35,095,317
Net Balance Sheet Position	(3,652,552)	(544,524)	2,868,183	(1,328,894)
Net Off-Balance Sheet Position ⁽³⁾	3,604,610	762,721	(2,820,579)	1,546,752
Financial Derivative Assets	3,644,218	1,530,053	544,380	5,718,651
Financial Derivative Liabilities	39,608	767,332	3,364,959	4,171,899
Non-cash Loans	2,564,610	6,899,541	399,739	9,863,890

⁽¹⁾ Of the foreign currencies presented in the other FC column of assets 96.26% is Gold, 1.01% is GBP, 0.81% is IQD, and the remaining 1.92% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 69.41% is Gold, 14.25% is GBP, 8.30% is CHF, 3.09% is DKK and the remaining 4.95% is other foreign currencies. (31 December 2012: Of the foreign currencies presented in the other FC column of assets 93.58% is Gold, 2.50% is GEL, 1.42% is IQD, and the remaining 2.50% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 57.24% is Gold, 19.49% is GBP, 10.73% is CHF, 2.87% is IQD and the remaining 9.67% is other foreign currencies.)

⁽²⁾ TL14 equivalent of EUR and TL88,750 equivalent of USD loans are originated as foreign currency indexed loans (31 December 2012: TL264 equivalent of USD and TL14 equivalent of EUR).

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

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

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⁽⁵⁾ Derivative financial assets held for trading and liabilities are not included in the table.

VI. EXPLANATIONS ON THE INTEREST RATE RISK

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	35,196	-	-	-	-	26,567,217	26,602,413
Banks	1,009,260	148,038	433,914	-	-	873,799	2,465,011
Financial Assets at Fair Value Through Profit and Loss	1,523	164	153	8,517	4,953	438,627	453,937
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	10,381,970	4,489,356	11,269,708	9,591,171	10,559,121	392,471	46,683,797
Loans Given	36,800,645	12,867,207	24,298,187	31,744,054	4,543,342	794,538	111,047,973
Investments Held-to-Maturity	8,747,579	882,504	1,326,767	2,707,628	1,995,872	-	15,660,350
Other Assets	-	-	-	-	-	4,616,473	4,616,473
Total Assets	56,976,173	18,387,269	37,328,729	44,051,370	17,103,288	33,683,125	207,529,954
Liabilities							
Interbank Deposits	6,560,602	1,301,672	132,492	-	-	155,346	8,150,112
Other Deposits	73,258,852	19,476,398	11,861,278	307,883	-	28,680,623	133,585,034
Money Market Borrowings	19,861,007	2,579,722	2,130,121	-	-	-	24,570,850
Sundry Creditors	-	-	-	-	-	1,352,928	1,352,928
Issued Marketable Securities	1,132,904	579,892	924,091	-	-	-	2,636,887
Funds provided from Other Financial Institutions	893,403	1,219,782	5,154,543	780,929	510,672	-	8,559,329
Other Liabilities	3,418	21,967	8,574	4,018,741	-	24,622,114	28,674,814
Total Liabilities	101,710,186	25,179,433	20,211,099	5,107,553	510,672	54,811,011	207,529,954
Balance Sheet Long Position	-	-	17,117,630	38,943,817	16,592,616	-	72,654,063
Balance Sheet Short Position	(44,734,013)	(6,792,164)	-	-	-	(21,127,886)	(72,654,063)
Off-Balance Sheet Long Position	355,418	1,171,945	-	-	-	-	1,527,363
Off-Balance Sheet Short Position	-	-	(713,521)	(447,865)	-	-	(1,161,386)
Total Position	(44,378,595)	(5,620,219)	16,404,109	38,495,952	16,592,616	(21,127,886)	365,977

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

⁽²⁾ TL3,997,095 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the "1 - 5 Years" column. TL39,396 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

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

⁽⁴⁾ Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.

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

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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	27,731	-	-	-	-	20,685,600	20,713,331
Banks	685,342	134,417	337,593	9,470	-	766,649	1,933,471
Financial Assets at Fair Value Through Profit and Loss	1,907	349	67	1,942	9,385	132,567	146,217
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	11,724,195	4,807,207	10,471,816	5,587,455	5,026,708	450,636	38,068,017
Loans Given	19,176,159	6,816,372	17,943,643	24,122,057	2,572,063	796,185	71,426,479
Investments Held-to-Maturity	8,709,100	10,951,851	3,494,284	1,877,258	2,222,332	-	27,254,825
Other Assets	-	-	-	-	-	3,325,417	3,325,417
Total Assets	40,324,434	22,710,196	32,247,403	31,598,182	9,830,488	26,157,054	162,867,757
Liabilities							
Interbank Deposits	5,230,612	1,219,405	724,837	-	-	81,660	7,256,514
Other Deposits	67,999,991	14,013,393	7,737,700	265,701	-	21,693,005	111,709,790
Money Market Borrowings	8,334,493	2,023,843	804,138	-	-	-	11,162,474
Sundry Creditors	-	-	-	-	-	1,157,483	1,157,483
Issued Marketable Securities	179,130	1,035,674	729,184	-	-	-	1,943,988
Funds Provided from Other Financial Institutions	672,780	696,090	1,187,908	7,390	508,271	-	3,072,439
Other Liabilities	1,506	2,974	224	4,328,518	-	22,231,847	26,565,069
Total Liabilities	82,418,512	18,991,379	11,183,991	4,601,609	508,271	45,163,995	162,867,757
Balance Sheet Long Position	-	3,718,817	21,063,412	26,996,573	9,322,217	-	61,101,019
Balance Sheet Short Position	(42,094,078)	-	-	-	-	(19,006,941)	(61,101,019)
Off Balance Sheet Long Position	300,385	978,608	-	-	-	-	1,278,993
Off Balance Sheet Short Position	-	-	(6)	(1,162,801)	-	-	(1,162,807)
Total Position	(41,793,693)	4,697,425	21,063,406	25,833,772	9,322,217	(19,006,941)	116,186

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

⁽²⁾ TL4,277,386 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the "1 - 5 Years" column. TL14,843 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

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

⁽⁴⁾ Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.

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

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Average interest rate applied to the monetary financial instruments:

	EUR	USD	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	4.00
Banks	2.08	2.08	-	8.13
Financial Assets at Fair Value Through Profit and Loss	-	5.58	-	6.53
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.70	5.67	-	8.09
Loans Given ⁽²⁾	4.65	4.71	-	12.54
Investments Held-to-Maturity	6.36	7.01	-	8.49
Liabilities				
Interbank Deposits ⁽³⁾	1.06	1.09	-	7.74
Other Deposits ⁽⁴⁾	1.96	1.64	-	5.80
Money Market Borrowings	0.80	1.00	-	7.71
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	7.82
Funds Provided from Other Financial Institutions	1.35	1.71	-	7.20

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

⁽²⁾ Credit card loans are not included.

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

⁽⁴⁾ Rates include also demand deposit data.

Average interest rate applied to the monetary financial instruments:

	EUR	USD	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	5.00
Banks	1.44	2.09	-	6.69
Financial Assets at Fair Value Through Profit and Loss	-	5.58	-	9.06
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.67	6.03	-	8.37
Loans Given ⁽²⁾	4.73	5.06	-	14.77
Investments Held-to-Maturity	6.36	7.00	-	8.37
Liabilities				
Interbank Deposits ⁽³⁾	1.08	1.47	-	6.02
Other Deposits ⁽⁴⁾	2.09	1.68	-	6.04
Money Market Borrowings	0.63	1.11	-	5.67
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	7.48
Funds Provided from Other Financial Institutions	1.81	2.16	-	6.37

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

⁽²⁾ Credit card loans are not included.

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

⁽⁴⁾ Rates include also demand deposit data.

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A) Interest rate risk on banking accounts:

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

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

In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on Bank's economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank's internal applications, the follow-up of yield curve, basis risk and option risk. Also, in order to limit the impact of interest rate changes on Bank's financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

Interest rate risk on banking accounts

Type of Currency	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity- (Losses)/Equity
1. TRY	(+) 300bp	(1,897,186)	(8.95%)
2. TRY	(-) 300bp	2,189,561	10.33%
3. EUR	(+) 100bp	(144,380)	(0.68%)
4. EUR	(-) 100bp	155,627	0.73%
5. USD	(+) 100bp	(294,338)	(1.39%)
6. USD	(-) 100bp	339,015	1.60%
Total (of negative shocks)		2,684,203	12.66%
Total (of positive shocks)		(2,335,904)	(11.02%)

	Comparison		
	Balance Sheet Value	Fair Value	Market Value
Equity Share Investments			
1. Stock Investment Group A	-	-	-
Stock Exchange Securities	-	-	-
2. Stock Investment Group B	-	-	-
Stock Exchange Securities	-	-	-
3. Stock Investment Group C	-	-	-
Stock Exchange Securities	-	-	-
4. Stock Investment Other Group	-	-	-
Other	129,427	129,427	-

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VII. EXPLANATIONS ON THE LIQUIDITY RISK

General principles of liquidity and financial emergency state management and the related application procedures are considered in the scope of "Regulation for Liquidity Risk and Liquidity and Financial Emergency State Management".

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

The Bank calculates liquidity adequacy ratio and reports to BRSA on a weekly basis in accordance with the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 and dated 1 November 2006. The liquidity adequacy of the Bank is over the limit values specified in the mentioned regulation. Liquidity ratios in 2013 and 2012 are as follows:

Current Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	226.85	224.07	139.01	132.62
Maximum (%)	330.78	319.36	163.97	160.26
Minimum (%)	118.48	156.09	121.13	114.51

Prior Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	318.14	218.56	170.13	133.86
Maximum (%)	405.61	346.97	183.5	159.56
Minimum (%)	250.5	169.37	155.17	114.29

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

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

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

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

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

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

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

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

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Presentation of liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^{(1) (2)}	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	26,602,413	-	-	-	-	-	-	26,602,413
Banks	873,798	1,009,261	148,038	433,914	-	-	-	2,465,011
Financial Assets at Fair Value Through Profit and Loss	-	139,935	3,559	146,372	159,118	4,953	-	453,937
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	339,903	2,202,042	7,622,424	20,289,568	15,867,273	362,587	46,683,797
Loans Given	-	4,747,155	7,844,527	42,503,296	46,909,967	8,248,490	794,538	111,047,973
Investments Held-to-Maturity	-	236,685	441,966	5,665,705	6,102,239	3,213,755	-	15,660,350
Other Assets	1,543,965	-	-	551	7,852	-	3,064,105	4,616,473
Total Assets	29,020,176	6,472,939	10,640,132	56,372,262	73,468,744	27,334,471	4,221,230	207,529,954
Liabilities								
Interbank Deposits	155,347	6,560,601	1,301,672	132,492	-	-	-	8,150,112
Other Deposits	28,680,623	73,258,698	19,475,208	11,857,329	313,050	126	-	133,585,034
Funds Provided from Other Financial Instruments	-	79,696	704,688	5,511,329	976,492	1,287,124	-	8,559,329
Money Market Borrowings	-	19,861,007	2,579,722	2,130,121	-	-	-	24,570,850
Issued Marketable Securities	-	961,251	579,892	1,095,744	-	-	-	2,636,887
Sundry Creditors	785,209	567,719	-	-	-	-	-	1,352,928
Other Liabilities ⁽³⁾	1,884,914	259,791	188,615	8,574	4,018,741	701,643	21,612,536	28,674,814
Total Liabilities	31,506,093	101,548,763	24,829,797	20,735,589	5,308,283	1,988,893	21,612,536	207,529,954
Liquidity Gap	(2,485,917)	(95,075,824)	(14,189,665)	35,636,673	68,160,461	25,345,578	(17,391,306)	-
Prior Period								
Total Assets	22,328,704	5,390,872	6,882,152	46,095,368	65,005,647	13,635,048	3,529,966	162,867,757
Total Liabilities	23,996,236	82,714,635	18,854,752	11,131,032	4,798,299	1,985,975	19,386,828	162,867,757
Liquidity Gap	(1,667,532)	(77,323,763)	(11,972,600)	34,964,336	60,207,348	11,649,073	(15,856,862)	-

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

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

⁽³⁾ TL3,997,095 of the funds balance, whose risk is not born by the Bank, is included in other liabilities and shown under the "1-5 years" column, fund balance amounted to TL39,396 is not granted as loan and is included under "Up to One Month" column.

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Presentation of liabilities according to their remaining maturities:

Current Period ⁽¹⁾	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank deposits	6,721,588	1,310,203	134,968	-	-	8,166,759
Other deposits	102,142,710	19,605,135	12,116,568	327,906	206	134,192,525
Funds borrowed from other financial institutions	83,742	713,750	5,625,788	1,297,858	1,403,195	9,124,333
Funds borrowed from Interbank money market	19,866,120	2,583,260	2,141,615	-	-	24,590,995
Total	128,814,160	24,212,348	20,018,939	1,625,764	1,403,401	176,074,612
Prior Period ⁽¹⁾						
Bank deposits	5,318,865	1,224,353	730,236	-	-	7,273,454
Other deposits	89,880,934	14,118,167	7,898,645	288,416	210	112,186,372
Funds borrowed from other financial institutions	488,616	216,832	1,180,495	162,326	1,408,756	3,457,025
Funds borrowed from Interbank money market	8,345,215	2,026,567	809,913	-	-	11,181,695
Total	104,033,630	17,585,919	10,619,289	450,742	1,408,966	134,098,546

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

Separation of Securitisation of Non-Performing Loans as Types and Losses in Current Year:

There is no securitisation of non-performing loans.

e) Credit Risk Mitigation Techniques:

Bank makes a credit risk reduction with regard to simple financial collateral in accordance with Article 33 of Communiqué on Credit Risk Reduction Methods.

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

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

Financial collaterals are valued daily in bank. Creditabilities of guarantors are monitored and evaluated in the scope of revision maturity.

Bank has no position about credit derivatives.

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Collaterals in terms of Risk Categories: ⁽¹⁾

Exposure classifications	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	77,680,481	988,663	-	-
Conditional and unconditional receivables from regional or local governments	139,031	63,500	-	224
Conditional and unconditional receivables from administrative units and non-commercial enterprises	383,439	131,105	-	-
Conditional and unconditional receivables from multilateral development banks	6	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	33,173,566	21,878,153	-	-
Conditional and unconditional corporate receivables	55,251,870	313,938	-	401,605
Conditional and unconditional retail receivables	38,371,530	374,571	-	43,365
Conditional and unconditional secured mortgage receivables	7,825,439	3,308	-	706
Past due receivables	545,855	-	-	-
Receivables in high risk category defined by BRSA	20,742,774	-	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	52,987	3,313	-	-
Other receivables	8,751,792	-	-	-
Total	242,918,770	23,756,551	-	445,900

⁽¹⁾ Prepared based on KR510 AS Form/4th line distribution of numbers after conversion rate to credit of every risk classes.

VIII. RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Strategies and Practices on Risk Management:

Bank, within the scope of regulations of BRSA, by also observing the best applications, provides management credit risk, interest rate on banking accounts, liquidity, operational and market risks that Bank faces with accordingly volume of its operations, quality and complexness.

b) Structure and Organization of Risk Management

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

As of 31 December 2013, Risk Management organization consists of operation and market risk management, credit risk management and statement risks management units.

c) Risk Reporting and Measurement Systems' Scope and Qualification

It is essential to consider practicing the risk assessment and monitoring operations and results in process of Banks' strategic decisions so as to be revealed Bank faced with risks. It is made analysis indicated below regarding measurement and monitoring operations for portfolio that is determined by the Bank and whole balance sheet with scope of these essentials, within the scope of buying-selling strategy.

Liquidity Risk

It is conducted to perform measurements, limiting, scenario analysis and stress tests that are suitable for structure and complexness of positions so as to be revealed interest rate on banking accounts that Bank can face with liquidity risk and report the findings cyclically.

For the purpose of measuring and monitoring activities of liquidity risk, Bank realizes "Liquidity Gap Analysis", "Behavioural Liquidity Gap Analysis", "Average Maturity Analysis" and "Deposit Analysis". Liquidity Gap Analysis is done based on time to maturity of assets and liabilities. Deposit Analysis is applied separately for time deposits and demand deposits. Also, for the purpose of the evaluation of the discount rates of Bank's expected cash flows based on each position and each product, and after adjustment its potential liquidity needs on the basis of the maturity groups in line with Bank's liquidity creation capacity, liquidity risk stress test is done. For liquidity risk, legal reporting is also done weekly.

Interest Rate Risk On Banking Accounts

It is conducted to perform measurements, limiting, scenario analysis and stress tests that are suitable for structure and complexness of positions so as to be revealed interest rate on banking accounts that Bank can face with and report the findings cyclically.

It is made periodically Repricing Gap Analysis, Net Interest Margin/Revenue Analysis and Duration Analysis based on whole balance sheet intended for measurement and monitoring operations of interest rate on banking accounts and Bank's economic capital adequacy is observed. Repricing Gap Analysis is applied based on assets and liabilities' time to repricing and Net Interest Margin/Revenue Analysis is applied based on balance sheet items' time to repricing. Duration Analysis is made through being weighted with quantities of periods that are calculated with effective duration method of assets and liabilities. It is revealed effect of important fluctuations, exchange rates, prices and interest rates in stress tests for interest rate on banking accounts. Also, it is made monthly legal reportings intended for interest rate on banking accounts.

Market Risk

Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and banks also reports the findings cyclically.

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

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

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

Operational Risks

Operational risk represents the possibility of damage from inadequate or failed internal processes, people and systems or from external events and including legal risks. The Operational Risk Management Services in the Bank in order to ensure compliance with Basel II, are carried out with the regulations issued on 28 June 2012 by the BRSA, revised in accordance with the Bank's "Operational, Reputational and Strategic Risk Management Regulations".

- The amount subject to operational risk is calculated by Basic Indicator Approach within the scope of "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" in order for keeping adequate shareholder's equity against losses that could arise due to operational risks in the Bank, and is reported to BRSA based on yearly.
- Operational risk profile in the Bank is monitored with several effective methods. Actualized operational risks are followed by "Operational Risk Loss Database" which is compatible with accounting system. Advanced Measurement Approach is performed in scope of calculation of economic capital and development of approach is performed.
- So as to be determined the operational risk levels of branches, studyings of "Operational Risk Map" are carried out for use in Internal Control Audit Program.
- An integrated risk mainframe is instituted within the scope of risks management arising from information technologies. In this context, a database regarding Information Technologies risks is constituted and actualised risks and actions taken are monitored via the database.
- By being revised of Bank Business Continuity Plan, possible risks that may occur in activities due to corruption and its potential effects evaluated are documented as "Business Impact Analysis".
- Risk arising from purchase of services provided from support service organizations for continuity has been evaluated with the "Regulation on Procurement of Support Services of Banks" published by the BRSA. In this context, Risk Management Program was revised and Risk Analysis Reports regarding support services are being prepared.

Credit Risk

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

It was constituted scoring models for individual customers, rating for Corporate, Commercial and Entrepreneurial customers with the object of customer evaluation within the scope of centralization of credit risk. The studies regarding these models' validation are conducted by Internal Control and Risk Management Group Presidency as independently from Units that have executive actions. It is also made analysis for performance measurement and accuracy with statistical methods.

In base of segments, risk limits are framed at credit risk weighted assets and are monitored monthly based.

Based on general and sub accounts, credit portfolios' improvement, tracking portfolio's improvement and loans under close monitoring are analyzed periodically. Also, it is made vintage analysis for real estate, vehicle, consumer, commercial, corporate and entrepreneurial loans so as to credit monitoring and comparing past performances.

d) Procedures on Risk Management and Risk Mitigation Policies with Regular Control of Their Effectiveness

It is essential to be bordered with limits compatible with risk profile of risk levels and risk toleration so as to prevent to considerably affect from the negativeness that can occur while Bank conducts its operations.

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

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

Additionally, derivative transactions are occurred in Bank and thanks to operated transactions, long term funding is provided, liquidity and interest rate risk on banking accounts are limited.

According to financial method, risk reduction is made in Bank and financial commitments are daily assessed. Credibilities of guarantors are monitored and assessed as part of credit revision maturities.

IX. EXPLANATIONS ON OPERATING SEGMENTS

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

The Bank is operating in consumer, corporate, commercial, entrepreneurial banking, investment banking, project financing and international banking areas.

Known as having the most extensive branch network in retail (consumer) banking sector, the Bank renders services, such as; deposits, consumer loans, loans originated from funds whose risk does not belong to the Bank, credit cards, automatic payment, cheques and notes, money transfer order, foreign exchange transactions, internet banking, mobile banking, safe-deposit box and insurance brokerage services. Moreover, existing instruments are improved and new banking instruments are created in order to benefit from services undertaken as being a state bank in increasing the profitability of the Bank. By "Finart" information 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, commercial and entrepreneurial 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 project financing, other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

As the Bank is the main financial institution that meets the financing needs of agricultural sector in Turkey, it extends agricultural operations and investment loans from its own sources for vegetable and animal production, fishery products and agricultural mechanization directly to producers and agricultural credit corporations.

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

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

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

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As of 31 December 2013 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:

	Consumer Banking	Corporate, Commercial and Entrepreneur Banking ⁽¹⁾	Specialized Lending ⁽²⁾	Investment Banking	International Banking	Total Operations of the Bank
Current Period						
Total Operating Income/Expense ⁽¹⁾	3,337,861	1,844,505	1,064,448	3,539,003	82,556	9,868,373
Net Operating Profit	1,372,416	758,399	437,665	1,455,118	33,944	4,057,542
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	320,981
Income Before Taxes	-	-	-	-	-	4,378,523
Tax Provision	-	-	-	-	-	(1,048,449)
Net Profit for the Period	-	-	-	-	-	3,330,074
Segment Assets-net ⁽¹⁾	39,457,234	47,610,301	22,903,484	88,756,163	4,186,298	202,913,480
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	1,298,120
Undistributed Assets ⁽³⁾	-	-	-	-	-	3,318,354
Total Assets	-	-	-	-	-	207,529,954
Segment Liabilities - net ⁽¹⁾	27,950,762	33,726,239	20,258,724	87,033,332	4,139,981	173,109,038
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	16,054,237
Shareholders' Equity	-	-	-	-	-	18,366,679
Total Liabilities	-	-	-	-	-	207,529,954
Other Segment Items	-	-	-	-	-	-
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	126,632
Restructuring Costs	-	-	-	-	-	-

⁽¹⁾ 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.

⁽²⁾ "Dividend income", a part of operating income of the Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed to segments.

⁽³⁾ The total of tangible and intangible assets, tax asset, other assets and assets held for sale is shown in "Undistributed Assets" row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in "Undistributed Liabilities" row.

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	Consumer Banking	Corporate Commercial and Entrepreneur Banking ⁽¹⁾	Specialized Lending ⁽²⁾	Investment Banking	International Banking	Total Operations of the Bank
Prior Period						
Total Operating Income/Expense ⁽¹⁾	2,594,102	918,930	1,008,284	3,550,917	56,045	8,128,278
Net Operating Profit	1,087,218	385,134	422,584	1,488,231	23,489	3,406,656
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	98,068
Income Before Taxes	-	-	-	-	-	3,504,724
Tax Provision	-	-	-	-	-	(854,297)
Net Profit for the Period	-	-	-	-	-	2,650,428
Segment Assets-net ⁽¹⁾	30,683,013	17,785,243	22,315,990	85,994,742	2,763,352	159,542,340
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	1,034,112
Undistributed Assets ⁽³⁾	-	-	-	-	-	2,291,305
Total Assets	-	-	-	-	-	162,867,757
Segment Liabilities - net ⁽¹⁾	23,110,631	13,395,952	21,097,674	76,098,984	2,717,302	136,420,543
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	9,279,724
Shareholders' Equity	-	-	-	-	-	17,167,490
Total Liabilities	-	-	-	-	-	162,867,757
Other Segment Items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	54,191
Restructuring Costs	-	-	-	-	-	-

⁽¹⁾ For the presentation of operating income, intradepartmental interest charged between branches and Treasury Operations Department is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.

⁽²⁾ "Dividend income", a part of operating income of the Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed between segments.

⁽³⁾ The total of tangible and intangible assets, tax asset, other assets and tangible fixed assets held for sale is shown in "Undistributed Assets" row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in "Undistributed Liabilities" row.

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

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	175,857,131	138,682,792	175,345,600	140,020,720
Due from Interbank Money Market	-	-	-	-
Banks	2,465,011	1,933,471	2,465,011	1,933,471
Available-for-sale Financial Assets	46,683,797	38,068,017	46,683,797	38,068,017
Held-to-maturity Investments	15,660,350	27,254,825	15,148,819	28,592,753
Loans	111,047,973	71,426,479	111,047,973	71,426,479
Financial Liabilities	154,284,290	125,140,214	154,284,290	125,140,214
Bank Deposits	8,150,112	7,256,395	8,150,112	7,256,395
Other Deposits	133,585,034	111,709,909	133,585,034	111,709,909
Funds Borrowed from Other Financial Institutions	8,559,329	3,072,439	8,559,329	3,072,439
Issued Marketable Securities	2,636,887	1,943,988	2,636,887	1,943,988
Miscellaneous Payables	1,352,928	1,157,483	1,352,928	1,157,483

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

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

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

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	15,310	438,627	-	453,937
Government Debt Securities	15,310	-	-	15,310
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	438,627	-	438,627
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets (Net)	46,422,764	254,803	-	46,677,567
Equity Securities ⁽¹⁾	233,169	123,196	-	356,365
Government Debt Securities	46,178,897	-	-	46,178,897
Other Marketable Securities	10,698	131,607	-	142,305
Total Assets	46,438,074	693,430	-	47,131,504
Trading Derivative Financial Liabilities	-	54,664	-	54,664
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	54,664	-	54,664

⁽¹⁾ Since equity securities under the heading of financial assets available for sale amounting to TL6,230 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	13,650	132,567	-	146,217
Government Debt Securities	13,650	-	-	13,650
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	132,567	-	132,567
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets (Net)	37,814,496	234,927	-	38,049,423
Equity Securities ⁽¹⁾	118,061	122,898	-	240,959
Government Debt Securities	37,694,799	-	-	37,694,799
Other Marketable Securities	1,636	112,029	-	113,665
Total Assets	37,828,146	367,494	-	38,195,640
Trading Derivative Financial Liabilities	-	55,548	-	55,548
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	55,548	-	55,548

⁽¹⁾ Since equity securities under the heading of financial assets available for sale amounting to TL18,594 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

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

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

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

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

The Bank has no fiduciary transactions.

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,227,432	538,232	1,105,697	318,761
Central Bank of the Republic of Turkey	2,437,056	22,390,350	4,802,571	14,473,438
Other	-	9,343	-	12,864
Total	3,664,488	22,937,925	5,908,268	14,805,063

1.a.1) Information on Required Reserves:

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

As of the balance sheet date, according to CBRT's Communiqué about Required Reserves No. 2005/1, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity, and for deposits up to 3-months maturity 11.5%; for deposits up to 6-months maturity 8.5%; for deposits up to 1-year maturity 6.5%; for deposits 1-year and longer maturity 5%; for TL liabilities other than deposits up to 1-year maturity 11.5%; for TL liabilities other than deposits between 1- and 3-years maturity 8%; for TL liabilities other than deposits more than 3-years maturity 5%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 13%; for FC deposit accounts with 1-year and longer maturity 9%, for FC liabilities other than deposits up to 1-year maturity 13%; for FC liabilities other than deposits up to 3-years maturity 11%; and for FC liabilities other than deposits more than 3-years maturity 6%.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2,401,860	941,696	4,773,232	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves ^{(1) (2)}	35,196	21,448,654	29,339	14,473,438
Total	2,437,056	22,390,350	4,802,571	14,473,438

⁽¹⁾ Required reserve of branches abroad amounting to TL50,888 is presented in this line (31 December 2012: TL36,777).

⁽²⁾ TL15,735,041 of the current period's FC required reserve is the part of the TL required reserves that are held in FC.

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	5,005	-
Total	5,005	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Assets Held-for-Trading				
Forward Transactions	11,680	25	27	324
Swap Transactions	282,060	144,862	7,861	124,355
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	293,740	144,887	7,888	124,679

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	459,579	127,561	32,447	211,697
Foreign Banks	52,525	1,825,346	12,669	1,676,658
Foreign Head Office and Branches	-	-	-	-
Total	512,104	1,952,907	45,116	1,888,355

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b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	900,879	1,247,032	-	-
USA, Canada	711,563	226,319	-	-
OECD Countries ⁽¹⁾	7,749	2,893	-	-
Off-shore Banking Regions	-	-	-	-
Other	257,680	213,083	-	-
Total	1,877,871	1,689,327	-	-

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

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	23,412,254	4,303,003
Assets Blocked/Given as Collateral	1,529,694	289,203
Total	24,941,948	4,592,206

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	47,479,195	37,861,017
Quoted in Stock Exchange	47,479,195	37,861,017
Not Quoted in Stock Exchange	-	-
Share Certificates	363,274	261,545
Quoted in Stock Exchange	233,318	119,261
Not Quoted in Stock Exchange	129,956	142,284
Provision for Impairment (-)	1,158,672	54,545
Total	46,683,797	38,068,017

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	247,902	-	234,561	-
Total	247,902	-	234,561	-

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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	
		Loans and other receivables with revised contract terms ⁽¹⁾	Other		Loans and other receivables with revised contract terms	Other
Cash Loans						
Non-Specialized Loans	83,799,459	721,751	-	2,197,691	280,000	-
Commercial loans	23,624,417	23,699	-	214,440	50,192	-
Export Loans	2,535,603	-	-	12,960	-	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	1,551,057	-	-	-	-	-
Consumer loans	33,170,846	34,292	-	1,709,912	22,733	-
Credit Cards	2,445,231	28	-	53,245	805	-
Other ⁽²⁾	20,472,305	663,732	-	207,134	206,270	-
Specialized Lending ^{(3) (4)}	19,688,120	1,086,106	-	706,314	173,291	-
Other Receivables	-	-	-	-	-	-
Interest Income Accruals	1,600,703	-	-	-	-	-
Total	105,088,282	1,807,857	-	2,904,005	453,291	-

⁽¹⁾ Restructured or rescheduled loans cannot be decomposed systematically. Therefore it is shown in the "Loans and other receivables with revised contract terms" section.

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

⁽³⁾ Fund sourced agricultural loans are shown under Specialized Lending.

⁽⁴⁾ Agriculturally qualified farmer standby loans have been displayed under Specialized Lending.

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
No. of extensions		
1 or 2 Times Extended ^(*)	1,807,857	453,291
3 - 4 or 5 Times Extended	-	-
Over 5 Times Extended	-	-

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

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Extension Periods	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 - 6 Months	222,634	59,711
6 Months - 12 Months	1,208,926	201,555
1 - 2 Years	209,208	60,265
2 - 5 Years	161,100	127,918
5 Years and Over	5,989	3,842
Total	1,807,857	453,291

c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables ⁽¹⁾	Restructured or Rescheduled ⁽¹⁾	Loans and Other Receivables ⁽¹⁾	Restructured or Rescheduled ⁽¹⁾
Short-term Loans	32,107,415	1,350,863	482,793	161,821
Non-specialized Loans	22,488,338	536,057	117,456	19,146
Specialized Loans	9,619,077	814,806	365,337	142,675
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	71,380,160	456,994	2,421,216	291,470
Non-specialized Loans ⁽²⁾	61,311,117	185,693	2,080,239	260,855
Specialized Loans	10,069,043	271,301	340,977	30,615
Other Receivables	-	-	-	-

⁽¹⁾ Rediscounts are not included.

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	299,281	34,278,815	34,578,096
Real Estate Loans	1,299	10,246,193	10,247,492
Vehicle Loans	2,396	234,055	236,451
Consumer Loans	291,918	23,502,315	23,794,233
Abroad ⁽²⁾	3,668	296,252	299,920
Other	-	-	-
Consumer Loans- Indexed to FC	-	9	9
Real Estate Loans	-	9	9
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	77	954	1,031
Real Estate Loans	-	21	21
Vehicle Loans	-	-	-
Consumer Loans	77	933	1,010
Other	-	-	-
Individual Credit Cards-TL	2,271,375	14,558	2,285,933
With Installment	992,786	13,826	1,006,612
Without Installment	1,278,589	732	1,279,321
Individual Credit Cards-FC	4,300	-	4,300
With Installment	-	-	-
Without Installment	4,300	-	4,300
Personnel Loans-TL	15,940	153,218	169,158
Real Estate Loans	-	434	434
Vehicle Loans	-	-	-
Consumer Loans	5,532	151,775	157,307
Abroad ⁽²⁾	78	1,009	1,087
Other	10,330	-	10,330
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	75,477	361	75,838
With Installment	37,401	342	37,743
Without Installment	38,076	19	38,095
Personnel Credit Cards-FC	135	-	135
With Installment	-	-	-
Without Installment	135	-	135
Overdraft Accounts-TL (Real Person)	490,496	-	490,496
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	3,157,081	34,447,915	37,604,996

⁽¹⁾ TL261,236 of interest income accrual could not be decomposed therefore accruals are not included in the table above.

⁽²⁾ TL1,087 of consumer loans used by the personnel abroad and TL299,920 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-TL	1,045,882	7,973,626	9,019,508
Business Loans	2,227	142,151	144,378
Vehicle Loans	8,807	278,243	287,050
Consumer Loans	1,032,868	1,395,590	2,428,458
Other	1,980	6,157,642	6,159,622
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	118,892	8,488,982	8,607,874
Business Loans	-	8,672	8,672
Vehicle Loans	-	675	675
Consumer Loans	118,892	8,479,635	8,598,527
Other	-	-	-
Corporate Credit Cards-TL	132,351	207	132,558
With Installment	32,829	180	33,009
Without Installment	99,522	27	99,549
Corporate Credit Cards-FC	545	-	545
With Installment	-	-	-
Without Installment	545	-	545
Overdraft Account-TL (Legal Entity)	35,471	-	35,471
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	1,333,141	16,462,815	17,795,956

⁽¹⁾ Accruals and rediscounts related to these loans are not included in the table above.

f) Loans according to types of borrowers:

	Current Period	Prior Period
Public	1,409,979	824,207
Private	107,242,753	68,141,528
Interest Income Accruals of Loans	1,600,703	1,664,559
Total	110,253,435	70,630,294

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	107,649,974	68,158,284
Foreign Loans	1,002,758	807,451
Interest Income Accruals of Loans	1,600,703	1,664,559
Total	110,253,435	70,630,294

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h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	667,261	212,707
Indirect loans granted to subsidiaries and associates	-	-
Total ⁽¹⁾	667,261	212,707

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

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	79,322	125,115
Loans and other receivables with doubtful collectability	391,854	557,661
Uncollectible loans and other receivables	1,151,727	578,592
Total	1,622,903	1,261,368

j) Information on non-performing receivables (net):
i.I) Information on loans and other receivables included in non-performing receivables which are restructured or rescheduled:

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current period	15,304	56,855	110,445
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	15,304	56,855	110,445
Rescheduled loans and other receivables	-	-	-
Prior period	13,471	47,107	66,765
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	13,471	47,107	66,765
Rescheduled loans and other receivables	-	-	-

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

	Group III:	Group IV:	Group V:
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period Ending Balance	256,273	1,043,629	757,651
Additions (+)	1,269,796	205,152	231,312
Transfers from Other Categories of Loans under Follow-Up (+)	-	1,118,342	1,771,550
Transfers to Other Categories of Loans under Follow-Up (-)	1,118,342	1,771,550	-
Collections (-) ⁽¹⁾	238,414	193,408	914,550
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance ⁽²⁾	169,313	402,165	1,845,963
Specific Provision (-) ⁽³⁾	79,322	391,854	1,151,727
Net Balance on Balance Sheet	89,991	10,311	694,236

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

⁽²⁾ Includes the loans originated from funds amounting to TL247,734 whose risk does not belong to the Bank.

⁽³⁾ As of 31 December 2013, Bank made 100% provision for the portion of TL155,927 of the loans under follow-up which is TL623,703 after taking guarantees into consideration.

i.3) Information on foreign currency non-performing loans:

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	25	9,697	10,848
Specific Provision (-)	13	9,697	10,848
Net Balance on Balance Sheet	12	-	-
Prior Period:			
Period Ending Balance	2,726	5,727	8,298
Specific Provision (-)	1,363	5,727	8,298
Net Balance on Balance Sheet	1,363	-	-

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

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	89,991	10,311	694,236
Loans to Real Persons and Legal Entities (Gross)	169,313	346,311	1,845,963
Specific Provisions (-)	79,322	336,000	1,151,727
Loans to Real Persons and Legal Entities (Net)	89,991	10,311	694,236
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	55,854	-
Specific Provisions (-)	-	55,854	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	131,158	485,968	179,059
Loans to Real Persons and Legal Entities (Gross)	256,273	990,770	757,651
Specific Provisions (-)	125,115	504,802	578,592
Loans to Real Persons and Legal Entities (Net)	131,158	485,968	179,059
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	52,859	-
Specific Provisions (-)	-	52,859	-
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 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 Management. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management 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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m) Other explanations and disclosures:

Current Period	Commercial ⁽²⁾	Consumer ⁽¹⁾	Agricultural ⁽¹⁾	Total
Neither Past Due nor Impaired Loans	47,691,568	37,582,988	21,621,583	106,896,139
Past Due but not Impaired Loans	690,995	1,786,692	879,609	3,357,296
Impaired Loans	1,297,098	513,600	606,743	2,417,441
Total	49,679,661	39,883,280	23,107,935	112,670,876
Specific Provisions of Impaired Loans (-)	790,772	488,903	343,228	1,622,903
Net Loan Amount	48,888,889	39,394,377	22,764,707	111,047,973

⁽¹⁾ TL1,503,449 consumer, TL2,246,648 agricultural, and TL18 commercial loans originated from funds whose risk does not belong to the Bank, are shown under Neither Past Due nor Impaired Loans.

Prior Period	Commercial ⁽²⁾	Consumer ⁽¹⁾	Agricultural ⁽¹⁾	Total
Neither Past Due nor Impaired Loans	17,215,473	27,823,177	21,090,230	66,128,880
Past Due but not Impaired Loans	1,008,778	2,678,930	813,705	4,501,413
Impaired Loans	1,148,530	397,149	511,874	2,057,553
Total	19,372,781	30,899,256	22,415,809	72,687,846
Specific Provisions of Impaired Loans (-)	620,231	365,405	275,732	1,261,368
Net Loan Amount	18,752,550	30,533,851	22,140,077	71,426,479

⁽¹⁾ TL1,265,064 consumer, TL2,805,292 agricultural, and TL48 commercial loans originated from funds whose risk does not belong to the Bank, are shown under Neither Past Due nor Impaired Loans.

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

Current Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	127,658	31,870	33,233	-	192,761
Consumer Loans	43,142	17,135	7,981	-	68,258
Agricultural Loans	402,836	227,563	19,096	-	649,495
Total	573,636	276,568	60,310	-	910,514

⁽¹⁾ The amounts at the table are the total of the overdue installments for the loans with installments and overdue principals for other loans; the remaining principal amount of loans with installments equals to TL2,446,782.

Prior Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	152,817	49,079	25,439	-	227,335
Consumer Loans	49,834	20,941	8,735	-	79,510
Agricultural Loans	320,853	103,323	12,579	-	436,755
Total	523,504	173,343	46,753	-	743,600

⁽¹⁾ The amounts at the table are the total of the overdue installments for the loans with installments and overdue principals for other loans; the remaining principal amount of loans with installments equals to TL3,072,006.

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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 a collateral/ blocked:****a.1) Held-to-maturity investments subject to repo transactions:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	586,720	4,028,780	4,617,294	3,182,681
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	586,720	4,028,780	4,617,294	3,182,681

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	5,959,248	893,747	6,456,814	594,419
Other	-	-	-	-
Total	5,959,248	893,747	6,456,814	594,419

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

	Current Period	Prior Period
Government Bonds	15,650,708	27,245,096
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	15,650,708	27,245,096

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	15,660,350	27,254,825
Quoted in a Stock Exchange	15,650,708	27,245,096
Not Quoted in a Stock Exchange	9,642	9,729
Provision for Impairment (-)	-	-
Total	15,660,350	27,254,825

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d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	27,254,825	32,504,197
Foreign Currency Differences on Monetary Assets	875,833	(247,868)
Purchases During the Year	253,278	220,573
Disposals through Sales and Redemptions	(12,723,586)	(5,222,077)
Provision for Impairment (-)	-	-
Period End Balance	15,660,350	27,254,825

Within the year 2008, the Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TL23,630,115, EUR717,616 thousand and USD1,483,317 thousand to held-to-maturity portfolio with fair values of TL22,971,669, EUR702,950 thousand and USD1,562,742 thousand respectively which have been taken into consideration as book values after reclassification. The Bank has also reclassified securities previously classified in financial assets at fair value through profit and loss portfolio with nominal values of EUR37,951 thousand and USD45,501 thousand to held-to-maturity portfolio with fair values of EUR37,178 thousand and USD62,311 thousand respectively which have been taken into consideration as book values after reclassification in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" published in the Official Gazette No. 27040 dated 31 October 2008 by TASB.

Revaluation differences of reclassified available for sale securities before deferred tax are TL68,984, EUR(23,067) thousand and USD(15,207) thousand respectively and are recorded under shareholders' equity. These balances will be amortized until the redemption date of related securities using straight-line method and recorded as interest income or expense. At the end of balance sheet date, negative revaluation differences under shareholders' equity are amounted as USD13,296 thousand and EUR6,590 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR34,627 thousand and USD64,226 thousand respectively.

If the reclassification from the held for trading securities portfolio to the held-to-maturity portfolio had not been performed, income accrual amounting to TL6,114 would have been recorded. As of 31 December 2013, the reclassification from held for trading securities to held-to-maturity investments has an income impact of TL(7,859).

7. Information about associates (net):

a) 1) Information about unconsolidated associates:

	Description	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	İstanbul/TURKEY	12.50	17.98
2	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	10.00	9.09

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	33,001	23,773	19,650	365	-	4,171	1,144	-
2	91,353	78,926	48,848	1,784	-	28,150	33,184	-

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

⁽²⁾ Current period information of associates has been provided from reviewed financial statements as of 30 September 2013. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2012.

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

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b) 1) Explanation regarding consolidated associates:

	Description	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	22.22	15.43

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/ Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	3,175,098	445,468	23,757	62,549	10,890	33,222	58,700	-

⁽¹⁾ Since shares of Arap Türk Bankası A.Ş. are not traded in the stock market, fair values cannot be identified.⁽²⁾ Current period information of Arap Türk Bankası A.Ş. has been provided from reviewed financial statements as of 30 September 2013. Prior period profit/loss information of Arap Türk Bankası A.Ş. has been provided from audited financial statements as of 31 December 2012.**2) Information about consolidated associates:**

	Current Period	Prior Period
Beginning Balance	59,386	53,781
Movement During the Period	-	5,605
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation	-	-
Transfer	-	-
Sales	-	-
Revaluation	-	5,605
Impairment Provision	-	-
Ending Balance	59,386	59,386
Capital Commitments	-	-
Period Ending Share of Capital Participation	15.43	15.43

3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	59,386	59,386
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

4) Consolidated associates quoted to a stock exchange:

None (31 December 2012: None).

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8. Information on subsidiaries (net):

a) 1) Information about unconsolidated subsidiaries:

	Description	Address (City/Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/TURKEY	100.00	100.00

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	47,859	5,115	36,538	188	29	(364)	689	-

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

⁽²⁾ Current period information of subsidiaries has been provided from unaudited financial statements as of 31 December 2013. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2012.

⁽³⁾ With the board of director decision in 15 May 2013, Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.'s nominal share of TL610,000 was vested in T. Halk Bankası A.Ş. and partnership relation with this subsidiary was actually ended in 23 July 2013.

b) 1) Information about consolidated subsidiaries:

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

	Description	Address (City/Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	İstanbul/TURKEY	100.00	100.00
2	Ziraat Sigorta A.Ş.	İstanbul/TURKEY	100.00	100.00
3	Ziraat Finansal Kiralama A.Ş.	İstanbul/TURKEY	100.00	100.00
4	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	100.00	99.60
5	Ziraat Portföy Yönetimi A.Ş.	İstanbul/TURKEY	100.00	99.70
6	Ziraat Bank International A.G.	Frankfurt/GERMANY	100.00	100.00
7	Turkish Ziraat Bank Bosnia dd	Sarajevo/BOSNIA HERZEGOVINA	100.00	100.00
8	Ziraat Bank (Moscow) CJSC	Moscow/RUSSIA	100.00	100.00
9	Kazakhstan Ziraat Int. Bank	Almaty/KAZAKHSTAN	100.00	99.58

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	Total Assets ⁽³⁾	Shareholders' Equity ⁽³⁾	Total Non-Current Assets ⁽³⁾	Interest Income ⁽³⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽³⁾	Prior Period Profit/Loss ⁽³⁾	Fair Value ⁽¹⁾
1	1,217,706	213,177	2,381	56,276	8,616	98,963	70,081	-
2	333,954	109,980	1,601	9,456	462	37,436	45,352	-
3	1,300,039	170,487	432	53,660	3	15,008	19,304	-
4	90,375	75,815	1,441	21,344	662	4,733	8,952	-
5	9,546	9,139	107	462	443	(6)	644	-
6	2,403,126	433,426	3,833	46,250	2,946	1,915	6,217	455,807
7	502,395	104,235	13,638	15,331	397	5,461	(2,556)	58,047
8	143,207	61,037	4,308	7,445	97	2,836	3,611	57,240
9	354,149	229,298	9,485	14,176	814	13,828	6,209	197,734

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

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

⁽³⁾ Information on subsidiaries shown in the above table has been provided from reviewed financial statements as of 30 September 2013, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2012.

2) Information about consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	886,501	694,228
Movements During the Period	258,568	192,273
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	36,764	58,848
Bonus Shares Obtained	221,804	59,676
Dividends from current year income	-	-
Transfers to available for sale assets	-	-
Sales	-	37,469
Revaluation Increase	-	111,218
Impairment Provision	-	-
Balance at the End of the Period	1,145,069	886,501
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ Paid Capital Increases made during the period are classified under "Purchases" account.

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

	Current Period	Prior Period
Banks	768,828	710,374
Insurance Companies	129,972	39,984
Factoring Companies	-	-
Leasing Companies	182,839	116,291
Financing Companies	-	-
Other Financial Subsidiaries	63,430	19,852

c) Subsidiaries which are quoted on a stock exchange:

None (31 December 2012: None).

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

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share ⁽²⁾	Group's Share	Current Assets	Non- Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	17,930	17,930	157,443	10,441	18,839	24,937	13,193
Uzbekistan- Turkish Bank	27,904	27,915	130,590	2,063	2,134	10,303	6,290
Azer Türk Bank ASC	18,842	20,480	254,868	1,656	870	35,300	30,851
Total	64,676	66,325	542,901	14,160	21,843	70,540	50,334

⁽¹⁾ Information on entities under joint control is provided from the unaudited financial statements as of 31 December 2013.

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

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

10. Information on finance lease receivables (net):

The Bank has no finance lease receivables.

11. Information on derivative financial assets for hedging purposes:

The Bank has no derivative financial assets for hedging purposes.

12. Information on investment property:

None (31 December 2012: None).

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

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

The Bank's immovables acquired amount to TL105,595 consisting of TL11,209 due to consumer loans, TL76,689 on its commercial loans and TL17,697 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL303. Total depreciation expense is TL946 for these held for sale assets.

(31 December 2012: The Bank's immovables acquired amount to TL66,604 consisting of TL4,049 due to consumer loans, TL54,611 on its commercial loans and TL7,944 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL82. Total depreciation expense is TL637 for these held for sale assets.

14. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End:					
Cost	1,411,917	477	40,251	365,330	1,817,975
Accumulated Depreciation (-)	638,072	48	25,516	222,983	886,619
Net Book Value	773,845	429	14,735	142,347	931,356
Current Period End:					
Net Book Value at the Beginning of the Period	773,845	429	14,735	142,347	931,356
Change During the Period (Net)	29,128	3,172	4,305	122,234	158,839
Depreciation - net (-)	(3,482)	365	4,577	35,217	36,677
Impairment (-)	-	-	-	3,867	3,867
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	1,441,045	3,648	44,556	483,698	1,972,947
Accumulated Depreciation at Period End (-)	634,590	412	30,093	258,200	923,295
Closing Net Book Value	806,455	3,236	14,463	225,498	1,049,652

a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.

b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

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15. Explanations on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	107,073	47,523	59,550	58,585	26,127	32,458
Establishment Costs	2,464	910	1,554	4,505	2,767	1,738
Goodwill	-	-	-	-	-	-
Intangible Rights	107,154	33,330	73,824	40,963	13,743	27,220
Total	216,691	81,763	134,928	104,053	42,637	61,416

a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.

d) The book value of intangible fixed assets that are pledged or restricted for use: None.

e) Amount of purchase commitments for intangible fixed assets: None

f) Information on revalued intangible assets according to their types: None.

g) Amount of total research and development expenses recorded in income statement within the period if any: None.

h) Positive or negative consolidation goodwill on entity basis: Not applicable for the unconsolidated financial statements

i) Information on Goodwill: None.

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16. Information on deferred tax asset:

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

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the financial statements.

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

	Current Period	Prior Period
Deferred Tax Assets	735,750	468,823
Deferred Tax Liabilities	402,234	245,065
Net Deferred Tax Assets	333,516	223,758
Net Deferred Tax Income/(Expense)	(377,930)	287,936
	Current Period	Prior Period
Reserve for Employment Termination Benefits	113,409	127,960
Short Term Employee Benefits	26,920	26,880
Other Provisions	45,600	44,845
Valuation of Financial Assets	124,368	14,793
Other	23,219	9,280
Net Deferred Tax Assets	333,516	223,758
	Current Period	Prior Period
As of 1 January	223,758	281,702
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax (Expense)/Income	(377,930)	287,936
Deferred Tax Expenses (Net)	(377,930)	287,936
Deferred Tax Recognized Under Shareholders' Equity	487,688	(345,880)
Deferred Tax Assets	333,516	223,758

17. Information on other assets:

As of 31 December 2013 and 2012, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

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

1) For deposit banks:

Current Period	Demand	7 Days 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	9,471,948	-	2,306,619	44,971,074	3,911,099	668,484	853,993	5,011	62,188,228
Foreign Currency Deposits	5,581,597	-	4,739,736	10,804,880	2,633,979	1,680,226	8,324,948	298	33,765,664
Residents in Turkey	5,065,423	-	4,579,296	9,696,394	2,392,136	1,435,177	7,281,986	294	30,450,706
Residents Abroad	516,174	-	160,440	1,108,486	241,843	245,049	1,042,962	4	3,314,958
Public Sector Deposits	7,211,067	-	1,572,787	6,612,879	333,679	481,242	168,811	-	16,380,465
Commercial Inst. Deposits	3,442,000	-	3,920,234	4,703,009	579,908	109,280	6,219	-	12,760,650
Other Inst. Deposits	1,273,597	-	1,010,923	3,629,298	151,800	412,311	5,208	-	6,483,137
Precious Metals	1,700,414	-	-	306,476	-	-	-	-	2,006,890
Interbank Deposits	155,346	-	5,892,146	675,214	1,081,863	268,250	77,293	-	8,150,112
CBRT	3,058	-	2,769	-	-	-	-	-	5,827
Domestic Banks	31,537	-	3,938,310	248,985	229,863	2,000	2,051	-	4,452,746
Foreign Banks	93,149	-	1,951,067	426,229	852,000	266,250	75,242	-	3,663,937
Participation Banks	27,602	-	-	-	-	-	-	-	27,602
Other	-	-	-	-	-	-	-	-	-
Total	28,835,969	-	19,442,445	71,702,830	8,692,328	3,619,793	9,436,472	5,309	141,735,146

Prior Period	Demand	7 Days Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	6,841,609	-	2,177,611	43,625,246	3,366,354	481,282	838,565	5,010	57,335,677
Foreign Currency Deposits	3,958,526	-	3,333,810	6,203,551	2,588,811	874,081	5,425,944	272	22,384,995
Residents in Turkey	3,580,586	-	3,237,227	5,837,263	2,398,163	742,057	4,776,105	270	20,571,671
Residents Abroad	377,940	-	96,583	366,288	190,648	132,024	649,839	2	1,813,324
Public Sector Deposits	6,403,670	-	1,572,256	5,756,571	336,474	366,977	3,577	-	14,439,525
Commercial Inst. Deposits	2,176,608	-	2,486,280	4,779,989	879,998	4,076	18,851	-	10,345,802
Other Inst. Deposits	1,463,788	-	562,695	3,720,185	171,128	348,875	6,788	-	6,273,459
Precious Metals	848,805	-	-	81,527	-	-	-	-	930,332
Interbank Deposits	81,660	-	4,248,751	923,044	1,995,059	2,000	6,000	-	7,256,514
CBRT	2,214	-	1,779	-	-	-	-	-	3,993
Domestic Banks	35,552	-	4,078,998	211,324	279,529	2,000	6,000	-	4,613,403
Foreign Banks	33,863	-	167,974	711,720	1,715,530	-	-	-	2,629,087
Participation Banks	10,031	-	-	-	-	-	-	-	10,031
Other	-	-	-	-	-	-	-	-	-
Total	21,774,666	-	14,381,403	65,090,113	9,337,824	2,077,291	6,299,725	5,282	118,966,304

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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:**

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits				
Saving Deposits ⁽²⁾	41,444,188	30,505,073	20,481,299	26,579,587
Foreign Currency Saving Deposits ⁽²⁾	13,960,516	8,336,033	12,461,340	10,600,342
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	467,408	423,579	54,646	28,553
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

⁽¹⁾ In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL24,133 and TL12,491 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2012: Bulgaria and Greece, TL10,668 and TL9,642, respectively).

⁽²⁾ Related deposit balances do not include foreign branches

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL2,654 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 TL100 attributable to a real person is covered by the insurance, TL369,958 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 15 February 2013 and numbered 28560.

1) Information on saving deposits/real persons' private current and accession accounts not related to commercial transactions in a Turkish branch of the Bank whose head office is 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 of real persons not covered by the deposit insurance fund:**

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	56,859	64,624
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors, General Manager, Assistant General Managers and Their Close Families	2,010	1,691
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	11,332	-	25	319
Swap Transactions	7,188	36,144	38,962	16,242
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	18,520	36,144	38,987	16,561

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	148,576	159,887	67,462	86,120
Foreign Banks, Institutions and Funds	933,386	7,317,480	797,484	2,121,373
Total	1,081,962	7,477,367	864,946	2,207,493

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	119,109	5,868,133	56,879	1,453,890
Medium and Long-Term	962,853	1,609,234	808,067	753,603
Total	1,081,962	7,477,367	864,946	2,207,493

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:

68.30% of the Bank's liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Bank's liabilities are not subject to a significant concentration risk.

3. d) Information on funds supplied from repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions				
Financial Institutions and Organizations	11,040,945	12,061,628	4,599,126	5,584,781
Other Institutions and Organizations	1,456,454	-	971,889	-
Real Person	11,823	-	6,678	-
From Overseas Operations	-	-	-	-
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	12,509,222	12,061,628	5,577,693	5,584,781

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e) Information on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2,404,051	-	1,767,858	-
Treasury Bills	232,836	-	179,130	-
Total	2,636,887	-	1,943,988	-

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

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

5. Information on finance lease payables (net):

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

Information on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	958	940	27	25
Between 1-4 Years	1	1	270	262
More than 4 Years	-	-	-	-
Total	959	941	297	287

6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes (31 December 2012: None).

7. Explanations on provisions:**a) Information on general provisions:**

	Current Period	Prior Period
General Provisions	1,970,093	1,204,739
Allocated for Group-I Loans and Receivables	1,703,039	974,713
Additional Provision for Loans and Receivables with Extended Maturities	79,184	20,214
Allocated for Group-II Loans and Receivables	135,567	150,130
Additional Provision for Loans and Receivables with Extended Maturities	18,994	13,702
Allocated for Non-cash Loans	87,444	47,201
Other	44,043	32,695

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

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

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL29,876.

d) Information on other provisions:

1) Information on general provisions for possible risks:

These financial statements include a free provision which is not in accordance with BRSA principles amounting to TL1,006,000 thousand (TL250,500 thousand of this provision amount was charged to the income statement in the current period), provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL11,550 and other provision of TL36 exist for cash transfers made by Bank officials.

	Current Period	Prior Period
General provisions for possible risks	1,017,586	765,976

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

Since the Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, based on the information provided by the legal department, lawsuits against the Bank over TL100 amounts to TL80,385. Full provision has been provided in these financial statements for law suits ended against the Bank but not finalized yet, amounting to TL33,859. In addition to these, for the interest expenses calculated for the lawsuits against the Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, general provision amounting to TL62,932 has been provided.

With the final decision of the Competition Board in 8 March 2013, the Parent Bank was imposed an administrative penalty amounting to TL148,231 and the reasoned decision of penalty above-mentioned has been communicated to the Bank that is 1% of its annual gross revenue formed at the end of 2011 and determined by the Board, because of the violation of the fourth article of "Act on the Protection of Competition" numbered 4054. In accordance with 17th article of Misdemeanor Law, TL111,174 was paid in 16 August 2013 and TL111,200 which was booked as other provision in early period was cancelled by reversal.

Furthermore, based on the decision of the Bank management, provision amounting to TL108,000, without taking into consideration the guarantees of the loans and in line with the conservatism principle, is provided for the consumer loans followed under standard loan portfolio that also have amounts in the non-performing loan portfolio in compliance with the Act on Preservation of Consumers numbered 4077. The provision is made in accordance with the "Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions", published in Official Gazette numbered 26333, dated 1 November 2006 and considering the conservatism principle without taking into consideration the guarantees of these loans.

The Bank also provided provisions amounting to TL29,876 for unindemnified non-cash loans, TL22,300 for commission payments of Maximum Card, and TL12,006 for other provisions. As a result of the provisions mentioned above, the other provision balance on the Bank's balance sheet amounts to TL1,286,559. (31 December 2012: TL1,023,100)

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e) Liabilities on reserve for employee termination benefits:**1) Employment termination benefits and unused vacation rights**

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2013, unpaid vacation liability amounted to TL134,600 (31 December 2012: TL134,400), and employment termination amounted to TL567,043 (31 December 2012: TL639,800) are presented under the "Employee Benefits Provision" in the financial statements.

	Current Period	Prior Period
As of 1 January	639,800	531,100
Payments in the period	(143,727)	(49,367)
Charge for the period	70,970	158,067
Total	567,043	639,800

2) Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9.80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2013 and 2012.

The liability related to Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9.80% real discount rate, etc.).

According to related Actuary Report, the Fund's surplus is TL1,371,944 (31 December 2012: TL813,030) as of 31 December 2013.

	Current Period	Prior Period
Present value of funded obligations	382,944	(64,970)
- Pension benefits transferable to SSI	(42,132)	(330,877)
- Post employment medical benefits transferable to SSI	425,076	265,907
Fair value of plan assets	989,000	878,000
Actuarial Surplus	1,371,944	813,030

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9.80%	9.80%
- Post employment medical benefits transferable to SSI	9.80%	9.80%

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

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Plan assets are comprised as follows:

	Current Period	Prior Period
Bank Placements	681,445	694,729
Property and Equipment	185,987	160,982
Marketable Securities	114,084	13,889
Other	7,484	8,400
Total	989,000	878,000

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of 31 December 2013, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL162,414 (31 December 2012: TL343,727).

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	162,414	343,727
Taxation on Income From Securities	103,823	86,192
Property Tax	1,428	1,000
Banking Insurance Transactions Tax (BITT)	66,744	51,049
Foreign Exchange Transactions Tax	22	5
Value Added Tax Payable	2,458	1,253
Other	45,111	29,964
Total	382,000	513,190

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	36	20
Social Security Premiums - Employer	50	25
Bank Social Aid Pension Fund Premium - Employee	135	101
Bank Social Aid Pension Fund Premium - Employer	251	187
Pension Fund Membership Fees and Provisions - Employee	6	5
Pension Fund Membership Fees and Provisions - Employer	21	14
Unemployment Insurance - Employee	375	241
Unemployment Insurance - Employer	751	485
Other	-	9
Total	1,625	1,087

b) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TL402,234 (31 December 2012: TL245,065). However, this amount is netted off against the deferred tax asset and accordingly deferred tax asset amounting to TL333,516 (31 December 2012: TL223,758) is presented in the financial statements.

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9. Information on shareholders' equity:**a) Presentation on paid-in capital:**

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

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

The Bank does not have a registered capital system.

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

There is no share capital increase and increased capital shares.

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

There is no increase from capital reserves.

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

The Bank has no capital commitments.

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

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

g) Information on preferred shares:

The Bank has no preferred shares.

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	34,084	175,386	-	175,386
Revaluation Difference	34,084	175,386	-	175,386
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	(860,836)	9,421	477,484	525,717
Revaluation Difference	(1,132,687)	9,421	689,021	525,717
Deferred Tax Effect	271,851	-	(211,537)	-
Foreign Exchange Difference	-	-	-	-
Total	(826,752)	184,807	477,484	701,103

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III. EXPLANATIONS AND NOTES TO 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	2,513,009	2,410,263
Asset Purchase Commitments	4,466,898	443,890
Commitments for Credit Card Expenditure Limits	6,275,095	3,813,950
Loan Granting Commitments	1,145,256	141,017
Other Irrevocable Commitments	2,883,592	2,105,637
Subsidiaries and Associates Capital Contribution Commitments	-	-
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	13,049	10,985
Total	17,296,899	8,925,742

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

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

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

	Current Period	Prior Period
Guarantee Letters	23,532,752	12,087,732
Bank Acceptances	2,428,838	959,329
Letter of Credits	4,253,464	2,346,493
Total	30,215,054	15,393,554

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

	Current Period	Prior Period
Letter of Temporary Guarantees	1,489,563	464,147
Letter of Certain Guarantees	15,038,291	6,838,988
Letters of Advance Guarantees	5,697,987	3,488,401
Letters of Guarantees given to Customs Offices	87,469	122,079
Other Letters of Guarantees	1,219,442	1,174,117
Total	23,532,752	12,087,732

c) 1) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	1,035,278	1,042,263
With Original Maturity of One Year or Less	61,329	119,644
With Original Maturity of More than One Year	973,949	922,619
Other Non-Cash Loans	29,179,776	14,351,291
Total	30,215,054	15,393,554

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	20,404	0.19	16	-	10,429	0.19	1,507	0.02
Farming and Raising Livestock	297	-	-	-	352	0.01	-	-
Forestry	20,107	0.19	16	-	10,077	0.18	1,507	0.02
Fishing	-	-	-	-	-	-	-	-
Manufacturing	2,891,237	26.68	10,452,863	53.94	1,334,176	24.13	5,903,762	59.85
Mining and Quarrying	57,269	0.53	165,360	0.85	34,068	0.62	154,802	1.57
Production	1,707,501	15.76	8,277,717	42.71	960,724	17.37	5,082,599	51.53
Electric, Gas and Water	1,126,467	10.40	2,009,786	10.37	339,384	6.14	666,361	6.76
Construction	2,163,664	19.97	3,299,327	17.02	915,437	16.56	1,257,986	12.75
Services	5,135,025	47.39	4,404,024	22.72	2,782,816	50.33	1,274,419	12.92
Wholesale and Retail Trade	2,325,707	21.46	1,194,253	6.16	959,988	17.36	713,601	7.23
Hotel, Food and Beverage Services	38,498	0.36	45,035	0.23	14,639	0.26	13,609	0.14
Transportation and Telecommunication	432,696	3.99	238,391	1.23	227,530	4.11	68,156	0.69
Financial Institutions	1,817,424	16.77	378,578	1.95	1,343,999	24.31	349,048	3.54
Real Estate and Leasing Services	283,671	2.62	591,203	3.05	185,374	3.35	129,300	1.31
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	22,183	0.20	9,756	0.05	14,425	0.26	289	-
Health and Social Services	214,846	1.98	1,946,808	10.05	36,861	0.67	416	-
Other	624,877	5.77	1,223,617	6.31	486,806	8.80	1,426,216	14.46
Total	10,835,207	100.00	19,379,847	100.00	5,529,664	100.00	9,863,890	100.00

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

	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	10,746,243	19,306,760	88,964	73,087
Letters of Guarantee	10,658,044	12,715,511	88,964	70,233
Bank Acceptances	68,438	2,360,400	-	-
Letters of Credit	19,761	4,230,849	-	2,854
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

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2. Explanations on derivative transactions:

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	22,795,493	11,329,664
Forward Transactions	720,364	112,342
Swap Transactions	22,075,129	11,217,322
Futures Transactions	-	-
Option Transactions	-	-
Interest Related Derivative Transactions (II)	-	-
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	-	-
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	22,795,493	11,329,664
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	-	-
Total Derivative Transactions (A+B)	22,795,493	11,329,664

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.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	128,364	14,502	138,478	17,035	-	298,379
- Inflow	7,743,608	2,171,329	1,084,408	547,591	-	11,546,936
- Outflow	(7,615,244)	(2,156,827)	(945,930)	(530,556)	-	(11,248,557)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	7,743,608	2,171,329	1,084,408	547,591	-	11,546,936
Total Outflow	(7,615,244)	(2,156,827)	(945,930)	(530,556)	-	(11,248,557)

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	122,522	14	(83)	(6,255)	-	116,198
- Inflow	4,548,646	2,467	15,273	1,156,545	-	5,722,931
- Outflow	(4,426,124)	(2,453)	(15,356)	(1,162,800)	-	(5,606,733)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	4,548,646	2,467	15,273	1,156,545	-	5,722,931
Total Outflow	(4,426,124)	(2,453)	(15,356)	(1,162,800)	-	(5,606,733)

3. Explanations on contingent assets and liabilities:

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

The Bank's liability resulting from the cheques given to its customers amounts to TL2,513,009 (31 December 2012: TL2,410,263).

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

4. Explanations on services in the name of others:

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

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5. Information on the Bank's rating that has been determined by international rating agencies

Information on the assessment done by the international rating agencies Moody's Investor Services and Fitch Ratings are as follows:

Moody's Investor Services: May 2013

Outlook	Stable
Bank Financial Strength	D+

Fitch Ratings: November 2013

Foreign Currency Commitments

Long Term	BBB-
Short Term	F3
Outlook	Stable

Local Currency Commitments

Long Term	BBB
Short Term	F3
Outlook	Stable
National	AAA (tur)
Outlook	Stable

Viability Rating bbb-

Support Rating 2

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	8,814,448	694,054	8,333,751	331,547
Short Term Loans	2,617,514	75,810	2,483,854	57,034
Medium and Long Term Loans	6,058,391	618,226	5,746,550	274,493
Interest on Non-Performing Loans	138,543	18	103,347	20
Premiums from Resource Utilization Support Fund	-	-	-	-

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

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	11,380	1,271	785	535
Foreign Banks	939	20,701	863	21,750
Head Office and Branches	-	-	-	-
Total	12,319	21,972	1,648	22,285

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c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	943	421	2,404	483
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	2,741,363	257,857	2,994,360	188,106
From Held-to-maturity Investments	1,499,694	313,744	2,640,001	285,454
Total	4,242,000	572,022	5,636,765	474,043

d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	6,898	3,770

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	67,853	76,008	46,993	27,698
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	6,757	2,284	4,702	1,094
Foreign Banks	61,096	73,724	42,291	26,604
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	67,853	76,008	46,993	27,698

⁽¹⁾ Includes fees and commissions expenses on cash loans.**b) Information on interest expenses given to subsidiaries and associates:**

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	24,868	70,439

c) Information on interest given on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	166,417	-	135,102	-

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Notes to the Unconsolidated Financial Statements at 31 December 2013

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

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	155,177	-	-	-	-	-	155,177
Saving Deposit	9	120,599	3,020,608	283,134	51,861	62,189	755	3,539,155
Public Sector Deposit	196	133,714	417,906	22,756	30,205	958	-	605,735
Commercial Deposit	151	139,984	289,713	42,051	21,048	678	-	493,625
Other Deposit	32	36,316	190,378	22,971	28,875	343	-	278,915
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	388	585,790	3,918,605	370,912	131,989	64,168	755	5,072,607
FC								
Foreign Currency Deposit	1,624	53,972	149,526	51,814	29,824	181,143	6	467,909
Bank Deposit	58,945	-	-	-	-	-	-	58,945
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	152	1,153	81	51	46	-	1,483
Total	60,569	54,124	150,679	51,895	29,875	181,189	6	528,337
Grand Total	60,957	639,914	4,069,284	422,807	161,864	245,357	761	5,600,944

3. Explanations on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	9,035	14,998
Other ⁽¹⁾	311,946	83,070
Total	320,981	98,068

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

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

	Current Period	Prior Period
Profit	10,620,089	5,240,823
Profit from the Capital Market Transactions	72,615	84,519
Profit on Derivative Financial Instruments	1,958,052	1,330,628
Foreign Exchange Gains	8,589,422	3,825,676
Loss (-)	10,818,028	5,292,436
Loss from the Capital Market Transactions	2,669	19,964
Loss on Derivative Financial Instruments	1,550,614	1,376,786
Foreign Exchange Loss	9,264,745	3,895,686

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

	Current Period	Prior Period
Effect of the change in exchange rates on profit/loss	243,090	(654,958)
Effect of the change in interest rates on profit/loss	164,348	608,800
Total	407,438	(46,158)

6. Information on other operating income:

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

There are no significant matters covering the recent developments which have significant effect on the Bank's income. Main component of the Bank's other operating income consists of reversals from prior period provisions amounting to (TL630,015).

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	673,373	809,453
Group III Loans and Receivables	77,716	130,655
Group IV Loans and Receivables	333,127	509,898
Group V Loans and Receivables	262,530	168,900
General Provision Expenses ⁽²⁾	762,739	227,234
Provision Expenses for the Possible Losses	385,900	626,350
Marketable Securities Impairment Expense	615	49
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	615	49
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	-
Other ⁽³⁾	5,856	132,127
Total	1,828,483	1,795,213

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL310,711 are presented in other operating income (31 December 2012: TL132,966).

⁽²⁾ The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL185 are presented in other operating income.

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8. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1,763,184	1,361,181
Reserve for Employee Termination Benefits	50,594	158,067
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	84,527	60,949
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	41,552	17,828
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	553	350
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	939,335	666,701
Operational Leasing Expenses	114,688	88,950
Maintenance Expenses	69,772	36,619
Advertisement Expenses	77,931	43,519
Other Expenses	676,944	497,613
Loss on Sales of Assets	883	148
Other ⁽¹⁾	780,739	563,116
Total	3,661,367	2,828,340

⁽¹⁾ TL301,092 (31 December 2012: TL199,939) of other item consists of Saving Deposit Insurance Fund accrual expense while TL304,600 (31 December 2012: TL224,139) consists of taxes, duties and charges expense.

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

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

	Current Period	Prior Period
Net Interest Income	7,738,798	6,900,910
Net Fees and Commissions Income	958,779	752,112
Dividend Income	320,981	98,068
Trading Income/Expense (Net)	(197,939)	(51,613)
Other Operating Income	1,047,754	428,801
Provision for Loan or Other Receivables Losses (-)	1,828,483	1,795,213
Other Operating Expenses (-)	3,661,367	2,828,340
Income/(Loss) From Continuing Operations	4,378,523	3,504,725

10. Information on tax provision for continued and discontinued operations

As of 31 December 2013, 1,048,449 (31 December 2012: TL854,297) of the Bank's total tax provision expense amounting to TL670,519 (31 December 2012: TL1,142,233), consists of current tax expense while remaining balances amounting to TL377,930 (31 December 2012: TL287,936 income) consists of deferred tax income.

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

The Bank's net operating income after tax amounts to TL3,330,074 (31 December 2012: TL2,650,428).

12. Information on net profit/loss:

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

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

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

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (31 December 2012: None).

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

As of 31 December 2013, the Bank's other fee and commission income amounting to TL1,061,859 (31 December 2012: TL870,314) consists of TL263,257 (31 December 2012: TL268,971) of credit card fees and commission income, TL231,068 (31 December 2012: TL145,288) of insurance commission and the remaining TL567,534 (31 December 2012: TL456,055) of money order, account management fee and other commission income.

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

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

a) Explanations on inflation adjustment differences for equity items:

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

b) Explanations on profit distribution:

The General Assembly for the year 2012 was carried out on 29 March 2013. In accordance with the decision taken, the amount of TL2,362,492 on the basis of distribution of the profit for the year 2012 amounting to TL2,650,428, TL118,125 is decided to transfer to primary legal reserves and TL14,500 is decided to transfer to secondary legal reserves, TL145,000 is decided to distribute as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL106,250 is decided to distribute to the Treasury after deducting withholding tax of 15% (TL18,750) in cash. Besides, TL1,959,867 of the profit has been preserved and TL134,987 is paid within the framework of dividend decided to transfer to employees. According to the decision of the General Assembly's the remaining part of dividend reserved to be distributed to personnel TL10,013 is transferred to the account of the "Profit Reserves".

Bank is planning to distribute its 2013 profit in accordance with its articles of association. However, as of the report date, there is no decision taken regarding the profit distribution.

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c) Explanations on Available For Sale Financial Assets:

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

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

d) Profit Reserves:

As of the balance sheet date, profit reserves amount to TL12,474,183, legal reserves amount to TL2,541,114, extraordinary reserves amount to TL9,011,091 and other profit reserves amount to TL921,978.

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

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

"Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL5,001,737 is composed mainly from interest received from loans and securities amounting to TL15,653,030 and interest paid to deposit and money market operations which is amounting to TL6,612,487. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of change in foreign exchange rate on cash and cash equivalents is determined, approximately, as TL408,178 as of 31 December 2013 (31 December 2012: TL(182,399)).

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

Period opening and end cash and cash equivalents balance:

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,437,326	1,331,278
Central Bank of the Republic of Turkey and Other Banks	6,322,525	6,356,714
Money Market Operations	-	-
Total Cash and Cash Equivalents	7,759,851	7,687,992
Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,756,313	1,437,326
Central Bank of the Republic of Turkey and Other Banks	4,913,264	6,322,525
Money Market Operations	-	-
Total Cash and Cash Equivalents	6,669,577	7,759,851

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

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

a) Current Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash ⁽²⁾	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	2,267,916	445,849	-	-	-	-
Closing Balance	2,819,175	907,299	-	-	-	-
Interest and Commissions Income	6,898	-	-	-	-	-

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

⁽²⁾ Placements to foreign banks in the risk group amounting to TL853,794 are included in the cash loans.

b) Prior Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash ⁽²⁾	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	1,812,188	675,435	-	-	-	-
Closing Balance	2,267,916	445,849	-	-	-	-
Interest and Commissions Income	3,770	-	-	-	-	-

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

⁽²⁾ Placements to foreign banks in the risk group amounting to TL1,021,097 are included in the cash loans.

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	932,442	1,175,691	-	-	-	-
Closing Balance	261,957	932,442	-	-	-	-
Interest Expense on Deposits	24,868	70,439	-	-	-	-

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	7,402	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	(322)	(297)	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

Fees paid to the Bank's key management amount to TL19,625 (31 December 2012: TL13,423).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

1. The Board of Directors of the Bank has decided to take all necessary actions regarding the issue of bills, bonds and similar kinds of debt instruments which will be issued abroad through one or more issuance, in total up to 3 billion USA dollars or equivalent foreign exchange or TL, and establishing bond issuance program which would allow issuances with different foreign currencies, and maturities (Medium Term Note Program/Global Medium Term Note Program) at the amount of the equivalent of 3 billion USA dollars. Related to that, Board of Director has decided the authorization for the applications to Capital Market Board and other in charge parties regarding necessary permits. In this regard, the required application has been made to Capital Market Board and it has been announced that the application has been approved by Capital Market Board on January 14, 2014. In addition, Banking Regulation and Supervision Agency has declared that it is not considered risky to issue debt instruments as part of bond issuance program to abroad at the amount of the equivalent of 3 billion USA dollars.

2. The issue and the public offerings of the Bank's bonds with a nominal value of TRY450 million with 126-day maturity and having a fixed term on 30 May 2014 and of the bonds with a nominal value of TRY300 million with 175-day maturity and having a fixed term on 18 July 2014 have been performed via book-building method on 20, 21, 22 January 2014. The compound interest rates were respectively 9.39% and 9.81%.

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

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

	Number	Number of Employees			
Domestic Branch ⁽¹⁾	1,636	24,639			
			Country of Incorporation		
Foreign Representative Office	1	1	1- Iran		
				Total Assets	Statutory Share Capital
Foreign branch ⁽²⁾	1	2	1- USA	1,639,080	250,200
	1	3	2- England	1,080,279	113,562
	4	6	3- Bulgaria	95,934	41,676
	2	4	4- Georgia	52,937	18,648
	2	6	5- Iraq	197,850	29,820
	4	5	6- Greece	350,702	96,905
	1	1	7- Saudi Arabia	57,619	31,950
	10	37	8- T.R. of Northern Cyprus	874,096	57,539
Off-shore Banking Region Branches	-	-	-	-	-

⁽¹⁾ Includes the employees of the domestic branches, excluding the employees of head office and regional management.

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

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

As of 31 December 2013, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor's Report dated 17 February 2014 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

Ziraat Bank's Financial Standing, Profitability and Solvency

In line with sustainable profitability and efficiency, Ziraat Bank continued to grow consistently in 2013. The Bank maintained its positive trend in terms of profitability and efficiency, thanks to its asset-liability management strategies and strengthened its balance sheet in parallel with its shareholders' equity.

The Bank's total assets increased by 27% to reach TL 207.5 billion by the end of 2013. Total equity reached TL 18 billion and accounted for an 8.9% share in total liabilities. The Bank is planning to maintain such a balance sheet structure in line with its equity. Aiming to ensure sustainable profitability - an important element with respect to shareholders' equity management - the Bank increased its net profit by 26% to TL 3.3 billion in 2013. There was a marked rise in profitability ratios, as well, and RoA and RoE, which were 1.7% and 17.6% respectively at year-end 2012, rose to 1.8% and 18.5%. The Bank's capital adequacy ratio realized at 13.2.

Within the frame of the strategy to switch from marketable securities to loans in its balance sheet, the Bank focused on lending activities. As a result of these activities, total loans amounted to TL 111 billion at the end of 2013, and the share in assets is realized as 54%. The share of securities portfolio in assets decreased to 30% which was 40% in 2012. Efforts will be ongoing also in the years coming to match the sector's norms in terms of the share of marketable securities within the balance sheet. The Bank's NPL ratio decreased from 2.9% in 2012 to 2.2% in 2013. The NPL ratio that the Bank keeps below to the sector's average of 2.7% without disposing of any assets for its nonperforming loans indicates that it has good assets quality.

In line with our management concept focused on contributing Turkey's saving balance, and our goal to secure broad-based and low-cost funds, total deposits were worth TL 142 billion. Ziraat Bank remained the sector's leader in total deposits in 2013. While the share of deposits to liabilities was 68%, that of non-deposit resources including funds was 19%. To support funding diversity and depth, in addition to loans obtained from international foundations, post-financing loans, and Bank bonds-bills issues, syndication loans were obtained to ensure diversity in source structure.

At TL 14.4 billion, interest income continued to represent the Bank's most important income item in 2013. As a result of the lending activities during the reporting period, the share of interests charged on loans within total interest income rose from 59% to 66%. Our efforts to improve net interest margin continued, and resulted in rise of 12% in net interest income during 2013. The Bank's activities aimed at growing non-interest income brought about hike of 27% in net fee and commission income in 2013.

Ratios

%	2013	2012
CAPITAL		
Capital Adequacy Ratio	13.2	19.0
Shareholders' Equity/Total Assets	8.9	10.5
Shareholders' Equity/(Total Assets+Non-cash Loans)	7.7	9.6
Shareholders' Equity/(Deposits+Non-Deposit Resources)	10.1	12.3
ASSET QUALITY		
Total Loans/Total Assets	53.5	43.9
NPL (Gross)/Cash Loans	2.1	2.8
NPL (Gross)/(Non-cash Loans+Cash Loans)	1.7	2.3
FC Assets/FC Liabilities	95.4	94.6
LIQUIDITY		
Liquid Assets/Total Assets	14.0	13.9
Liquid Assets/(Deposits+Non-Deposit Resources)	16.0	16.2
PROFITABILITY		
Net Profit (Loss)/Average Total Assets	1.8	1.7
Net Profit (Loss)/Average Shareholders' Equity	18.5	17.6
Net Profit (Loss)/Average Paid-in Capital	133.2	106.0
COST-INCOME STRUCTURE		
Interest Income/Interest Expenses	216.7	187.2
Non-Interest Income/Non-Interest Expenses	41.0	29.3
Total Income/Total Expenses	135.5	127.6
Interest Income/Total Income	86.0	91.3
Non-Interest Income/Total Income	14.0	8.7
Interest Expenses/Total Expenses	53.8	62.2
Non-Interest Expenses/Total Expenses	46.2	37.8

Risk Management Policies in Accordance to Risk Type

The fundamental approach to risk management is to achieve the best possible practices in risk management functions by instilling a culture of risk-awareness throughout the Bank and by continuously improving both the system and the Bank's human resources.

Risk management activities cover the primary headings of credit risk, market risk, operational risk and balance sheet risk. Policy and implementation principles concerning the management of these risks are carried out in accordance with the regulations on the basis of each type of risk, which are approved by the Board of Directors. The utmost attention is taken to ensure that the risk management activities which take place are conducted with the coordinated participation of all units that are involved in every activity associated with the risk categories.

In order to establish a system to determine the capital level and the need for capital against the risks that the Bank is exposed to (or will be exposed to), an Internal Capital Adequacy Evaluation Process is established in our Bank, in line with strategic goals, within the framework of the "Regulation on the Internal Systems of the Banks", which was enacted after publication in the Official Gazette, issue 28337, dated 28 June 2012. The analyses, which are in compliance with the implementation guidelines of the BRSA, are supported with stress testing and scenario analyses on a risk basis.

Under the scope of "Regulation on Equity of Banks", "Regulation on Measurement and Evaluation of Leverage Level of Banks" and "Regulation on Capital Maintenance and Cyclical Capital Buffer", which were enacted in 2013, studies are conducted in alignment with Basel III Regulations.

In accordance with the Basel-III liquidity implementations, a "liquidity coverage ratio quantitative impact study" is carried out in line with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks" which was published by the BRSA. Additionally, studies related to the Liquidity Coverage Ratio and Net Stable Funding Rate are delivered to the Basel Committee in 6-month periods through the BRSA.

Credit Risk

Credit risk management involves regulating the Bank's credit risk exposure and defining, measuring, monitoring, controlling and reporting these risks.

The process of statutory reporting in compliance with the Basel II Standard Approach that began as of 1 July 2012 as prescribed by the Basel II rules published on 28 June 2012 continued in 2013 as well. Accordingly, the amount of credit risk which is calculated is reported to the BRSA monthly on a solo basis and quarterly on a consolidated basis.

The Bank established the Company Assessment Model so that related units are able to determine the creditworthiness of customers in the Commercial, Corporate and Entrepreneurial segments, and the Scoring Model for establishing the creditworthiness of its customers in the Retail segment. Validation is carried out to measure the accuracy and performance of these models using statistical methods. In order to also allow the use of advanced measurement methods to calculate the amount of credit risk, work is carried out on the results of the said scoring models.

Credit risk limits, which are approved by the Board of Directors, have been determined on the basis of customer segments; these limits are monitored on a monthly basis and the risk-weighted assets that the Bank is able to carry on the basis of segments are restricted with these limits.

Market Risk

With a view to revealing the market risks that the Bank may be exposed to, risk measuring and monitoring are carried out, the results of which are taken into consideration in the Bank's strategic decision-making process.

In the market risk control process, the market developments that affect the current values of "portfolios subject to market risk", which is determined in line with the Bank's trading strategy, are monitored at least on a daily basis, and the impact of ordinary or extraordinary downward and upward moves in the markets on the portfolio is analyzed.

In an attempt to prevent the Bank's financial strength from being significantly affected by increased volatility in the markets in the course of its day-to-day activities, signal values in the early warning system are monitored and risk levels are restricted within limits.

Risk Management Policies in Accordance to Risk Type

The amount of market risk to be included in the legal capital adequacy ratio is calculated and reported by using the standardized method. The market risk is measured on a daily basis using the VaR-based internal method employed in addition to the standardized method, which has been assessed and endorsed for suitability within the framework of international best practices by an independent consultancy firm.

Operational Risk

Operational risks incurred throughout the Bank are tracked by means of the Operational Risk Loss Data Base. The amount of capital required to cover operational risks is calculated according to the Basic Indicator Approach.

Our Bank initiated work to set up the integrated risk mainframe within the scope of COBIT. A database of Information Technology risks was set up, through which the risks that were found and the actions taken to tackle them are monitored.

Our Bank's Business Continuity Plan has been revised and a "Business Impact Analysis" was conducted which evaluated probable risks that could be caused by potential interruptions in operations and their potential impacts.

To ensure a continuity of services obtained from companies to which support services are outsourced, the Bank started assessing the risks that might arise from service procurement within the scope of the Regulation on the Outsourcing of Support Services by Banks published by the BRSA.

An Operational Risk Map has been prepared for use in the Internal Control audit program for the purpose of establishing the risk levels of the Bank's branches.

Balance Sheet Risks

To reveal the liquidity risk and the interest rate risks arising from banking accounts that the Bank may be exposed to, risk measurement and monitoring are carried out, the results of which are taken into consideration in the Bank's strategic decision-making process.

Compliance with statutorily-mandated ratios pertaining to the interest rate risk incurred on liquidity and banking institutional accounts is monitored. In addition, equivalent primary liquid reserve levels that will allow the Bank to pursue its normal day-to-day activities as well as CBRT liquidity facilities that can be used to fulfill unexpected liquidity needs and secondary reserves that have the potential to be liquidated with low price risk; monitoring borrowing facilities from organized markets and thus tracking free capital levels. In addition, scenario and sensitivity analyses are carried out within this framework.

In interest rate risk control of banking accounts, analyses and monitoring are carried out on ratio and maturity mismatches between fixed and variable interest rate funds and placements, as well as in behavioral finance and contractual maturities of assets and liabilities, and into the effects that probable downward or upward changes in interest rates, either ordinary or extraordinary, will have on the current value of the assets or liabilities. Turkish lira and foreign currency interest margins are also watched closely.

In order to prevent our financial strength from being significantly affected by increased volatility in the markets and potential mismatches in cash inflows and outflows during the course of our day-to-day activities, signal values in the early warning system are monitored and risk levels are restricted within limits.

31 December 2009 - 31 December 2013 Summary Balance Sheet and Income Statement

(TL million)

ASSETS	2009	2010	2011	2012	2013
Liquid Assets	14,604	14,907	15,593	22,647	29,067
Securities Portfolio	70,988	76,352	70,766	65,469	62,798
Loans	36,725	57,443	71,430	71,426	111,048
Associates and Subsidiaries	715	731	810	1,034	1,298
Fixed Assets	816	826	930	931	1,050
Other Assets	681	901	1,152	1,360	2,269
TOTAL	124,529	151,160	160,681	162,868	207,530

LIABILITIES					
Deposits	98,529	125,796	113,067	118,966	141,735
Money Markets	9,144	5,003	25,788	11,162	24,571
Loans Borrowed	21	99	553	3,072	8,559
Marketable Securities Issued	0	0	0	1,944	2,637
Funds	3,245	3,525	3,871	4,292	4,036
Provisions	1,704	1,228	1,892	3,002	3,958
Other Liabilities	1,532	2,051	2,332	3,261	3,666
Shareholders' Equity	10,354	13,458	13,177	17,167	18,367
TOTAL	124,529	151,160	160,681	162,868	207,530

STATEMENT OF INCOME					
Interest Income	14,203	12,392	13,706	14,811	14,370
Interest Expense	8,134	7,036	8,465	7,910	6,631
Net Interest Income	6,069	5,356	5,242	6,901	7,739
Fees and Commissions Income (net)	437	511	626	752	959
Dividend Income	27	34	32	98	321
Trading Profit/Loss (Net)	61	-13	-61	-52	-198
Other Operating Income	350	977	372	429	1,048
Total Operating Income	6,944	6,864	6,210	8,128	9,868
Provisions for Loans and Other Receivables	632	145	808	1,795	1,828
Other Operating Expenses	1,895	2,250	2,622	2,828	3,661
Pretax Profit	4,417	4,469	2,780	3,505	4,379
Tax Provision	906	757	679	854	1,048
Net Profit/Loss for the Period	3,511	3,713	2,101	2,650	3,330

Credit Ratings Assigned By Rating Agencies

Ziraat Bank's performance is rated by Fitch Ratings, Moody's and JCR Eurasia Ratings. In annual meetings held with these agencies, the Bank provides detailed and transparent information on its brand positioning, progress achieved in core lines of business, its funding ability and capital structure.

Credit ratings assigned to the Bank as of 31 December 2013 are presented below:

Rating Agency	Category	Rating	Date
Fitch Ratings	Foreign Currency Long-Term Outlook	BBB- Stable	November 2013
	Foreign Currency Short-Term Outlook	F3	
	Local Currency Long-Term Outlook	BBB Stable	
	Local Currency Short-Term Outlook	F3	
	National Long-Term Outlook	AAA(tur) Stable	
	Support Rating	2	
	Support Rating Floor	BBB-	
	Financial Viability Rating	bbb-	
Moody's	Long-Term Foreign Currency Deposits Outlook	Baa3 Stable	May 2013
	Short-Term Foreign Currency Deposits Outlook	P-3 Positive	
	Long-Term Local Currency Deposits Outlook	Baa2 Stable	
	Short-Term Local Currency Deposits Outlook	Prime-2 Stable	
	Financial Strength	D+	
	Outlook	Stable	
JCR Eurasia	Long-Term Foreign Currency Rating	BBB-/ (Stable Outlook)	September 2013
	Long-Term Local Currency Rating	BBB-/ (Stable Outlook)	
	Long-Term National Rating	AAA (Trk)/ (Stable Outlook)	
	Short-Term Foreign Currency Rating	A-3/ (Stable Outlook)	
	Short-Term Local Currency Rating	A-3/ (Stable Outlook)	
	Short-Term National Rating	A-1+ (Trk)/ (Stable Outlook)	
	Sponsored Support	1	
	Stand-Alone Rating	A	

* Fitch Ratings confirmed the Ratings of Ziraat Bank on 12 November 2013. The institution evaluates Ziraat Bank under the "investible" category and confirms its National Long Term Rating as AAA (Tur), and its outlook as "stable". (On 13 November 2012; the institution upgraded the Bank's Foreign Currency Long Term Rating from BB+ to BBB- and Local Currency Long Term Rating from BB+ to BBB and started to consider the Bank under the "investible" category).

** Moody's increased the Bank's Long Term Foreign Currency Deposits Rating from Ba2 to Baa3 and Short Term Foreign Currency Deposits Rating from "Not Prime" to P-3, also declared its outlook as "stable" on 20 May 2013. Though, the institution did not make any amendments related to the Bank's Long Term Local Currency Deposits Rating and Short Term Local Currency Deposits Rating and set its outlook as "stable".

*** JCR Eurasia Rating revised the Bank's ratings higher on 29 May 2013 and the up-to-date ratings are shown below:

Long-Term International Foreign Currency Rating: Upgraded from BB to BBB-, outlook declared as "stable".

Long-Term International Local Currency Rate: Upgraded from BB to BBB-, outlook declared as "stable".

Long-Term National Note: Confirmed as AAA (Trk), outlook determined as "stable".

Short-Term International Foreign Currency Rate: Upgraded from B to A-3, and outlook determined as "stable".

Short-Term International Local Currency Rate: Upgraded from B to A-3, and outlook is determined as "stable".

Short-Term National Rate: Confirmed as A-1+ (Trk), and outlook determined as "stable".

Sponsored Support Rating: Upgraded from 2 to 1.

Stand-Alone: Confirmed as "A" and not changed.

Additionally, JCR Eurasia Rating considered Ziraat Bank under the category of "highly investible" on 30 September 2013 and confirmed its Long Term National Rating as "AAA (Trk)", and its outlook as "Stable". Meanwhile, the institution confirmed its Long Term Foreign Currency Deposits Rating and International Local Currency Rating as "BBB-", and declared its outlook as "stable".

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Publicly Announced Consolidated Financial Statements together with Independent Auditor's Report at 31 December 2013

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

Independent Auditor's Report

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

We have audited the accompanying consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") and its consolidated subsidiaries at 31 December 2013 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Basis for the qualified opinion:

As mentioned in 5th Section II. Note 7.d1 of Explanations and Notes to the Consolidated Financial Statements; as of the balance sheet date, the accompanying consolidated financial statements include a general reserve amounting to TL1,006,000 thousand (TL361,700 thousand of this reserve amount was charged to the income statement as an expense in the current period), provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions.

Independent Auditor's Opinion:

In our opinion, except for the effects of matter described in the "Basis for the qualified opinion" paragraph above on the consolidated financial statements, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and its consolidated subsidiaries as of 31 December 2013 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411 and other regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

As explained in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Haluk Yalçın, SMMM
Partner

Istanbul, 11 March 2014

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**The Consolidated Financial Report of
Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as of 31 December 2013**

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

The consolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

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

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



Muharrem KARSLI
Chairman of the Board of Directors
Member of the Audit Committee



Hüseyin AYDIN
Member of the Board of Directors
General Manager



Feyzi ÇUTUR
Member of the Board of Directors
Member of the Audit Committee



Cem İNAL
Financial Coordination
Assistant General Manager



Atakan BEKTAŞ
Head of
Reporting Management

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

Name/Title : Kubilay ŞAHİN/External Reporting Manager
Telephone Number : 0312 584 59 33
Facsimile Number : 0312 584 59 38

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SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

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

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

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

The sole shareholder of the Bank is the Republic of Turkey Prime Ministry Undersecretariat of Treasury.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**Notes to the Consolidated
Financial Statements at 31 December 2013**

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

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS

Name	Administrative Function
Members of the Board of Directors	
Muharrem KARSLI	Chairman
Hüseyin AYDIN	General Manager and Member
Yusuf DAĞCAN	Vice Chairman and Member
Erdal ERDEM	Member
Fahrettin ÖZDEMİRÇİ	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mustafa ÇETİN	Member
Salim ALKAN	Member
Audit Committee Members	
Muharrem KARSLI	Member
Feyzi ÇUTUR	Member
Assistant General Managers	
Alpaslan ÇAKAR	Individual Banking
Bilgehan KURU	Treasury and Strategy Management
Bülent SUER	Operational Transactions
Cem İNAL	Financial Coordination
Mehmet Cengiz GÖĞEBAKAN	Credit Policies
Musa ARDA	Credit Allocation and Management
Osman ARSLAN	International Banking and Joint Ventures
Ömer Muzaffer BAKTİR	Marketing
Peyami Ömer ÖZDİLEK	Human Resources
Yunus Uygur KOCAOĞLU	Information Technologies Management
Chairman of the Board of Inspectors	
Yüksel CESUR	Chairman of the Board of Inspectors
Head of Group	
Bülent YALIM	Internal Control and Risk Management

Ali Toker is continuing his mission as assistant general manager under the authority of General Management.

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

Notes to the Consolidated Financial Statements at 31 December 2013

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

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
Treasury	2,500,000	100	2,500,000	-

The sole shareholder of the Bank is the Treasury.

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

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 partnerships for this purpose, performing all kinds of conservative transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, superficies and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the Registry Office.

As of 31 December 2013, the Parent Bank carries its activities with a grand total of 1,661 branches; 1,636 branches including 5 corporate branches, 27 commercial branches, 81 entrepreneurial branches, 1,521 domestic branches and 2 mobile branches (31 December 2012: 1,490 domestic branches including 1,316 branches, 5 corporate branches, 27 commercial branches, 77 entrepreneurial branches, 32 bureaus, 31 private operation centers, 2 mobile branches) and 25 branches abroad including 21 branches and 4 sub branches (New York branch in United States, London branch in England, Tbilisi branch, and Batumi sub branch in Georgia, Baghdad and Arbil branches in Iraq, Athens, Komotini, Xanthi and Rhodes branches in Greece, Sofia branch and Filibe/Plovdiv, Kardzhali and Varna sub branches in Bulgaria, Jeddah branch in Saudi Arabia, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Akdoğan, Near East University, Karaoğlanoğlu, Karakum and İskele branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran.

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

Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Bank can associate Başakkart with enterprise loans below TRY50,000 and agricultural loan limits in line with the demands of the customers. All limits of loan accounts assigned to the Başakkart can be used via POS machines of the Bank in Başakkart Member Business points for the purchase of agricultural inputs (feed, grain, fuel, etc.). According to preferences of customers, maximum 75% of cash limits of loan accounts can be used through the branches/ATMs of the Bank. Repayments regarding the transactions with Başakkart can be made through the branches of the Bank. Agricultural products/services obtained by using Başakkart are repaid without any interest charge within the time periods defined by the Bank.

The Parent Bank and subsidiaries consolidated with the Parent Bank are together referred as the Group.

As of 31 December 2013, the number of the Group's employees is 25,920 (31 December 2012: 24,092).

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2013

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

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

According to Communiqué of the Preparation Consolidated Financial Statements and Turkish Accounting Standards, Arap Türk Bankası A.Ş., one of the associates of the Bank, and Turkmen Turkish Joint Stock Com. Bank, Uzbekistan Turkish Bank, Azer Turk Bank, entities under common control are consolidated through "Equity Method" in accompanying consolidated financial statements of the Bank.

Fintek Finansal Teknoloji Hizmetleri A.Ş., which is subsidiary of the Bank, is not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of the Preparation Consolidated Financial Statements since this entity is not financial institution. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi which are associates of the Bank are not consolidated but carried at cost since these entities are not controlled by the Bank and are not financial companies.

All other subsidiaries are fully consolidated.

VII. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF SHAREHOLDER'S EQUITY, OR REPAYMENT OF DEBT BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES

None.

SECTION TWO

THE BANK'S CONSOLIDATED FINANCIAL STATEMENTS

- I. BALANCE SHEET
- II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
- III. STATEMENT OF INCOME
- IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY
- V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
- VI. STATEMENT OF CASH FLOW
- VII. PROFIT APPROPRIATION STATEMENT

Consolidated Balance Sheet (Statement of Financial Position) as of 31 December 2013

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Note (Section Five I)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
			TL	FC	Total	TL	FC	Total
I.	CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	3,664,513	23,233,518	26,898,031	5,908,346	15,373,382	21,281,728
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	315,470	149,319	464,789	39,496	129,662	169,158
2.1	Financial Assets Held for Trading		315,470	149,319	464,789	39,496	129,662	169,158
2.1.1	Public Sector Debt Securities		21,652	4,432	26,084	30,789	4,582	35,371
2.1.2	Securities Representing a Share in Capital		78	-	78	819	-	819
2.1.3	Derivative Financial Assets Held for Trading		293,740	144,887	438,627	7,888	125,080	132,968
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.2.1	Public Sector Debt Securities		-	-	-	-	-	-
2.2.2	Securities Representing a Share in Capital		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	(3)	1,686,802	1,318,451	3,005,253	650,945	971,787	1,622,732
IV.	MONEY MARKET PLACEMENTS		16,139	37,133	53,272	2,049	59,673	61,722
4.1	Interbank Money Market Placements		-	37,133	37,133	-	13,087	13,087
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		16,139	-	16,139	2,049	46,586	48,635
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	40,386,943	6,506,018	46,892,961	33,715,982	4,646,421	38,362,403
5.1	Securities Representing a Share in Capital		130,910	232,287	363,197	141,674	118,147	259,821
5.2	Public Sector Debt Securities		40,097,467	6,140,538	46,238,005	33,365,777	4,391,810	37,757,587
5.3	Other Marketable Securities		158,566	133,193	291,759	208,531	136,464	344,995
VI.	LOANS AND RECEIVABLES	(5)	90,469,955	22,898,704	113,368,659	63,978,529	9,168,557	73,147,086
6.1	Loans and Receivables		89,675,429	22,881,971	112,557,400	63,183,707	9,159,764	72,343,471
6.1.1	Loans Granted to Risk Group of The Bank		-	-	-	-	61,333	61,333
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		89,675,429	22,881,971	112,557,400	63,183,707	9,098,431	72,282,138
6.2	Loans under Follow-up		2,396,871	73,342	2,470,213	2,040,802	43,745	2,084,547
6.3	Specific Provisions (-)		1,602,345	56,609	1,658,954	1,245,980	34,952	1,280,932
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD TO MATURITY (Net)	(6)	10,601,586	5,197,752	15,799,338	23,030,009	4,292,029	27,322,038
8.1	Public Sector Debt Securities		10,520,533	5,167,636	15,688,169	23,020,788	4,267,973	27,288,761
8.2	Other Marketable Securities		81,053	30,116	111,169	9,221	24,056	33,277
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	77,349	762	78,111	69,742	612	70,354
9.1	Accounted with Equity Method		71,283	-	71,283	63,676	-	63,676
9.2	Unconsolidated Associates		6,066	762	6,828	6,066	612	6,678
9.2.1	Financial Associates		-	762	762	-	612	612
9.2.2	Non-financial Associates		6,066	-	6,066	6,066	-	6,066
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	6,237	-	6,237	8,032	-	8,032
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		6,237	-	6,237	8,032	-	8,032
XI.	ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	62,167	62,167	-	46,704	46,704
11.1	Accounted with Equity Method		-	62,167	62,167	-	46,704	46,704
11.2	Unconsolidated Entities Under Common Control		-	-	-	-	-	-
11.2.1	Financial Entities Under Common Control		-	-	-	-	-	-
11.2.2	Non Financial Entities Under Common Control		-	-	-	-	-	-
XII.	RECEIVABLES FROM LEASING TRANSACTIONS	(10)	376,798	1,100,751	1,477,549	152,321	465,228	617,549
12.1	Finance Lease Receivables		480,051	1,249,100	1,729,151	193,108	527,664	720,772
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		103,253	148,349	251,602	40,787	62,436	103,223
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1	Fair Value Hedges		-	-	-	-	-	-
13.2	Cash Flow Hedges		-	-	-	-	-	-
13.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(14)	1,045,686	35,064	1,080,750	926,585	27,323	953,908
XV.	INTANGIBLE ASSETS (Net)	(15)	133,497	9,658	143,155	57,426	8,899	66,325
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		133,497	9,658	143,155	57,426	8,899	66,325
XVI.	REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-
XVII.	TAX ASSET		341,745	3,334	345,079	227,548	2,733	230,281
17.1	Current Tax Asset		3,498	3,334	6,832	340	2,733	3,073
17.2	Deferred Tax Asset	(16)	338,247	-	338,247	227,208	-	227,208
XVIII.	ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	105,904	-	105,904	66,066	-	66,066
18.1	Held for Sale		105,904	-	105,904	66,066	-	66,066
18.2	Held from Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	1,052,354	769,870	1,822,224	1,022,832	51,977	1,074,809
	TOTAL ASSETS		150,280,978	61,322,501	211,603,479	129,855,908	35,244,987	165,100,895

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
Consolidated Balance Sheet
(Statement of Financial Position) as of 31 December 2013

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)								
	LIABILITIES AND EQUITY	Note (Section Five II)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	100,541,591	42,969,671	143,511,262	92,079,627	27,599,627	119,679,254
1.1	Deposits Held By the Risk Group of the Bank		76,546	91,503	168,049	543,630	14,006	557,636
1.2	Other		100,465,045	42,878,168	143,343,213	91,535,997	27,585,621	119,121,618
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	18,520	37,833	56,353	38,987	16,604	55,591
III.	FUNDS BORROWED	(3)	1,082,326	8,179,935	9,262,261	879,745	2,602,533	3,482,278
IV.	MONEY MARKET BALANCES		12,509,222	12,061,628	24,570,850	5,577,693	5,584,781	11,162,474
4.1	Interbank Money Market Borrowings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3	Funds Provided under Repurchase Agreements		12,509,222	12,061,628	24,570,850	5,577,693	5,584,781	11,162,474
V.	MARKETABLE SECURITIES ISSUED (Net)		2,656,460	-	2,656,460	1,854,137	-	1,854,137
5.1	Bills		2,347,777	-	2,347,777	1,675,007	-	1,675,007
5.2	Asset-backed Securities		-	-	-	-	-	-
5.3	Bonds		308,683	-	308,683	179,130	-	179,130
VI.	FUNDS		4,036,491	-	4,036,491	4,292,229	-	4,292,229
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		4,036,491	-	4,036,491	4,292,229	-	4,292,229
VII.	MISCELLANEOUS PAYABLES		1,064,330	315,873	1,380,203	844,063	313,051	1,157,114
VIII.	OTHER LIABILITIES	(4)	1,423,725	490,082	1,913,807	1,182,682	368,050	1,550,732
IX.	FACTORIZING PAYABLES		-	-	-	-	-	-
X.	PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	7	7	-	287	287
10.1	Finance Lease Payables		-	9	9	-	297	297
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Finance Lease Expenses (-)		-	2	2	-	10	10
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)	5,101,401	43,195	5,144,596	3,885,824	33,527	3,919,351
12.1	General Provisions		1,977,215	26,278	2,003,493	1,210,302	22,913	1,233,215
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Employee Benefits Provisions		705,421	735	706,156	777,731	520	778,251
12.4	Insurance Technical Reserves (Net)		1,139,179	-	1,139,179	876,567	-	876,567
12.5	Other Provisions		1,279,586	16,182	1,295,768	1,021,224	10,094	1,031,318
XIII.	TAX LIABILITY	(8)	400,716	3,134	403,850	525,828	1,537	527,365
13.1	Current Tax Liability		400,716	1,453	402,169	525,828	1,169	526,997
13.2	Deferred Tax Liability		-	1,681	1,681	-	368	368
XIV.	LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
14.1	Held for Sale		-	-	-	-	-	-
14.2	Held from Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS		-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(9)	18,812,746	(145,407)	18,667,339	16,969,799	450,284	17,420,083
16.1	Paid-in Capital		2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital Reserves		(113,564)	(145,407)	(258,971)	1,035,303	450,284	1,485,587
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		(658,133)	(145,407)	(803,540)	474,452	450,284	924,736
16.2.4	Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5	Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6	Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7	Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17,388	-	17,388	17,369	-	17,369
16.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9	Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10	Other Capital Reserves		527,181	-	527,181	543,482	-	543,482
16.3	Profit Reserves		12,578,459	-	12,578,459	10,200,423	-	10,200,423
16.3.1	Legal Reserves		2,645,390	-	2,645,390	2,525,171	-	2,525,171
16.3.2	Statutory Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		9,011,091	-	9,011,091	7,041,211	-	7,041,211
16.3.4	Other Profit Reserves		921,978	-	921,978	634,041	-	634,041
16.4	Profit or Loss		3,846,416	-	3,846,416	3,197,558	-	3,197,558
16.4.1	Prior Years Profit/Loss		582,187	-	582,187	446,544	-	446,544
16.4.2	Net Period Profit/Loss		3,264,229	-	3,264,229	2,751,014	-	2,751,014
16.5	Minority Interest		1,435	-	1,435	36,515	-	36,515
	TOTAL LIABILITIES AND EQUITY		147,647,528	63,955,951	211,603,479	128,130,614	36,970,281	165,100,895

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
**Consolidated Statement of Off-Balance Sheet
Commitments as of 31 December 2013**

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS							
	Note (Section Five III)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		47,871,004	72,752,844	120,623,848	54,173,751	40,813,745	94,987,496
I. GUARANTEES AND WARRANTIES	(1),(3)	10,831,743	19,060,838	29,892,581	5,530,506	10,121,614	15,652,120
1.1 Letters of Guarantee		10,739,853	12,776,246	23,516,099	5,465,461	6,787,048	12,252,509
1.1.1 Guarantees Subject to State Tender Law		741,194	12,209,334	12,950,528	379,750	6,132,611	6,512,361
1.1.2 Guarantees Given for Foreign Trade Operations		9,275,313	-	9,275,313	4,281,844	-	4,281,844
1.1.3 Other Letters of Guarantee		723,346	566,912	1,290,258	803,867	654,437	1,458,304
1.2 Bank Acceptances		68,438	2,049,565	2,118,003	5,363	955,606	960,969
1.2.1 Import Letter of Acceptance		68,438	2,037,730	2,106,168	5,363	941,199	946,562
1.2.2 Other Bank Acceptances		-	11,835	11,835	-	14,407	14,407
1.3 Letters of Credit		23,452	4,205,662	4,229,114	59,682	2,355,459	2,415,141
1.3.1 Documentary Letters of Credit		23,452	3,838,627	3,862,079	59,682	2,291,766	2,351,448
1.3.2 Other Letters of Credit		-	367,035	367,035	-	63,693	63,693
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	29,365	29,365	-	23,501	23,501
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1),(3)	34,702,138	32,669,994	67,372,132	47,204,131	20,743,710	67,947,841
2.1 Irrevocable Commitments		12,293,762	5,154,199	17,447,961	8,120,364	937,008	9,057,372
2.1.1 Asset Purchase and Sale Commitments		326,682	4,154,496	4,481,178	115,642	340,276	455,918
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		1,020,202	193,393	1,213,595	11	198,997	199,008
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		2,513,009	14	2,513,023	2,410,263	37	2,410,300
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		6,275,095	20,039	6,295,134	3,813,950	15,439	3,829,389
2.1.10 Commitments for Credit Cards and Banking Services Promotions		13,049	-	13,049	10,985	-	10,985
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		2,145,725	786,257	2,931,982	1,769,513	382,259	2,151,772
2.2 Revocable Commitments		22,408,376	27,515,795	49,924,171	39,083,767	19,806,702	58,890,469
2.2.1 Revocable Loan Granting Commitments		22,408,364	27,515,795	49,924,159	39,083,755	19,806,702	58,890,457
2.2.2 Other Revocable Commitments		12	-	12	12	-	12
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	2,337,123	21,022,012	23,359,135	1,439,114	9,948,421	11,387,535
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
**Consolidated Statement of Off-Balance Sheet
 Commitments as of 31 December 2013**

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS								
	Note (Section Five III)	Current Period (31/12/2013)			Prior Period (31/12/2012)			
		TL	FC	Total	TL	FC	Total	
3.2	Trading Transactions	2,337,123	21,022,012	23,359,135	1,439,114	9,948,421	11,387,535	
3.2.1	Forward Foreign Currency Buy/Sell Transactions	357,260	363,104	720,364	7,225	105,117	112,342	
3.2.1.1	Forward Foreign Currency Transactions-Buy	178,811	181,566	360,377	3,611	52,564	56,175	
3.2.1.2	Forward Foreign Currency Transactions-Sell	178,449	181,538	359,987	3,614	52,553	56,167	
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	1,979,863	20,658,908	22,638,771	1,431,889	9,843,304	11,275,193	
3.2.2.1	Foreign Currency Swap-Buy	179,214	11,329,933	11,509,147	664	5,695,231	5,695,895	
3.2.2.2	Foreign Currency Swap-Sell	1,800,649	9,328,975	11,129,624	1,431,225	4,148,073	5,579,298	
3.2.2.3	Interest Rate Swap-Buy	-	-	-	-	-	-	
3.2.2.4	Interest Rate Swap-Sell	-	-	-	-	-	-	
3.2.3	Foreign Currency, Interest rate and Securities Options	-	-	-	-	-	-	
3.2.3.1	Foreign Currency Options-Buy	-	-	-	-	-	-	
3.2.3.2	Foreign Currency Options-Sell	-	-	-	-	-	-	
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-	
3.2.3.4	Interest Rate Options-Sell	-	-	-	-	-	-	
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-	
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-	
3.2.4	Foreign Currency Futures	-	-	-	-	-	-	
3.2.4.1	Foreign Currency Futures-Buy	-	-	-	-	-	-	
3.2.4.2	Foreign Currency Futures-Sell	-	-	-	-	-	-	
3.2.5	Interest Rate Futures	-	-	-	-	-	-	
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-	
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-	
3.2.6	Other	-	-	-	-	-	-	
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	320,577,537	34,167,121	354,744,658	231,307,867	15,817,059	247,124,926	
IV.	ITEMS HELD IN CUSTODY	46,911,455	6,071,450	52,982,905	30,258,214	2,479,818	32,738,032	
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-	
4.2	Investment Securities Held in Custody	20,973,487	2,922,058	23,895,545	10,785,482	1,298,862	12,084,344	
4.3	Checks Received for Collection	1,790,488	124,295	1,914,783	942,646	22,480	965,126	
4.4	Commercial Notes Received for Collection	3,606,962	130,038	3,737,000	2,627,395	132,381	2,759,776	
4.5	Other Assets Received for Collection	8,445	-	8,445	8,879	-	8,879	
4.6	Assets Received for Public Offering	20,295,171	112	20,295,283	15,722,252	90	15,722,342	
4.7	Other Items Under Custody	235,253	2,894,947	3,130,200	169,911	1,026,005	1,195,916	
4.8	Custodians	1,649	-	1,649	1,649	-	1,649	
V.	PLEDGES RECEIVED	273,653,063	27,549,642	301,202,705	201,042,222	12,750,929	213,793,151	
5.1	Marketable Securities	940,376	18,700	959,076	595,136	37,418	632,554	
5.2	Guarantee Notes	10,097,025	1,498,284	11,595,309	8,062,281	616,679	8,678,960	
5.3	Commodity	1,263,180	18,155	1,281,335	1,249,249	13,603	1,262,852	
5.4	Warranty	-	-	-	-	-	-	
5.5	Immovable	242,419,327	22,144,209	264,563,536	177,847,875	9,733,171	187,581,046	
5.6	Other Pledged Items	18,927,946	3,862,021	22,789,967	13,282,472	2,343,229	15,625,701	
5.7	Pledged Items-Depository	5,209	8,273	13,482	5,209	6,829	12,038	
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	13,019	546,029	559,048	7,431	586,312	593,743	
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)	368,448,541	106,919,965	475,368,506	285,481,618	56,630,804	342,112,422	

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
Consolidated Statement of Income
For the Year Ended at 31 December 2013

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

III. STATEMENT OF INCOME				
	INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period 01/01-31/12/2013	Prior Period 01/01-31/12/2012
I.	INTEREST INCOME	(1)	14,641,237	15,004,188
1.1	Interest Income from Loans		9,600,863	8,729,428
1.2	Interest Income from Reserve Deposits		1,223	1,647
1.3	Interest Income from Banks		107,224	64,787
1.4	Interest Income from Money Market Placements		1,758	1,279
1.5	Interest Income from Marketable Securities		4,834,460	6,133,358
1.5.1	Financial Assets Held for Trading		1,367	2,887
1.5.2	Financial Assets at Fair Value through Profit and Loss		1,060	963
1.5.3	Financial Assets Available-for-Sale		3,016,436	3,201,311
1.5.4	Investments Held-to-Maturity		1,815,597	2,928,197
1.6	Finance Lease Income		81,618	48,053
1.7	Other Interest Income		14,091	25,636
II.	INTEREST EXPENSES	(2)	6,677,766	7,901,565
2.1	Interest Expense on Deposits		5,605,766	6,279,263
2.2	Interest on Borrowings		165,813	88,930
2.3	Interest on Money Market Borrowings		693,866	1,381,240
2.4	Interest on Marketable Securities Issued		171,143	133,407
2.5	Other Interest Expense		41,178	18,725
III.	NET INTEREST INCOME/EXPENSES (I - II)		7,963,471	7,102,623
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		871,950	697,715
4.1	Fees and Commissions Received		1,050,953	883,660
4.1.1	Non-cash Loans		103,348	64,118
4.1.2	Other		947,605	819,542
4.2	Fees and Commissions Paid		179,003	185,945
4.2.1	Non-cash Loans		2,307	19
4.2.2	Other		176,696	185,926
V.	DIVIDEND INCOME	(3)	14,327	17,679
VI.	TRADING PROFIT/LOSS (Net)	(4)	(174,631)	(44,715)
6.1	Profit/Loss from Capital Market Operations		93,679	66,792
6.2	Profit/losses on Derivative Financial Transactions	(5)	405,787	(45,184)
6.3	Profit/Loss from Foreign Exchanges		(674,097)	(66,323)
VII.	OTHER OPERATING INCOME	(6)	2,105,121	1,438,807
VIII.	TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		10,780,238	9,212,109
IX.	PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)	(7)	1,879,370	1,807,710
X.	OTHER OPERATING EXPENSES (-)	(8)	4,546,250	3,758,510
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		4,354,618	3,645,889
XII.	GAINS RECORDED AFTER MERGER		-	-
XIII.	PROFIT/LOSS ON EQUITY METHOD		17,318	11,285
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(9)	4,371,936	3,657,174
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(10)	(1,107,604)	(901,643)
16.1	Current Tax Provision		(730,902)	(1,187,066)
16.2	Deferred Tax Provision		(376,702)	285,423
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(11)	3,264,332	2,755,531
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3	Other Expenses from Discontinued Operations		-	-
XX.	PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(12)	3,264,332	2,755,531
23.1	Group's Profit/Loss		3,264,229	2,751,014
23.2	Minority Shares Profit/Loss		103	4,517
	Earnings/Loss per Share		1,306	1,100

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Statement of Profit and Loss Items Accounted Under Shareholders' Equity for the Years Ended at 31 December 2013

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

IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY

PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Current Period (31/12/2013)	Prior Period (31/12/2012)
I.	ADDITIONS TO THE MARKETABLE SECURITY VALUATION DIFFERENCES ON AVAILABLE FOR SALE FINANCIAL ASSETS	(2,931,510)	2,262,321
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(27,061)	18,450
V.	PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)	-	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	(20,376)	93,907
IX.	DEFERRED TAXES RELATED TO VALUATION DIFFERENCES	484,923	(351,322)
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(2,494,024)	2,023,356
XI.	CURRENT YEAR PROFIT/LOSS	765,767	(655,605)
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	758,836	(667,102)
11.2	Reclassification of cash flow hedge transactions and presentation of the related under income statement	-	-
11.3	Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4	Other	6,931	11,497
XII.	TOTAL PROFIT/LOSS FOR THE PERIOD (X±XI)	(1,728,257)	1,367,751

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Statement of Changes In Shareholders' Equity at 31 December 2012

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

	31 December 2012	Note (Section Five V)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves
I.	Balance at the Beginning of the Period		2,500,000	543,482	-	-	2,400,181
II.	Corrections according to TAS 8		-	-	-	-	-
2.1.	The Effect of Correction of Errors		-	-	-	-	-
2.2.	The Effect of Changes in Accounting Policy		-	-	-	-	-
III.	New Balance (I+II)		2,500,000	543,482	-	-	2,400,181
	Changes During the Period		-	-	-	-	-
IV.	Increase/Decrease Related to Merger		-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	11,528
VI.	Hedging Funds (Active Part)		-	-	-	-	-
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		-	-	-	-	(4,272)
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		-	-	-	-	-
14.1	Cash		-	-	-	-	-
14.2	From Internal Resources		-	-	-	-	-
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		-	-	-	-	117,734
20.1	Dividend Distributed		-	-	-	-	-
20.2	Transfers to Legal Reserves		-	-	-	-	117,734
20.3	Other		-	-	-	-	-
	Balance at the end of the period (I+II+III+.....+XVIII+XIX+XX)		2,500,000	543,482	-	-	2,525,171

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

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

	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Minority Shares	Total Equity
	-	5,305,510	634,041	2,220,585	271,407	(443,015)	-	17,361	-	-	90,583	13,540,135
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	5,305,510	634,041	2,220,585	271,407	(443,015)	-	17,361	-	-	90,583	13,540,135
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	1,349,301	-	-	-	-	(206)	1,360,623
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	8	-	-	-	8
	-	-	-	-	-	18,450	-	-	-	-	-	14,178
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	55,226	-	-	-	-	-	(55,226)	-
	-	-	-	2,751,014	-	-	-	-	-	-	4,517	2,755,531
	-	1,735,701	-	(2,220,585)	119,911	-	-	-	-	-	(3,153)	(250,392)
	-	-	-	-	(247,239)	-	-	-	-	-	(3,153)	(250,392)
	-	1,735,701	-	(2,220,585)	367,150	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	7,041,211	634,041	2,751,014	446,544	924,736	-	17,369	-	-	36,515	17,420,083

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**Consolidated Statement of Changes In Shareholders' Equity
at 31 December 2013**

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

	31 December 2013	Note (Section Five V)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves
I.	Balance at the Beginning of the Period		2,500,000	543,482	-	-	2,525,171
	Changes During the Period		-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-
III.	Marketable Securities Valuation Differences						20,400
IV.	Hedging Funds (Active Part)		-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-
4.2	Hedges for Investments Made in Foreign Countries		-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-
VII.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	(32,805)
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 ⁽¹⁾		-	-	-	-	-
XVII.	Net Profit or Losses		-	-	-	-	-
XVIII.	Profit Distribution		-	-	-	-	132,624
18.1	Dividend Distributed		-	-	-	-	-
18.2	Transfers to Legal Reserves		-	-	-	-	132,624
18.3	Other		-	-	-	-	-
	Balance at the End of the Period (I+II+III+.....+XVI+XVII+XVIII)		2,500,000	543,482	-	-	2,645,390

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

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

Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Minority Shares	Total Equity
-	7,041,211	634,041	2,751,014	446,544	924,736	-	17,369	-	-	36,515	17,420,083
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(1,701,215)	-	-	-	-	(142)	(1,680,957)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	19	-	-	-	19
-	-	-	-	-	(27,061)	-	-	-	-	-	(59,866)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	(16,301)	-	35,057	-	-	-	-	-	(35,057)	(16,301)
-	-	-	3,264,229	-	-	-	-	-	-	103	3,264,332
-	1,969,880	287,937	(2,751,014)	100,586	-	-	-	-	-	16	(259,971)
-	-	-	-	(259,987)	-	-	-	-	-	16	(259,971)
-	1,969,880	287,937	(2,751,014)	360,573	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	9,011,091	905,677	3,264,229	582,187	(803,540)	-	17,388	-	-	1,435	18,667,339

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
Consolidated Statement of Cash Flows
As of 31 December 2013

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

VI. STATEMENT OF CASH FLOWS

	Note (Section Five VI)	Current Period (31/12/2013)	Prior Period (31/12/2012)
A. CASH FLOWS FROM BANKING OPERATIONS			
11 Operating Profit Before Changes in Operating Assets and Liabilities		5,180,212	3,502,274
11.1 Interest Received		15,922,425	13,738,401
11.2 Interest Paid		(6,654,910)	(7,941,910)
11.3 Dividend Received		3,430	20,972
11.4 Fees and Commissions Received		1,052,316	883,736
11.5 Other Income		1,591,670	2,491,400
11.6 Collections from Previously Written-off Loans and Other Receivables		1,354,961	749,391
11.7 Payments to Personnel and Service Suppliers		(1,858,253)	(350,720)
11.8 Taxes Paid		(1160,330)	(1,156,789)
11.9 Other		(5,071,097)	(4,932,207)
1.2 Changes in Operating Assets and Liabilities		(5,399,592)	(14,042,253)
1.2.1 Net (Increase)/Decrease in Trading Securities		8,173	28,120
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net (Increase)/Decrease in Banks		(5,826,542)	(8,528,796)
1.2.4 Net (Increase)/Decrease in Loans		(42,168,397)	(804,789)
1.2.5 Net (Increase)/Decrease in Other Assets		(1,014,453)	(94,071)
1.2.6 Net Increase/(Decrease) in Bank Deposits		13,317,669	(10,897,438)
1.2.7 Net Increase/(Decrease) in Other Deposits		23,927,001	2,194,406
1.2.8 Net Increase/(Decrease) in Funds Borrowed		5,752,842	2,777,459
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		604,115	1,282,856
I. Net Cash Provided from Banking Operations		(219,380)	(10,539,979)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		409,779	7,741,998
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(27,974)	(58,847)
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		6,549	-
2.3 Fixed Assets Purchases		(494,942)	(59,728)
2.4 Fixed Assets Sales		292,295	37,469
2.5 Cash for Purchase of Financial Assets Available for Sale		(17,055,354)	(10,942,498)
2.6 Cash Obtained from Sale of financial Assets Available for Sale		7,077,560	12,983,207
2.7 Cash Paid for Purchase of Investment Securities		(339,130)	(418,658)
2.8 Cash Obtained from Sale of Investment Securities		12,737,663	5,253,824
2.9 Other		(1,786,888)	947,229
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		542,335	1,656,341
3.1 Cash from Funds Borrowed and Securities Issued		802,322	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Marketable Securities Issued		-	1,903,580
3.4 Dividends Paid		(259,987)	(247,239)
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		424,386	(72,871)
V. Net Decrease/Increase in Cash and Cash Equivalents (I+II+III+IV)		1,157,120	(1,214,511)
VI. Cash and Cash Equivalents at the Beginning of the Period	(1)	7,066,624	8,281,135
VII. Cash and Cash Equivalents at the End of the Period	(1)	8,223,744	7,066,624

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Consolidated Statement of Profit Appropriation As of 31 December 2013

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

VII. STATEMENT OF PROFIT APPROPRIATION ⁽¹⁾		Current Period (31/12/2013)	Prior Period ⁽²⁾ (31/12/2012)
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	Current Year Income	4,378,523	3,504,725
1.2	Taxes And Duties Payable (-) ⁽³⁾	1,048,449	1,142,233
1.2.1	Corporate Tax (Income tax)	670,519	1,142,233
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	377,930	-
A.	NET INCOME FOR THE YEAR (1.1-1.2)	3,330,074	2,362,492
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	166,504	118,125
1.5	Other Statutory Reserves (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-1.3+1.4+1.5)]	3,163,570	2,244,367
1.6	First Dividend To Shareholders (-)	-	125,000
1.6.1	To Owners Of Ordinary Shares	-	125,000
1.6.2	To Owners Of Privileged Shares	-	-
1.6.3	To Owners Of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.7	Dividends To Personnel (-)	-	134,987
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To Owners Of Ordinary Shares	-	-
1.9.2	To Owners Of Privileged Shares	-	-
1.9.3	To Owners Of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	-	14,500
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	-	1,969,880
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	Appropriated Reserves	-	-
2.2	Second Legal Reserves (-)	-	-
2.3	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Privileged Shares	-	-
2.3.3	To Owners Of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.4	Dividends To Personnel (-)	-	-
2.5	Dividends To Board Of Directors (-)	-	-
III.	EARNINGS PER SHARE		
3.1	To Owners Of Ordinary Shares	1.3320	0.9450
3.2	To Owners Of Ordinary Shares (%)	133.20	94.50
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	-	0.05
4.2	To Owners Of Ordinary Shares (%)	-	5.00
4.3	To Owners Of Privileged Shares	-	-
4.4	To Owners Of Privileged Shares (%)	-	-

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

⁽²⁾ The profit distribution table belongs to prior period becomes definite with the decision of General Assembly after the publishing of 31 December 2012 audited financial statements. It is rearranged in this direction.

⁽³⁾ The deferred tax asset of prior period amounting to TL287,936 is not subject to profit distribution.

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA ("Banking Regulation and Supervision Agency") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority, and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA (all defined as "BRSA Principles"). The format and the details of the publicly announced consolidated financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 28337 dated 28 June 2012.

The financial statements of subsidiaries operating abroad have been prepared in accordance with the law and regulations of the country they operate. However, in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to these consolidated financial statements.

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

As of 31 December 2013, financial statements are presented comparatively with independently audited financial statements as of 31 December 2012.

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

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

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

Additional paragraph for convenience translation into English:

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2013

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

II. EXPLANATIONS ON STRATEGY OF USING 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 Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits in Turkish Lira and foreign currencies. The Parent Bank's main funding source is Turkish Lira deposits, repurchase agreements, shareholders' equity and government funds transferred from the budget, ministerial offices and other public resources to the Bank by means of legislative and administrative decisions. The 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 interest rate. Since the remaining time to re-pricing date of sources is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the 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, bank loans, and 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; Borsa İstanbul ("BIST"), 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 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".

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

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

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

a. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" and the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27") published in the Official Gazette No. 26340 dated 8 November 2006.

1. Consolidation principles for subsidiaries:

Subsidiaries (including special purpose entity) are all entities, in which the Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Notes to the Consolidated Financial Statements at 31 December 2013

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

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders' equity in scope of the materiality principle. Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from their acquisition date. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary. In the consolidated balance sheet, minority interest has been presented separately from the liabilities and the shares of the Group shareholders. Also, in the income statement, minority interest has been presented separately.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	2013		2012	
			Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Ziraat Hayat ve Emeklilik A.Ş.	İstanbul/Turkey	Insurance	100.00	99.99	99.99	99.98
Ziraat Sigorta A.Ş.	İstanbul/Turkey	Insurance	100.00	99.99	99.99	99.98
Ziraat Finansal Kiralama A.Ş.	İstanbul/Turkey	Leasing	100.00	100.00	90.00	90.00
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Investment Management	99.60	99.60	72.60	75.00
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Portfolio Management	99.70	99.80	68.08	74.90
Ziraat Bank International A.G.	Frankfurt/Germany	Banking	100.00	100.00	100.00	100.00
Ziraat Bank BH d.d.	Sarajevo/Bosnia Herzegovina	Banking	100.00	100.00	100.00	100.00
Ziraat Bank (Moscow) CJSC	Moscow/Russia	Banking	99.91	99.91	99.91	99.91
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99.58	99.58	99.58	99.58

2. Consolidation principles of associates and joint ventures:

An Associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle.

Significant effect refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2013

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

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder's equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	31 December 2013		31 December 2012	
			Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Azer Türk Bank ASC	Baku/Azerbaijan	Banking	50.00	50.00	50.00	50.00
Turkmen Turkish Joint Stock Commercial Bank	Ashgabat/ Turkmenistan	Banking	50.00	50.00	50.00	50.00
Uzbekistan- Turkish Bank	Tashkent/Uzbekistan	Banking	50.00	50.00	50.00	50.00
Arap Türk Bankası A.Ş.	Istanbul/Turkey	Banking	15.43	15.43	15.43	15.43

3. Principles applied during share transfer, merger and acquisition: None.

4. Transactions with minority shareholders:

The Group considers transactions with minority shareholders as transactions within the Group. For acquisitions from minority shareholders, the difference between the acquisition cost and related portion of net assets' booked value is deducted from equity. Profit or loss resulting from sales to minority shareholders is booked under equity.

b. Presentation of unconsolidated subsidiaries and associates in consolidated financial statements:

Turkish lira denominated unconsolidated associates and subsidiaries are booked at cost value, less any impairment if any, in accordance with "Turkish Accounting Standards for Consolidated and Separate Financial Statements" ("TAS 27") are recognized in the consolidated financial statements.

When the cost of investments, associates and share certificates which are classified under available for sale portfolio is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value if any, considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Parent Bank's derivative transactions mostly include currency and precious metal swaps and foreign exchange purchase and sale transactions. 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 TAS 39 "Financial Instruments: Recognition and Measurement". 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 do not meet the determination criteria for being classified as hedging instruments or whether such derivative transactions are finalized through sale, term expiry or fulfillment of obligations under the contract.

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Commission income from banking, agency, intermediary services is recognized as income on the date they are collected. Whereas, commission income from individual, corporate, commercial and entrepreneurial cash loans are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle. Other fees and commission expenses are recorded as expense on the date they are paid.

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

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

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

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

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2013

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

b. Held-to-maturity financial assets:

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

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

The 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.

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

c. Loans and receivables:

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

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

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

d. Available-for-sale financial assets:

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

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

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

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

If revalued amounts of financial assets at fair value through profit/loss is less than the prior revalued amounts, initially, value of prior records regarding the value increase are adjusted according to the recent value and if the impairment loss is more than the prior value increase, difference is reflected to "Impairment Expense for Marketable 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 "Impairment Expense for Marketable Securities" account in accordance with the related Turkish Accounting Standards.

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

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

The Parent Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

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

Estimated depreciation rates of tangible fixed assets are as follows;

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

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

The Group performs financial operations as "Lessor" and "Lessee".

a. Accounting of leasing transactions for the lessee:

Financial Lease

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

The Parent Bank does not perform financial operations as "Lessor".

Operational Lease

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

b. Accounting of leasing transactions for lessor:

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined so as to form a fixed revenue return ratio using net investment method related to lease asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account.

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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

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XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment Termination and Vacation Benefits

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

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

The Parent Bank uses independent actuaries in determining liability, and also makes assumptions relating to the discount rate, future salary increases, and the employee turnover. These assumptions are reviewed on an annual basis. Retirement benefit obligation is TL570,074 as of 31 December 2013. (31 December 2012: TL642,480)

	Current Period	Prior Period
Discount rate (%)	9.60	9.80
Expected inflation rate (%)	6.00	5.21

Communiqué on "Turkish Accounting Standard (TAS19) about Benefits for Employee (No: 9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss after tax effect, which is amounted 16,301 TL, regarding the accounting period of 1 January - 31 December 2013 has been classified as 'Other Comprehensive Expenses' in financials.

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

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

b. Pension Rights

Some of the Parent Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. As of 31 December 2012 the number of personnel who benefit from the Fund, excluding dependents is 18,066 (31 December 2012: 14,060). 14,443 of these members are active while 3,623 are passive members. (31 December 2012: 10,537 active members, 3,523 passive members).

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

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

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

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

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

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

On the other hand, according to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years.

The technical balance sheet report as of 31 December 2013 which is prepared in accordance with the new law and the rate determined as 9.80%, concluded no technical deficit arises in the above mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

XVII. EXPLANATIONS ON TAXATION

a. Current Tax

Turkish Tax Legislation does not permit the Parent Bank to file tax return over consolidated subsidiaries financial statements. Therefore, tax provisions which reflected to consolidated financial statements have been calculated per company.

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

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

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

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

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

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

Tax rates used in tax calculation considering the related countries' tax legislation as of 31 December 2013 are presented below:

Russia	20.00%
Kazakhstan	20.00%
Germany	15.00%
Bosnia Herzegovina	10.00%

b. Deferred tax

In accordance with TAS 12 "Turkish Accounting Standards Relating to 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 temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

XVIII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES

Technical Reserves

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. In accordance with "the circular about the Change of Unexpired Risks Reserve Calculation" numbered 2012/15 published by Treasury, if the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

Reserve for unearned premiums:

Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense.

Unexpired risk provision:

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. In accordance with "the circular about the Change of Unexpired Risks Reserve Calculation" numbered 2012/15 published by Treasury, if the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

Reserve for outstanding claims:

Insurance companies provide reserve for outstanding claims, incurred and reported but not yet settled in the current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims. Within the calculation of reserve for outstanding claims, incurred and reported but not yet settled, entire shares of expense required for maturation of compensation reports including calculated or estimated expert, referee, consultant, court and communication expenses are taken into account and subrogation, salvage and similar revenue items are not discounted. Incurred subrogation, salvage and similar revenue items whose codes of practice will be determined by the undersecretariat are shown under the related credit account of the asset side of the balance sheet and interrelated with period income in condition that subrogation of rights has been gained.

Offset provision:

In Article 9 of "Communiqué Regarding the Technical Reserves of Insurance and Reinsurance Companies and the Assets that these Reserves Recorded" numbered 27655 dated 28 July 2010, it is stated that insurance companies provide offset provision for loan and earthquake assurances in order to compensate the possible fluctuations in the assurance rates and catastrophic risks in the succeeding accounting periods.

Mathematical provisions:

Mathematical provisions indicate sum of bonus provisions and actuarial mathematical provisions calculated separately according to technical principles in tariff for each agreement in force. Life branch mathematical provision of the company consists of actuarial mathematical provisions calculated for long-term life insurances on credit. Actuarial mathematical provisions are the differences between risk premiums taken for risks undertaken by the Company and cash values of the liabilities to beneficiaries and insureds.

XIX. EXPLANATIONS ON BORROWINGS

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

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

The Group has issued no convertible bonds.

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XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXIII. CASH AND CASH EQUIVALENTS

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

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

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

XXV. EXPLANATIONS ON OTHER MATTERS

In accordance with the decision taken in the General Assembly of the Parent Bank of the year 2012 which was carried out on 29 March 2013, on the basis of distribution amounting to TL2,362,492 of the profit for the year 2012 amounting to TL2,650,428, TL118,125 is transferred to first legal reserve and TL14,500 is transferred to second legal reserve, TL145,000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL106,250 is distributed to Treasury after deducting withholding tax of 15% (TL18,750) in cash. In this context, TL1,959,867 of the profit is preserved, dividend payment made to Treasury on 15 April 2013, and within the framework of the dividend to be distributed to the employees, TL134,987 is paid. The remaining TL10,013 from the dividends distributed to the personnel as of 31 December 2013 was transferred to the extraordinary reserves.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE 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 12.88%. (31 December 2012: 18.69%)

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

Consolidated Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and "Communiqué on Credit Risk Mitigation Techniques" published in the Official Gazette dated 28 June 2012 numbered 28337.

Counterparties/operations related to the credit risk were separated on the basis of risk classes mentioned in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and each of them are assigned by the weight of risk. After, they are subject to risk reduction in accordance with the principles of "Communiqué on Credit Risk Mitigation Techniques", their risk-weighted amount is calculated by multiplying risk weights.

Non-cash loans and commitments, after deduction of specific provisions from them in accordance with "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" are included to the calculation of credit risk weighted amount with loan conversion rates presented in article 5 of "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" Assets subject to depreciation and impairment are calculated over their net book values after deducting the relative depreciations and provisions.

Trading accounts and the values deducted from the capital base in the shareholders' equity computation are excluded in calculation of risk-weighted assets.

Calculations regarding to the counter party credit risk, are made for repurchase agreement and derivative transactions. These transactions are added to the accounts with rates as applied that presented in the amendments of the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and "Communiqué on Credit Risk Mitigation Techniques". Repurchase agreements and derivative transactions that are presented in the banking accounts are added to calculation of the basis of the value at credit risk.

Calculations regarding counter parties credit risks are made with method of basic financial collateral for banking accounts, and for purchase-sale accounts are made with method of extensive collateral. Counter party credit risk amount calculated for purchase-sale accounts is included in the calculations of the amount subject to total market risk.

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Information related to capital adequacy ratio:

	Risk Weights										
	The Parent Bank										
Current Period	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Value at Credit Risk Exposure Categories	72,326,224	-	25,979,031	-	20,540,912	45,308,880	58,020,949	3,269,187	17,464,372	9,215	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	66,553,362	-	-	-	10,882,453	-	244,666	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	138,899	-	132	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	383,439	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	6	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	25,254,905	-	7,524,260	-	394,401	-	-	-	-
Conditional and unconditional corporate receivables	-	-	585,222	-	2,134,065	-	52,532,583	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	2	37,720,339	651,189	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	7,588,541	236,898	-	-	-	-
Past due receivables	-	-	-	-	-	-	545,855	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	3,269,187	17,464,372	9,215	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	52,987	-	-	-	-
Other receivables	5,772,856	-	5	-	-	-	2,978,931	-	-	-	-

Prepared with the numbers after the conversion rate to credit and before Credit Risk Reduction.

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	Risk Weights										
	Consolidated										
Current Period	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Value at Credit Risk Exposure Categories	72,627,435	-	26,933,485	-	19,343,392	45,884,424	60,840,258	3,279,767	17,464,372	9,215	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	66,599,345	-	29,454	-	10,945,625	-	277,481	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	139,209	-	284	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	383,918	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	6	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	26,011,818	-	6,517,927	-	24,339	-	-	-	-
Conditional and unconditional corporate receivables	-	-	752,999	-	1,879,554	-	55,511,987	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	2	38,295,883	651,190	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	7,588,541	236,898	-	-	-	-
Past due receivables	-	-	-	-	-	-	551,996	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	3,279,767	17,464,372	9,215	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	52,987	-	-	-	-
Other receivables	6,028,084	-	5	-	-	-	3,149,462	-	-	-	-

Prepared with the numbers after the conversion rate to credit and before Credit Risk Reduction.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2013

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

Summary information about the capital adequacy standard ratio:

	Consolidated	The Parent Bank
	Current Period	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11,450,786	11,222,068
Capital Requirement for Market Risk (CRMR)	728,104	657,522
Capital Requirement for Operational Risk (CROR)	1,120,110	960,999
Shareholders' Equity	21,410,537	21,197,616
Shareholders' Equity/((CRCR+CRMR+CROR)*12.5*100)	12.88	13.21

Information related to the components of consolidated shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Inflation Adjustment to Paid-in Capital	543,482	543,482
Share Premium	-	-
Share Cancellation Profits	-	-
Reserves	12,562,158	10,200,423
Inflation Adjustments to Reserves	-	-
Profit	3,846,416	3,197,558
Current Period's Profit	3,264,229	2,751,014
Prior Period's Profit	582,187	446,544
Provision for Possible Losses (up to 25% of Core Capital)	1,017,586	654,776
Income on Sale of Equity Shares and Real Estates	-	-
Primary Subordinated Debts (up to 15% of Core Capital) ⁽¹⁾	-	-
Minority Shareholders	1,435	36,515
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Period's Losses	-	-
Leasehold Improvements on Operational Leases (-)	59,550	32,458
Intangible Assets (-)	83,605	33,867
Deferred Tax Asset in Excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in 3 rd Clause 56 th Article of the Banking Act (-)	-	-
Total Core Capital	20,327,922	17,066,429

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

**Notes to the Consolidated
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	2,003,493	1,233,215
45% of Movable Assets Revaluation Fund	-	-
45% of Immovables Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	17,388	17,369
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Value Increase Amount of Available for Sale Securities and Subsidiaries and Associates	(803,540)	416,131
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/ Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	1,217,341	1,666,715
CAPITAL	21,545,263	18,733,144
DEDUCTIONS FROM CAPITAL	134,726	112,043
Shares in Unconsolidated Banks and Financial Institutions	762	612
Loans to Banks, Financial Institutions (Domestic/Foreign), Holders of Qualified Shares in the form of Secondary Subordinated Loan and Loan Instruments Purchased from those Parties Qualified as Primary or Secondary Subordinated Loan	-	-
Shares of Banks and Financial Institutions Equity Pick-up Method Applied but Assets and Liabilities are not Consolidated	133,450	110,380
Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or More of Whose Capital is Owned by the Bank and Which are Excluded from the Consolidation	-	-
Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose Capital is Owned by the Bank and that Exceeds 10% of the Total Core Capital and Supplementary Capital	-	-
Loans 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	409	386
Other	105	665
TOTAL SHAREHOLDERS' EQUITY	21,410,537	18,621,101

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2013

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3. Applied approaches in order to evaluate internal capital adequacy within the scope of internal capital adequacy evaluation of internal capital requirement in terms of future and current activities:

The Parent Bank determined the capital adequacy policy within the scope of internal capital adequacy evaluation process, fixed the minimum factors to be considered in the capital adequacy determination.

Therefore, in the Parent Bank,

- Being evaluated within the scope of capital adequacy of financial situation of the Parent Bank in prior period, legal ratios and economic capital analysis.
- Being analyzed within the scope of the accord to legal ratios and legal capital adequacy of budget considering imposed risks.
- Analyzing operations with stress tests are carried out the preservation potential against financial fluctuations of budget and convenience to capital adequacy policy in the process of these fluctuations

II. EXPLANATIONS ON THE CREDIT RISK

Credit risk is the possibility of loss that the Parent Bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

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 Managements, Group Presidencies, Department Presidencies, Assistant General Management, 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 Managements 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. The Parent Bank's credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Managements/Branches.

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

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

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

Loans to finance agricultural production are the specialized loans of the Parent Bank and issued by all of the Parent Bank's branches. 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 and the financial information of the customer. The transactions of the loan customers are followed through the periodic visits made and in this way the changes at the credit worthiness are identified. The new limit issuances and changes at the existing 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 creditors' credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Parent Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Parent Bank's credit risk significantly declines.

On January 2011 the Parent Bank started applying internal ratings processes as a decision support system for analyzing credit worthiness and determining credit allocation for Corporate/Commercial/Entrepreneurial consumer loans.

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

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

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

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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

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

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

The percentage of top 100 and top 200 cash loans of the Parent Bank in the total cash loan portfolio is 19% and 23% respectively. (31 December 2012: 10%).

The percentage of top 100 and top 200 non-cash loans of the Parent Bank in the total non-cash loan portfolio is 63% and 73% respectively. (31 December 2012: 56%).

The percentage of top 100 and top 200 cash and non-cash loans of the Parent Bank in the total cash and non-cash loan portfolio is 24% and 29% respectively. (31 December 2012: 18%).

General provision made by the Group for the credit risk is TL2,003,493.(31 December 2012: TL1,233,215).

**Notes to the Consolidated
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	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables
Current Period							
Domestic	77,495,327	139,032	383,434	6	-	14,610,375	55,850,288
European Union Countries	8,720	-	-	-	-	14,649,403	143,280
OECD Countries ⁽¹⁾	-	-	-	-	-	466,618	-
Off-shore Banking Regions	-	-	-	-	-	-	-
USA, Canada	1,809	-	-	-	-	2,359,414	117,435
Other Countries	346,049	461	484	-	-	468,274	2,002,647
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	30,890
Unallocated Assets/ Liabilities ⁽²⁾	-	-	-	-	-	-	-
Total	77,851,905	139,493	383,918	6	-	32,554,084	58,144,540

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables
Prior Period							
Domestic	82,057,885	99,272	333,015	-	-	2,392,333	20,634,581
European Union Countries	4,860	-	-	-	-	8,072,801	88,326
OECD Countries ⁽¹⁾	-	-	-	-	-	81,116	-
Off-shore Banking Regions	-	-	-	-	-	-	-
USA, Canada	175,065	-	-	-	-	37,737	151,880
Other Countries	331,390	-	-	-	-	332,221	430,736
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	14,098	-
Unallocated Assets/ Liabilities ⁽²⁾	-	-	-	-	-	-	-
Total	82,569,200	99,272	333,015	-	-	10,930,306	21,305,523

Prepared with the numbers after conversion rate to credit and before credit risk reduction.

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

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

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

	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term Receivables from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	Total
	38,335,999	7,823,179	546,355	20,743,276	-	-	-	52,987	8,922,339	224,902,597
	109,151	-	68	9	-	-	-	-	226,349	15,136,980
	-	-	-	-	-	-	-	-	-	466,618
	-	-	-	-	-	-	-	-	-	-
	1,086	-	-	-	-	-	-	-	-	2,479,744
	500,839	2,260	5,573	10,069	-	-	-	-	28,863	3,365,519
	-	-	-	-	-	-	-	-	-	30,890
	-	-	-	-	-	-	-	-	-	-
	38,947,075	7,825,439	551,996	20,753,354	-	-	-	52,987	9,177,551	246,382,348
	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term Receivables from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	Total
	35,219,107	7,867,954	586,351	11,649,643	-	-	-	-	8,139,446	168,979,587
	56,254	-	1,363	11,682	-	-	-	-	506,746	8,742,032
	-	-	-	-	-	-	-	-	-	81,116
	-	-	-	-	-	-	-	-	-	-
	1,903	-	-	-	-	-	-	-	-	366,585
	182,477	5,820	1,333	2,240	-	-	-	-	57,903	1,344,120
	-	-	-	-	-	-	-	-	-	14,098
	-	-	-	-	-	-	-	-	-	-
	35,459,741	7,873,774	589,047	11,663,565	-	-	-	-	8,704,095	179,527,538

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Current Period	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Sectors/Counter Parties								
Agriculture	-	-	-	-	-	-	3,555,661	16,320,687
Farming and Stockbreeding	-	-	-	-	-	-	3,393,649	16,133,423
Forestry	-	-	-	-	-	-	90,767	80,743
Fishing	-	-	-	-	-	-	71,245	106,521
Manufacturing	-	1,679	61,196	-	-	-	25,772,785	2,114,750
Mining and Quarrying	-	39	15	-	-	-	350,277	49,183
Production	-	1,152	61,176	-	-	-	20,355,050	2,052,844
Electric, Gas and Water	-	488	5	-	-	-	5,067,458	12,723
Construction	-	69	12,831	-	-	-	6,471,344	948,725
Services	25,847,279	6,229	224,641	6	-	27,409,493	17,539,944	6,493,657
Wholesale and Retail Trade	-	39	2,444	-	-	-	8,290,284	4,584,466
Hotel Food and Beverage Services	-	168	82	-	-	-	1,889,021	461,011
Transportation and Telecommunication	-	272	38,543	-	-	-	705,425	741,003
Financial Institutions	25,847,279	587	483	6	-	25,767,778	3,271,522	7,825
Real Estate and Leasing Services	-	654	78,203	-	-	1,641,715	3,091,015	447,121
Self Employment Services	-	-	-	-	-	-	12	125
Education Services	-	16	94,404	-	-	-	126,204	65,171
Health and Social Services	-	4,493	10,482	-	-	-	166,461	186,935
Other	52,004,626	131,516	85,250	-	-	5,144,591	4,804,806	13,069,256
Total	77,851,905	139,493	383,918	6	-	32,554,084	58,144,540	38,947,075

Prepared with the numbers after conversion rate to credit and before credit risk reduction.

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

	Risk Classes										
	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	TL	FC	Total
	348,896	6,539	22,749	-	-	-	-	2,487,247	22,589,023	152,756	22,741,779
	324,553	6,409	18,580	-	-	-	-	2,487,247	22,317,897	45,964	22,363,861
	1,623	128	2,780	-	-	-	-	-	94,674	81,367	176,041
	22,720	2	1,389	-	-	-	-	-	176,452	25,425	201,877
	55,213	12,135	29,418	-	-	-	-	-	11,106,139	16,941,037	28,047,176
	4,364	91	1,434	-	-	-	-	-	305,781	99,622	405,403
	50,148	9,787	25,367	-	-	-	-	-	9,394,281	13,161,243	22,555,524
	701	2,257	2,617	-	-	-	-	-	1,406,077	3,680,172	5,086,249
	21,360	3,080	15,657	-	-	-	-	-	3,126,996	4,346,070	7,473,066
	253,698	23,935	216,984	-	-	-	49,674	-	34,213,785	43,851,755	78,065,540
	161,291	15,255	91,327	-	-	-	-	-	10,601,052	2,544,054	13,145,106
	23,417	1,333	23,794	-	-	-	-	-	765,113	1,633,713	2,398,826
	18,433	2,423	28,653	-	-	-	-	-	1,202,379	332,373	1,534,752
	701	31	42,978	-	-	-	-	-	18,327,272	36,611,918	54,939,190
	35,743	4,352	18,298	-	-	-	49,674	-	2,720,483	2,646,292	5,366,775
	-	-	-	-	-	-	-	-	-	137	137
	2,883	333	2,709	-	-	-	-	-	215,573	76,147	291,720
	11,230	208	9,225	-	-	-	-	-	381,913	7,121	389,034
	7,146,272	506,307	20,468,546	-	-	-	3,313	6,690,304	89,594,601	20,460,186	110,054,787
	7,825,439	551,996	20,753,354	-	-	-	52,987	9,177,551	160,630,544	85,751,804	246,382,348

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Prior Period	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Sectors/Counter Parties								
Agriculture	398	1,411	27,744	-	-	4	2,339,649	13,412,627
Farming and Stockbreeding	80	506	14,001	-	-	-	2,182,256	9,746,138
Forestry	4	10	495	-	-	-	104,486	85,593
Fishing	314	895	13,248	-	-	4	52,907	3,580,896
Manufacturing	44,067	1,727	11,351	-	-	-	10,063,049	1,579,958
Mining and Quarrying	4	139	14	-	-	-	219,899	51,089
Production	44,063	868	11,331	-	-	-	8,506,551	1,503,084
Electric, Gas and Water	-	720	6	-	-	-	1,336,599	25,785
Construction	-	69	11,957	-	-	9,168	1,823,214	751,826
Services	24,112,398	5,477	228,285	-	-	7,927,754	4,262,261	4,480,745
Wholesale and Retail Trade	22	171	742	-	-	-	2,165,033	2,906,220
Hotel Food and Beverage Services	56	193	38	-	-	-	354,134	321,133
Transportation and Telecommunication	8	324	89,507	-	-	-	183,104	663,993
Financial Institutions	24,108,610	1,304	502	-	-	7,391,830	150,721	21,456
Real Estate and Leasing Services	130	741	101,938	-	-	535,924	1,278,777	245,176
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	1,277	27	30,103	-	-	-	39,277	56,595
Health and Social Services	2,295	2,717	5,455	-	-	-	91,215	266,172
Other	58,412,337	90,588	53,678	-	-	2,993,380	2,817,350	15,234,585
Total	82,569,200	99,272	333,015	-	-	10,930,306	21,305,523	35,459,741

Prepared with the numbers after conversion rate to credit and before credit risk reduction.

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

Risk Classes											
Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	TL	FC	Total	
293,313	8,475	9,884	-	-	-	-	3,005,128	18,861,554	237,079	19,098,633	
270,771	8,028	4,810	-	-	-	-	3,005,128	15,108,742	122,976	15,231,718	
2,884	192	2,172	-	-	-	-	-	96,835	99,001	195,836	
19,658	255	2,902	-	-	-	-	-	3,655,977	15,102	3,671,079	
90,622	18,484	18,766	-	-	-	-	-	5,027,601	6,800,423	11,828,024	
1,555	1,479	1,093	-	-	-	-	-	103,106	172,166	275,272	
86,915	15,514	15,155	-	-	-	-	-	4,617,511	5,565,970	10,183,481	
2,152	1,491	2,518	-	-	-	-	-	306,984	1,062,287	1,369,271	
46,427	12,660	8,542	-	-	-	-	-	1,769,319	894,544	2,663,863	
305,287	494,410	97,539	-	-	-	-	-	18,709,700	23,204,456	41,914,156	
174,387	22,318	49,256	-	-	-	-	-	4,506,638	811,511	5,318,149	
35,149	1,870	10,921	-	-	-	-	-	420,729	302,765	723,494	
36,556	2,948	16,997	-	-	-	-	-	903,571	89,866	993,437	
3,241	64	824	-	-	-	-	-	10,996,301	20,682,251	31,678,552	
22,794	465,559	9,090	-	-	-	-	-	1,361,789	1,298,340	2,660,129	
-	-	-	-	-	-	-	-	-	-	-	
4,074	383	2,043	-	-	-	-	-	117,981	15,798	133,779	
29,086	1,268	8,408	-	-	-	-	-	402,691	3,925	406,616	
7,138,125	55,018	11,528,834	-	-	-	-	5,698,967	90,750,042	13,272,820	104,022,862	
7,873,774	589,047	11,663,565	-	-	-	-	8,704,095	135,118,216	44,409,322	179,527,538	

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Analysis of maturity-bearing exposures according to remaining maturities:

	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications					
Conditional and unconditional exposures to central governments or central banks	1,116,652	1,937,869	6,608,525	5,520,972	62,667,887
Conditional and unconditional exposures to regional governments or local authorities	23,029	280	5,562	18,617	92,005
Conditional and unconditional receivables from administrative units and non-commercial enterprises	91,241	5,432	9,764	42,094	235,387
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	6
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	21,403,689	3,969,326	1,404,630	1,697,322	4,079,117
Conditional and unconditional exposures to corporates	3,314,218	1,598,410	2,597,424	16,470,525	34,163,963
Conditional and unconditional retail exposures	2,177,343	1,856,455	2,960,720	10,046,421	21,906,136
Conditional and unconditional exposures secured by real estate property	68,375	91,266	250,690	923,827	6,491,281
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	44,103	-	-	199,494	20,488,575
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	3,313	-	-	-	49,674
Grand Total	28,241,963	9,459,038	13,837,315	34,919,272	150,174,031

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

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Grades of Fitch Ratings International Rating Agency are used in determining risk weights for risk classes being used rating grade of risk classes indicated in article 6 of Communiqué on "Measurement and Assessment of Capital Adequacy of Banks". Additionally, grades of Fitch Ratings International Rating Agency were used for receivables from central government and central bank of our country and counter parties abroad. Counter parties resident are accepted as "gradeless" and take risk weight suited for "gradeless" category in relevant risk class.

Rating Scores are used in the following risk classes:

1. Receivables from Central Governments or Central Banks
2. Receivables from Regional Governments or Local Authorities
3. Receivables from Administrative Units and Non-commercial Enterprises
4. Receivables from Banks and Brokerage Houses

While credit quality level grade given by Fitch Ratings International Rating Agency to a large extent decreases to 3, grades using in risk class of receivables from banks and intermediary institutions matched with all credit quality levels from 1 to 6 in risk classes of receivables from central governments or central banks, receivables from regional governments or local authorities and receivables from administrative units and non-commercial enterprises.

For determination of risk weight regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

Exposures by Risk Weights:

	Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	72,627,435	-	26,933,485	19,343,392	45,884,424	60,840,258	3,279,767	17,464,372	9,215	-	134,726
2	Exposures after Credit Risk Mitigation	89,424,716	-	14,037,192	24,483,299	37,877,946	59,805,840	3,279,767	17,464,372	9,215	-	134,726

Prepared with the numbers after conversion rate to credit.

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Information in Terms of Major Sectors and Type of Counterparties:

Impaired Credits; are the credits that were deemed to be impaired because of the credibility or delaying more than 90 days as of the end of the reporting period. For these credits "Special Provision" calculation is made within the scope of Regulation on Provisions.

Past Due Credits; are the credits whose maturity delayed up to 90 days as of the end of the reporting period but not incurred to impairment. For these credits "General Provision" calculation is made within the scope of Regulation for Provisions.

	Credits			
	Impaired Credits	Past Due Credits	Value Adjustments	Provisions
Agriculture	608,954	884,011	21,838	345,444
Farming and Stockbreeding	595,216	875,842	21,632	331,911
Forestry	2,763	2,545	93	2,763
Fishery	10,975	5,624	113	10,770
Manufacturing	179,368	93,754	2,652	168,212
Mining and Quarrying	9,713	3,151	135	9,634
Production	164,479	89,794	2,483	155,636
Electricity, Gas and Water	5,176	809	34	2,942
Construction	742,420	106,992	3,320	265,365
Services	348,163	356,017	10,111	323,190
Wholesale and Retail Trade	188,387	173,898	5,411	175,878
Accommodation and Dining	12,156	23,335	686	11,130
Transportation and Telecom.	33,182	57,876	1,461	31,213
Financial Institutions	2,320	4,797	150	2,218
Real Estate and Rental Services	98,290	73,494	1,694	89,449
Professional Services	89	244	11	89
Educational Services	2,775	5,029	145	2,465
Health and Social Services	10,964	17,344	553	10,748
Other	591,308	1,916,522	97,646	556,743
Total	2,470,213	3,357,296	135,567	1,658,954

Information about Value Adjustment and Change in Provisions:

		Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions	1,263,361	705,702	310,109	-	1,658,954
2	General Provisions	1,217,404	791,633	5,544	-	2,003,493

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

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit/Loss	464,789	169,158
Banks	3,005,253	1,622,732
Interbank Money Market Placements	53,272	61,722
Available-for-Sale Financial Assets	46,892,961	38,362,403
Held-to-Maturity Investments	15,799,338	27,322,038
Loans	113,368,659	73,147,086
Other Assets	1,639,055	901,599
Total Credit Risk Exposure of Balance Sheet Items	181,223,327	141,586,738
Financial Guarantees	29,892,581	15,652,120
Commitments	67,372,132	67,947,841
Total Credit Risk Exposure of Off-Balance Sheet Items	97,264,713	83,599,961
Total Credit Risk Exposure	278,488,040	225,186,699

Information about Credit Quality per Class of Financial Assets

Financial Assets	Current Period			Prior Period		
	Neither past due nor impaired	Past due but not impaired	Total	Neither past due nor impaired	Past due but not impaired	Total
Banks	3,005,253	-	3,005,253	1,622,732	-	1,622,732
Financial Assets at Fair Value Through Profit or Loss	464,789	-	464,789	169,158	-	169,158
Loans Given:	109,200,104	3,357,296	112,557,400	67,842,058	4,501,413	72,343,471
Commercial Loans	49,852,726	690,996	50,543,722	18,849,892	1,008,778	19,858,670
Consumer Loans	37,725,793	1,786,696	39,512,489	27,901,936	2,678,930	30,580,866
Specialized Loans	21,621,585	879,604	22,501,189	21,090,230	813,705	21,903,935
Available-for-Sale Financial Assets	46,892,961	-	46,892,961	38,362,403	-	38,362,403
Held-to-Maturity Investments	15,799,338	-	15,799,338	27,322,038	-	27,322,038

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

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Loans Given:	2,261,263	665,905
Commercial Loans	943,893	288,605
Consumer Loans	57,973	31,515
Specialized Loans	1,259,397	345,785
Other	-	-
Available-for-Sale Financial Assets	-	-
Held-to-Maturity Investments	-	-

III. EXPLANATIONS ON THE MARKET RISK

a) Whether measures are taken to hedge against market risk under the framework of the 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 determined 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" and 'Regulation on Internal Systems of Banks'.

Market risk management strategy policy and implementation procedures of the Parent Bank are determined within the context of "Regulation for Market Risk Management" which was approved by the Board of Directors.

The Parent Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and bank also reports the findings cyclically. Continuing operations are carried out on a trading portfolio determined by Parent Bank's Treasury Management. New products and services are evaluated from the point of market risk.

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

Excluding Standard Method, Daily Value at Risk ("VAR") forecasts are made as per daily period for Held-for-Trading accounts and are reported to the related units. Historical Simulation Method is used in daily reporting and limit allocation. VAR results, calculated with Parametric and Monte Carlo Methods, are used for monitoring. Backward testing is performed so as to measure performance of used model. Also, Parent Bank performs as per daily and monthly periods stress tests and scenario analysis so as to observe the effect of excessive market fluctuations that are not covered by models over the Parent Bank's financial position.

The market risk exposure by VAR based limits (interest rate and currency risk limit) within the context of "Regulation for Market Risk Management".

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Information Related to Group's Market Risk:

	Current Period
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	312,688
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	51,174
Capital Requirement for Specific Risk of Securitization Positions	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	351,485
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting from Options - Standard Method	-
(VII) Capital Requirement to be Employed for Counter Party Credit Risk - Standard Method	12,757
(VIII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	728,104
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	9,101,300

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	201,841	326,410	188,510	329,633	357,613	245,055
Equity Share Risk	27,990	37,452	21,038	27,640	17,716	19,310
Currency Risk	263,282	351,485	155,976	96,287	101,457	118,764
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counter Party Credit Risk	12,461	12,757	11,818	19,374	17,009	21,738
Amount Subject to Total Risk	6,319,672	9,101,300	4,716,775	5,790,578	6,172,438	5,060,838

Counter party credit risk is calculated for repurchase agreements and derivative transactions. According to the fair value of valuation method is based on the calculations. Costs of reconditioning of agreements that have positive value are obtained with valuation according to fair value of derivative transactions. Potential credit risk amount is obtained by multiplying agreement amounts with the ratios indicated in Regulation attachment. In repo transactions, risk reduction is applied by using extensive financial collateral method.

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Quantitative Information on Counterparty Risk:

	Amount
Agreements Based on Interest Rate	-
Agreements Based on Foreign Exchange Currency	252,400
Agreements Based on Commodity	-
Agreements Based on Shares	-
Other	-
Gross Positive Fair Values	145,602
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	204,710
Net Position of Derivatives	143,979

IV. EXPLANATIONS ON THE OPERATIONAL RISK
a) The method used in calculating the operational risk and the interval in which the market risk measurement is done:

In the Parent Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income obtained from shares excluding shares of subsidiaries and associates, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of assets monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation within the scope of Loss Distribution Method.

	31.12.2010	31.12.2011	31.12.2012	Total/Positive Year	Rate (%)	Total
Gross Income	6,702,784	6,962,068	8,737,357	7,467,403	15	1,120,110
Amount Subject to Operational Risk						14,001,381

b) The Parent Bank does not apply standard method.

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V. EXPLANATIONS ON THE 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, VAR is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit is also daily followed which was approved by Board of Directors.

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

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

None.

c) Management policy for foreign currency risk:

"Liquidity Gap Analysis", "Reprising Gap Analysis" and "Structural Liquidity Gap Analysis" which takes into account historical reprising 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 for the last 5 business days prior to the financial statement date:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2013	2,0629	2,8161	1,8431	0,3788	0,3143	2,3058	1,9490	0,3350	3,3830	0,5514	1,9820
25.12.2013	2,0724	2,8336	1,8532	0,3816	0,3162	2,3250	1,9565	0,3374	3,3862	0,5539	1,9906
26.12.2013	2,1129	2,8917	1,8810	0,3888	0,3235	2,3662	1,9943	0,3439	3,4816	0,5650	2,0230
27.12.2013	2,1383	2,9481	1,9087	0,3966	0,3304	2,4180	2,0076	0,3499	3,5386	0,5717	2,0441
30.12.2013	2,1101	2,9097	1,8830	0,3915	0,3284	2,3810	1,9812	0,3470	3,4920	0,5642	2,0137
31.12.2013	2,1300	2,9365	1,9132	0,3955	0,3323	2,4053	2,0144	0,3515	3,5408	0,5707	2,0385

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
2,0528	2,8120	1,8468	0,3782	0,3149	2,3046	1,9335	0,3347	3,3709	0,5487	1,9880

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Information on the foreign currency risk of the Group:

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	8,935,187	8,334,911	5,963,420	23,233,518
Banks	161,872	949,039	207,540	1,318,451
Financial Assets at Fair Value Through Profit and Loss	-	4,432	-	4,432
Money Market Placements	-	6,307	30,826	37,133
Financial Assets Available-for-Sale	3,602,980	2,902,941	97	6,506,018
Loans ⁽²⁾	7,486,336	14,761,006	740,126	22,987,468
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	12,516	44,827	5,586	62,929
Investments Held-to-Maturity	1,744,360	3,423,532	29,860	5,197,752
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	7,097	1,317	26,650	35,064
Intangible Assets	2,302	2,173	5,183	9,658
Other Assets	1,292,438	555,839	19,272	1,867,549
Total Assets	23,245,088	30,986,324	7,028,560	61,259,972
Liabilities				
Interbank Deposits	1,404,558	3,897,792	84,248	5,386,598
Foreign Currency Deposits	23,489,825	11,032,724	3,060,524	37,583,073
Money Market Borrowings	2,853,819	9,207,809	-	12,061,628
Funds Provided from Other Financial Institutions	2,233,565	5,945,928	442	8,179,935
Issued Marketable Securities	-	-	-	-
Sundry Creditors	297,896	13,456	4,521	315,873
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	358,082	117,392	60,944	536,418
Total Liabilities	30,637,745	30,215,101	3,210,679	64,063,525
Net Balance Sheet Position	(7,392,657)	771,223	3,817,881	(2,803,553)
Net Off-Balance Sheet Position ⁽³⁾	7,916,641	(1,054,754)	(4,860,901)	2,000,986
Financial Derivative Assets	8,374,906	2,347,877	788,716	11,511,499
Financial Derivative Liabilities	458,265	3,402,631	5,649,617	9,510,513
Non-Cash Loans	5,058,346	12,699,489	1,303,003	19,060,838
Prior Period				
Total Assets	14,087,344	16,106,298	5,046,909	35,240,551
Total Liabilities	17,936,117	16,775,578	1,791,698	36,503,393
Net Balance Sheet Position	(3,848,773)	(669,280)	3,255,211	(1,262,842)
Net Off-Balance Sheet Position ⁽³⁾	3,633,754	733,994	(2,820,579)	1,547,169
Financial Derivative Assets	3,673,362	1,530,053	544,380	5,747,795
Financial Derivative Liabilities	39,608	796,059	3,364,959	4,200,626
Non-Cash Loans	2,772,831	6,905,465	443,318	10,121,614

⁽¹⁾ Of the foreign currencies presented in the other FC column of assets 83.39% is Gold, 0.76% is IQD, 0.93% is GBP, and the remaining 14.92% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 62.50% is Gold, 12.97% is GBP, 7.47% is CHF, 2.78% is DKK and the remaining 14.28% is other foreign currencies. (31 December 2012: Of the foreign currencies presented in the other FC column of assets 83.44% is Gold, 2.23% is GEL, 1.27% is IQD, and the remaining 13.07% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 51.88% is Gold, 17.70% is GBP, 9.73% is CHF, 2.60% is IQD and the remaining 18.09% is other foreign currencies.)

⁽²⁾ TL14 equivalent of EUR and TL88,750 equivalent of USD loans are originated as foreign currency indexed loans (31 December 2012: TL14 equivalent of USD and TL264 equivalent of EUR).

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

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

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⁽⁵⁾ Derivative financial assets held for trading and liabilities are not included in the table.

VI. EXPLANATIONS ON THE INTEREST RATE RISK

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	35,196	-	-	-	-	26,862,835	26,898,031
Banks	936,516	934,454	98,443	-	-	1,035,840	3,005,253
Financial Assets at Fair Value Through Profit and Loss	1,523	267	4,721	14,676	4,953	438,649	464,789
Money Market Placements	53,272	-	-	-	-	-	53,272
Financial Assets Available-for-Sale	10,381,970	4,560,863	11,287,373	9,678,474	10,590,810	393,471	46,892,961
Loans Given	37,273,709	13,078,393	24,739,445	32,716,457	4,662,317	898,338	113,368,659
Investments Held-to-Maturity	8,754,222	882,504	1,356,263	2,810,478	1,995,871	-	15,799,338
Other Assets	84,397	86,624	905,905	252,815	66,080	3,725,355	5,121,176
Total Assets	57,520,805	19,543,105	38,392,150	45,472,900	17,320,031	33,354,488	211,603,479
Liabilities							
Interbank Deposits	6,518,441	1,301,672	136,587	14,724	-	220,773	8,192,197
Other Deposits	73,411,527	19,626,599	12,085,334	696,872	1,455	29,497,278	135,319,065
Money Market Borrowings	19,861,007	2,579,722	2,130,121	-	-	-	24,570,850
Sundry Creditors	1,183	-	-	-	-	1,379,020	1,380,203
Issued Marketable Securities	1,127,313	578,764	886,976	63,407	-	-	2,656,460
Funds Provided from Other Financial Institutions	925,519	1,263,629	5,355,845	1,179,795	537,473	-	9,262,261
Other Liabilities	3,880	24,308	15,653	4,743,304	70,094	25,365,204	30,222,443
Total Liabilities	101,848,870	25,374,694	20,610,516	6,698,102	609,022	56,462,275	211,603,479
Balance Sheet Long Position	-	-	17,781,634	38,774,798	16,711,009	-	73,267,441
Balance Sheet Short Position	(44,328,065)	(5,831,589)	-	-	-	(23,107,787)	(73,267,441)
Off-Balance Sheet Long Position	367,119	1,172,400	-	35	-	-	1,539,554
Off-Balance Sheet Short Position	-	-	(711,776)	(447,865)	-	-	(1,159,641)
Total Position	(43,960,946)	(4,659,189)	17,069,858	38,326,968	16,711,009	(23,107,787)	379,913

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

⁽²⁾ TL3,997,095 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the "1 - 5 Years" column TL39,396 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

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

⁽⁴⁾ Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.

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

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

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	27,731	-	-	-	-	21,253,997	21,281,728
Banks	621,037	340,250	161,918	9,470	-	490,057	1,622,732
Financial Assets at Fair Value Through Profit and Loss	1,907	817	2,880	14,345	16,241	132,968	169,158
Money Market Placements	58,162	3,560	-	-	-	-	61,722
Financial Assets Available-for-Sale	11,707,771	4,854,830	10,489,599	5,802,620	5,056,280	451,303	38,362,403
Loans Given	19,526,037	6,891,959	18,393,808	24,285,842	3,184,094	865,346	73,147,086
Investments Held-to-Maturity	8,726,370	10,962,981	3,529,569	1,880,786	2,222,332	-	27,322,038
Other Assets	51,576	54,815	141,513	278,543	91,910	2,515,671	3,134,028
Total Assets	40,720,591	23,109,212	32,719,287	32,271,606	10,570,857	25,709,342	165,100,895
Liabilities							
Interbank Deposits	4,851,442	1,108,979	392,655	229,827	450,939	84,134	7,117,976
Other Deposits	67,883,171	14,004,597	7,961,408	334,251	3,209	22,374,642	112,561,278
Money Market Borrowings	8,334,493	2,023,843	804,138	-	-	-	11,162,474
Sundry Creditors	382	-	-	-	-	1,156,732	1,157,114
Issued Marketable Securities	132,765	1,019,768	701,604	-	-	-	1,854,137
Funds Provided from Other Financial Institutions	683,669	815,686	1,380,677	93,974	508,272	-	3,482,278
Other Liabilities	1,775	6,143	1,015	4,970,070	2,683	22,783,952	27,765,638
Total Liabilities	81,887,697	18,979,016	11,241,497	5,628,122	965,103	46,399,460	165,100,895
Balance Sheet Long Position	-	4,130,196	21,477,790	26,643,484	9,605,754	-	61,857,224
Balance Sheet Short Position	(41,167,106)	-	-	-	-	(20,690,118)	(61,857,224)
Off Balance Sheet Long Position	300,498	978,666	191	51	-	-	1,279,406
Off Balance Sheet Short Position	-	-	-	(1,162,801)	-	-	(1,162,801)
Total Position	(40,866,608)	5,108,862	21,477,981	25,480,734	9,605,754	(20,690,118)	116,605

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

⁽²⁾ TL4,277,386 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the "1 - 5 Years" column. TL14,843 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

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

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

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2013

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

Average interest rate applied to the monetary financial instruments (Represents the values belong to the Parent Bank):

	EUR	USD	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault. Effectives. Money in Transit. Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	4.00
Banks	2.08	2.08	-	8.13
Financial Assets at Fair Value Through Profit and Loss	-	5.58	-	6.53
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.70	5.67	-	8.09
Loans Given ⁽²⁾	4.65	4.71	-	12.54
Investments Held-to-Maturity	6.36	7.01	-	8.49
Liabilities				
Interbank Deposits ⁽³⁾	1.06	1.09	-	7.74
Other Deposits ⁽⁴⁾	1.96	1.64	-	5.80
Money Market Borrowings	0.80	1.00	-	7.71
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	7.82
Funds Provided from Other Financial Institutions	1.35	1.71	-	7.20

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

⁽²⁾ Credit card loan balances are not included.

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

⁽⁴⁾ Rates include also demand deposit data.

Average interest rate applied to the monetary financial instruments:

	EUR	USD	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault. Effectives. Money in Transit. Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	5.00
Banks	1.44	2.09	-	6.69
Financial Assets at Fair Value Through Profit and Loss	-	5.58	-	9.06
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.67	6.03	-	8.37
Loans Given ⁽²⁾	4.73	5.06	-	14.77
Investments Held-to-Maturity	6.36	7.00	-	8.37
Liabilities				
Interbank Deposits ⁽³⁾	1.08	1.47	-	6.02
Other Deposits ⁽⁴⁾	2.09	1.68	-	6.04
Money Market Borrowings	0.63	1.11	-	5.67
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	7.48
Funds Provided from Other Financial Institutions	1.81	2.16	-	6.37

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

⁽²⁾ Credit card loan balances are not included.

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

⁽⁴⁾ Rates include also demand deposit data.

Notes to the Consolidated Financial Statements at 31 December 2013

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

Interest rate risk on banking accounts:

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

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

In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on Parent Bank's economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Parent Bank 's internal applications, the follow-up of yield curve, basis risk and option risk. Also, in order to limit the impact of interest rate changes on Parent Bank's financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

Interest rate risk on banking accounts

Type of Currency	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity- (Losses)/Equity
1. TRY	(+) 300bp	(1,897,186)	(8.95%)
2. TRY	(-) 300bp	2,189,561	10.33%
3. EUR	(+) 100bp	(144,380)	(0.68%)
4. EUR	(-) 100bp	155,627	0.73%
5. USD	(+) 100bp	(294,338)	(1.39%)
6. USD	(-) 100bp	339,015	1.60%
Total (of negative shocks)		2,684,203	12.66%
Total (of positive shocks)		(2,335,904)	(11.02%)

Equity Share Investments	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Stock Investment Group A	-	-	-
Stock Exchange Securities	-	-	-
2. Stock Investment Group B	-	-	-
Stock Exchange Securities	-	-	-
3. Stock Investment Group C	-	-	-
Stock Exchange Securities	-	-	-
4. Stock Investment Other Group	-	-	-
Other	129,427	129,427	-

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VII. EXPLANATIONS ON THE LIQUIDITY RISK

General principles of liquidity and financial emergency state management and the related application procedures are considered in the scope of "Regulation for Liquidity Risk and Liquidity and Financial Emergency State Management".

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

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 numbered 26333 and dated 1 November 2006. The liquidity adequacy of the Parent Bank is over the limit values specified in the mentioned regulation. Liquidity ratios in 2013 and 2012 are as follows:

Current Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	226.85	224.07	139.01	132.62
Maximum (%)	330.78	319.36	163.97	160.26
Minimum (%)	118.48	156.09	121.13	114.51

Prior Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	318.14	218.56	170.13	133.86
Maximum (%)	405.61	346.97	183.5	159.56
Minimum (%)	250.5	169.37	155.17	114.29

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. Parent Bank limits its liquidity risk exposure by the approval of Board of Directors in context with "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

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

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

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

Although the average maturity of the Parent Bank's assets is long when compared with the deposits, securities with coupon payments constituting majority of the securities portfolio and monthly installments of loans supply regular cash inflow for the 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 long term financial transactions.

d) Evaluation of amount and sources of the 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 loans have the role of covering the Parent Bank's need for funds.

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

Presentation of liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^{(1) (2)}	Total
Current Period								
Assets								
Cash (Cash in Vault. Effectives. Money in Transit. Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	26,898,031	-	-	-	-	-	-	26,898,031
Banks	1,035,840	936,516	934,454	98,443	-	-	-	3,005,253
Financial Assets at Fair Value Through Profit and Loss	23	139,934	3,662	150,940	165,277	4,953	-	464,789
Money Market Placements	-	53,272	-	-	-	-	-	53,272
Financial Assets Available-for-Sale	815	339,903	2,276,398	7,637,240	20,376,871	15,898,962	362,772	46,892,961
Loans Given	87,079	4,839,564	7,938,313	42,606,520	48,664,477	8,421,447	811,259	113,368,659
Investments Held-to-Maturity	-	253,607	455,011	5,668,781	6,208,184	3,213,755	-	15,799,338
Other Assets	1,559,278	74,658	73,779	913,361	253,558	66,079	2,180,463	5,121,176
Total Assets	29,581,066	6,637,454	11,681,617	57,075,285	75,668,367	27,605,196	3,354,494	211,603,479
Liabilities								
Interbank Deposits	220,773	6,518,441	1,301,672	136,587	14,724	-	-	8,192,197
Other Deposits	29,497,278	73,411,527	19,626,599	12,085,334	696,872	1,455	-	135,319,065
Funds Provided from Other Financial Instruments	-	111,814	748,535	5,721,886	1,366,104	1,313,922	-	9,262,261
Money Market Borrowings	-	19,861,007	2,579,722	2,130,121	-	-	-	24,570,850
Issued Marketable Securities	-	955,660	578,764	1,058,629	63,407	-	-	2,656,460
Sundry Creditors	741,221	577,915	19,025	4,468	5,141	-	32,433	1,380,203
Other Liabilities ⁽³⁾	1,965,400	292,425	245,368	203,595	4,758,762	779,534	21,977,359	30,222,443
Total Liabilities	32,424,672	101,728,789	25,099,685	21,340,620	6,905,010	2,094,911	22,009,792	211,603,479
Liquidity Gap	(2,843,606)	(95,091,335)	(13,418,068)	35,734,665	68,763,357	25,510,285	(18,655,298)	-
Prior Period								
Total Assets	22,676,205	5,469,104	7,255,886	46,763,055	65,848,247	14,393,435	2,694,963	165,100,895
Total Liabilities	24,725,693	82,391,575	18,865,243	11,324,967	5,656,378	2,442,896	19,694,143	165,100,895
Liquidity Gap	(2,049,488)	(76,922,471)	(11,609,357)	35,438,088	60,191,869	11,950,539	(16,999,180)	-

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

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

⁽³⁾ TL3,997,095 of the funds balance, whose risk is not born by the Parent Bank, is included in other liabilities and shown under the "1-5 years" column, fund balance amounted to TL39,396 is not granted as loan and is included under "Up to One Month" column.

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Presentation of liabilities according to their remaining maturities:

Current Period ⁽¹⁾	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank Deposits	6,742,086	1,310,203	139,158	14,724	-	8,206,171
Other Deposits	103,473,261	19,756,529	12,344,579	711,728	1,535	136,287,632
Funds Borrowed from Other Financial Institutions	115,860	757,597	5,836,345	1,687,470	1,429,993	9,827,265
Funds Borrowed from Interbank Money Market	19,866,120	2,583,260	2,141,615	-	-	24,590,995
Total	130,197,327	24,407,589	20,461,697	2,413,922	1,431,528	178,912,063
Prior Period ⁽¹⁾						
Bank Deposits	5,640,492	1,113,927	398,054	260,410	541,010	7,953,893
Other Deposits	90,823,656	14,108,830	8,123,466	358,607	9,972	113,424,531
Funds Borrowed from Other Financial Institutions	499,504	336,523	1,380,770	241,310	1,408,756	3,866,863
Funds Borrowed from Interbank Money Market	8,345,215	2,026,567	809,913	-	-	11,181,695
Total	105,308,867	17,585,847	10,712,203	860,327	1,959,738	136,426,982

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

Separation of Securitization of Non-Performing Loans as Types and Losses in Current Year

There is no securitization of non-performing loans.

e) Credit Risk Mitigation Techniques:

The Parent Bank makes a credit risk reduction with regard to simple financial collateral in accordance with Article 33 of Communiqué on Credit Risk Reduction Methods.

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

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

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

The Parent Bank has no position about credit derivatives.

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Collaterals in terms of Risk Categories: ⁽¹⁾

Exposure classifications	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	77,851,905	988,663	-	-
Conditional and unconditional receivables from regional or local governments	139,493	63,500	-	224
Conditional and unconditional receivables from administrative units and non-commercial enterprises	383,918	131,105	-	-
Conditional and unconditional receivables from multilateral development banks	6	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	32,554,084	21,878,153	-	-
Conditional and unconditional corporate receivables	58,144,540	313,938	-	401,605
Conditional and unconditional retail receivables	38,947,075	374,571	-	43,365
Conditional and unconditional secured mortgage receivables	7,825,439	3,308	-	706
Past due receivables	551,996	-	-	-
Receivables in high risk category defined by BRSA	20,753,354	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	52,987	3,313	-	-
Other receivables	9,177,551	-	-	-
Total	246,382,348	23,756,551	-	445,900

⁽¹⁾ Prepared based on KR510 AS Form/4th line distribution of numbers after conversion rate to credit of every risk classes.

VIII. RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Strategies and Practices on Risk Management:

The Parent Bank, within the scope of regulations of BRSA, by also observing the best applications, provides management credit risk, interest rate on banking accounts, liquidity, operational and market risks that Bank faces with accordingly volume of its operations, quality and complexity.

b) Structure and Organization of Risk Management

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

As of 31 December 2013, Risk Management organization consists of operation and market risk management, credit risk management and statement risks management units.

c) Risk Reporting and Measurement Systems' Scope and Qualification

It is essential to consider practicing the risk assessment and monitoring operations and results in process of Parent Banks' strategic decisions so as to be revealed the Parent Bank faced with risks. It is made analysis indicated below regarding measurement and monitoring operations for portfolio that is determined by the Parent Bank and whole balance sheet with scope of these essentials, within the scope of buying-selling strategy.

Liquidity Risk

It is conducted to perform measurements, limiting, scenario analysis and stress tests that are suitable for structure and complexness of positions so as to be revealed interest rate on banking accounts that Parent Bank can face with liquidity risk and report the findings cyclically.

For the purpose of measuring and monitoring activities of liquidity risk, Parent Bank realizes "Liquidity Gap Analysis", "Behavioral Liquidity Gap Analysis", "Average Maturity Analysis" and "Deposit Analysis". Liquidity Gap Analysis is done based on time to maturity of assets and liabilities. Deposit Analysis is applied separately for time deposits and demand deposits. Also, for the purpose of the evaluation of the discount rates of Parent Bank's expected cash flows based on each position and each product, and after adjustment its potential liquidity needs on the basis of the maturity groups in line with Parent Bank's liquidity creation capacity, liquidity risk stress test is done. For liquidity risk, legal reporting is also done weekly.

Interest Rate Risk on Banking Accounts:

It is conducted to perform measurements, limiting, scenario analysis and stress tests that are suitable for structure and complexness of positions so as to be revealed interest rate on banking accounts that Parent Bank can face with and report the findings cyclically.

It is made periodically Repricing Gap Analysis, Net Interest Margin/Revenue Analysis and Duration Analysis based on whole balance sheet intended for measurement and monitoring operations of interest rate on banking accounts and Parent Bank's economic capital adequacy is observed. Repricing Gap Analysis is applied based on assets and liabilities' time to repricing and Net Interest Margin/Revenue Analysis is applied based on balance sheet items' time to repricing. Duration Analysis is made through being weighted with quantities of periods that are calculated with effective duration method of assets and liabilities. It is revealed effect of important fluctuations, exchange rates, prices and interest rates in stress tests for interest rate on banking accounts. Also, it is made monthly legal reportings intended for interest rate on banking accounts.

Market Risk

Parent Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and banks also provides to report the findings cyclically.

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

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

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

Operational Risks

Operational risk represents the possibility of damage from inadequate or failed internal processes, people and systems or from external events and including legal risks. The Operational Risk Management Services in the Bank in order to ensure compliance with Basel II are carried out with the regulations issued on 28 June 2012 by the BRSA, revised in accordance with the Parent Bank's "Operational, Reputational and Strategic Risk Management Regulations".

- The amount subject to operational risk is calculated by Basic Indicator Approach within the scope of "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" in order for keeping adequate shareholder's equity against losses that could arise due to operational risks in the Parent Bank, and is reported to BRSA based on yearly.
- Operational risk profile in the Parent Bank is monitored with several effective methods. Actualized operational risks are followed by "Operational Risk Loss Database" which is compatible with accounting system. Advanced Measurement Approach is performed in scope of calculation of economic capital and development of approach is performed.
- So as to be determined the operational risk levels of branches, studying of "Operational Risk Map" are carried out for use in Internal Control Audit Program.
- An integrated risk mainframe is instituted within the scope of risks management arising from information technologies. In this context, a database regarding Information Technologies risks is constituted and actualized risks and actions taken are monitored via the database.
- By being revised of the Parent Bank Business Continuity Plan, that possible risks that may occur in activities due to corruption and its potential effects evaluated are documented as "Business Impact Analysis".
- Risk arising from purchase of services provided from support service organizations for continuity has been evaluated with the "Regulation on Procurement of Support Services of Banks" published by the BRSA. In this context, Risk Management Program was revised and Risk Analysis Reports regarding support services are being prepared.

Credit Risk

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

In the Parent Bank, it was constituted scoring models for individual customers, rating for Corporate, Commercial and Entrepreneurial customers with the object of customer evaluation within the scope of centralization of credit risk. The studies regarding these models' validation are conducted by Internal Control and Risk Management Group Presidency as independently from Units that have executive actions. It is also made analysis for performance measurement and accuracy with statistical methods.

In the Parent Bank, in base of segments, risk limits are framed at credit risk weighted assets and are monitored monthly based.

In the Parent Bank, based on general and sub accounts, credit portfolios' improvement, tracking portfolio's improvement and loans under close monitoring are analyzed periodically. Also, it is made vintage analysis for real estate, vehicle, consumer, commercial, corporate and entrepreneurial loans so as to credit monitoring and comparing past performances.

d) Procedures on Risk Management and Risk Mitigation Policies with Regular Control of Their Effectiveness

It is essential to be bordered with limits compatible with risk profile of risk levels and risk toleration so as to prevent to considerably affect from the negativeness that can occur while Parent Bank conducts its operations.

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

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

Additionally, derivative transactions are occurred in Parent Bank and thanks to operated transactions, long term funding is provided, liquidity and interest rate risk on banking accounts are limited.

According to financial method, risk reduction is made in Parent Bank and financial commitments are daily assessed. Credibilities of guarantors are monitored and assessed as part of credit revision maturities.

IX. EXPLANATIONS ON OPERATING SEGMENTS

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

The Group is operating in consumer, corporate, commercial, entrepreneurial banking, investment banking, project financing 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 Bank, credit cards, automatic payment, cheques and notes, money transfer order, foreign exchange transactions, internet banking, mobile banking, safe-deposit box and insurance brokerage services. Moreover, existing instruments are improved and new banking instruments are created in order to benefit from services undertaken as being a state bank in increasing the profitability of the 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-commercial- entrepreneurial banking, the Group 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 project financing, other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises. Besides, as the Parent Bank is the main financial institution that meets the financing needs of agricultural sector in Turkey, it extends agricultural operations and investment loans from its own sources for vegetable and animal production, fishery products and agricultural mechanization directly to producers and agricultural credit corporations.

Investment banking operations are conducted by the Financial Market and Asset-Liability Management and Economic Researches 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 Parent 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 foreign branches, sub branches, representative offices and equity investments abroad.

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As of 31 December 2013, 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:

	Consumer Banking	Corporate. Commercial. Entrepreneurial Banking	Specialized Banking	Investment Banking	International Banking	Consolidation Adjustments	Total Operations of the Group
Current Period							
Total Operating Income/Expense ⁽¹⁾	4,370,957	1,903,175	1,064,448	3,571,192	200,282	(329,816)	10,780,238
Net Operating Profit	1,647,994	787,794	448,451	1,499,633	66,396	9,256	4,459,524
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	(308,565)	14,327
Income Before Taxes	-	-	-	-	-	-	4,371,936
Tax Provision	-	-	-	-	-	-	(1,107,604)
Net Profit for the Period	-	-	-	-	-	-	3,264,332
Segment Assets-Net ⁽¹⁾	40,934,078	47,628,208	22,903,484	88,820,281	7,933,573	(1,737,323)	206,482,301
Subsidiaries. Associates and Entities under Common Control (Joint Ventures)	-	-	-	-	-	-	146,515
Undistributed Assets ⁽³⁾	-	-	-	-	-	-	4,974,663
Total Assets							211,603,479
Segment Liabilities-Net ⁽¹⁾	27,950,762	33,726,239	20,258,724	87,033,332	6,892,760	(976,663)	174,885,154
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	-	18,050,986
Shareholders' Equity	-	-	-	-	-	-	18,667,339
Total Liabilities	-	-	-	-	-	-	211,603,479
Other Segment Items							
Capital Investment	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	130,439
Restructuring Costs	-	-	-	-	-	-	-

⁽¹⁾ 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.

⁽²⁾ "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 to segments.

⁽³⁾ The total of tangible and intangible assets, tax asset, other assets and assets held for sale is shown in "Undistributed Assets" row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in "Undistributed Liabilities" row.

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	Consumer Banking	Corporate. Commercial. Entrepreneurial Banking	Specialized Banking	Investment Banking	International Banking	Consolidation Adjustments	Total Operations of the Group
Prior Period							
Total Operating Income/ Expense ⁽¹⁾	3,668,002	958,710	1,008,284	3,580,709	143,198	(146,795)	9,212,108
Net Operating Profit	1,261,654	411,958	422,584	1,498,262	42,773	5,036	3,642,267
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	(83,167)	17,679
Income Before Taxes	-	-	-	-	-	-	3,657,171
Tax Provision	-	-	-	-	-	-	(897,023)
Net Profit for the Period	-	-	-	-	-	-	2,755,528
Segment Assets-Net ⁽¹⁾	31,803,132	17,806,580	22,315,990	86,057,445	5,612,860	(1,679,288)	161,916,719
Subsidiaries. Associates and Entities under Common Control (Joint Ventures)	-	-	-	-	-	-	125,090
Undistributed Assets ⁽³⁾	-	-	-	-	-	-	3,059,086
Total Assets	-	-	-	-	-	-	165,100,895
Segment Liabilities - Net ⁽¹⁾	23,110,631	13,395,952	21,097,674	76,098,984	4,861,036	(1,430,740)	137,133,537
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	-	10,547,275
Shareholders' Equity	-	-	-	-	-	-	17,420,083
Total Liabilities	-	-	-	-	-	-	165,100,895
Other Segment Items							
Capital Investment	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	82,174
Restructuring Costs	-	-	-	-	-	-	-

⁽¹⁾ 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.

⁽²⁾ "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 to segments.

⁽³⁾ The total of tangible and intangible assets, tax asset, other assets and assets held for sale is shown in "Undistributed Assets" row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in "Undistributed Liabilities" row.

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X. EXPLANATIONS RELATED TO PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	179,119,483	140,515,981	178,607,953	141,853,909
Due from Interbank Money Market	53,272	61,722	53,272	61,722
Banks	3,005,253	1,622,732	3,005,253	1,622,732
Available-for-Sale Financial Assets	46,892,961	38,362,403	46,892,961	38,362,403
Held-to-Maturity Investments	15,799,338	27,322,038	15,287,808	28,659,966
Loans	113,368,659	73,147,086	113,368,659	73,147,086
Financial Liabilities	156,810,186	126,172,783	156,850,771	126,172,783
Bank Deposits	8,192,197	7,117,976	8,192,197	7,117,976
Other Deposits	135,319,065	112,561,278	135,319,065	112,561,278
Funds Borrowed from Other Financial Institutions	9,262,261	3,482,278	9,301,533	3,482,278
Issued Marketable Securities	2,656,460	1,854,137	2,657,773	1,854,137
Miscellaneous Payables	1,380,203	1,157,114	1,380,203	1,157,114

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

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

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

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	26,162	438,627	-	464,789
Government Debt Securities	26,084	-	-	26,084
Share Certificates	78	-	-	78
Trading Derivative Financial Assets	-	438,627	-	438,627
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets (Net)	46,631,658	254,976	97	46,886,731
Equity Securities ⁽¹⁾	233,771	123,196	-	356,967
Government Debt Securities	46,237,735	173	97	46,238,005
Other Marketable Securities	160,152	131,607	-	291,759
Total Assets	46,657,820	693,603	97	47,351,520
Trading Derivative Financial Liabilities	1,689	54,664	-	56,353
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	1,689	54,664	-	56,353

⁽¹⁾ Since equity securities under the heading of financial assets available for sale amounting to TL6,230 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	35,371	132,968	819	169,158
Government Debt Securities	35,371	-	-	35,371
Share Certificates	-	-	819	819
Trading Derivative Financial Assets	-	132,968	-	132,968
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
Available-for-Sale Financial Assets (Net)	38,108,799	234,927	83	38,343,809
Equity Securities ⁽¹⁾	118,246	122,898	83	241,227
Government Debt Securities	37,757,587	-	-	37,757,587
Other Marketable Securities	232,966	112,029	-	344,995
Total Assets	38,144,170	367,895	902	38,512,967
Trading Derivative Financial Liabilities	-	55,591	-	55,591
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	55,591	-	55,591

⁽¹⁾ Since equity securities under the heading of financial assets available for sale amounting to TL18,594 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

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

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 Parent 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 FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,227,457	594,206	1,105,775	359,246
Central Bank of the Republic of Turkey	2,437,056	22,390,350	4,802,571	14,473,438
Other	-	248,962	-	540,698
Total	3,664,513	23,233,518	5,908,346	15,373,382

1.a.1) Information on Required Reserves:

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

As of the balance sheet date, according to CBRT's Communiqué about Required Reserves No. 2005/1, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity, and for deposits up to 3-months maturity 11.5%; for deposits up to 6-months maturity 8.5%; for deposits up to 1-year maturity 6.5%; for deposits 1-year and longer maturity 5%; for TL liabilities other than deposits up to 1-year maturity 11.5%; for TL liabilities other than deposits between 1- and 3-years maturity 8%; for TL liabilities other than deposits more than 3-years maturity 5%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 13%; for FC deposit accounts with 1-year and longer maturity 9%, for FC liabilities other than deposits up to 1-year maturity 13%; for FC liabilities other than deposits up to 3-years maturity 11%; and for FC liabilities other than deposits more than 3-years maturity 6%.

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

As of 31 December 2013, total reserve requirement of the Group is TL25,056,007 including Central Banks abroad. (31 December 2012: TL19,774,030)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2,401,860	941,696	4,773,232	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves ^{(1) (2)}	35,196	21,448,654	29,339	14,473,438
Total	2,437,056	22,390,350	4,802,571	14,473,438

⁽¹⁾ Required reserve of branches abroad amounting to TL50,888 is presented in this line (31 December 2012: TL36,777).

⁽²⁾ TL15,735,041 of the current period's FC required reserve is the part of the TL required reserves that are held in FC.

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	17,925	4,513
Total	17,925	4,513

a.1) Information on financial assets at fair value through profit and loss given or blocked as collateral:

	Current Period		Prior Period	
	TL	FC	TL	FC
Stocks	-	-	-	-
Bonds and Similar Securities	17,925	-	4,513	-
Other	-	-	-	-
Total	17,925	-	4,513	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Assets Held-for-Trading				
Forward Transactions	11,680	25	27	324
Swap Transactions	282,060	144,862	7,861	124,756
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	293,740	144,887	7,888	125,080

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	1,616,867	121,440	638,377	212,856
Foreign Banks	69,935	1,197,011	12,568	758,931
Foreign Head Office and Branches	-	-	-	-
Total	1,686,802	1,318,451	650,945	971,787

b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	66,651	248,833	1	255
USA, Canada	745,856	227,698	-	3,821
OECD Countries ⁽¹⁾	25,214	2,989	-	-
Off-Shore Banking Regions	-	-	-	-
Other	408,652	287,673	20,572	230
Total	1,246,373	767,193	20,573	4,306

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

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	23,412,254	4,303,003
Assets Blocked/Given as Collateral	1,529,788	289,274
Total	24,942,042	4,592,277

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	47,688,027	38,155,195
Quoted in Stock Exchange	47,688,027	38,155,195
Not Quoted in Stock Exchange	-	-
Share Certificates	363,606	261,753
Quoted in Stock Exchange	233,318	119,261
Not Quoted in Stock Exchange	130,288	142,492
Provision for Impairment (-)	1,158,672	54,545
Total	46,892,961	38,362,403

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5. Information related to loans:
a) Information on all types of loans and advances given to shareholders and employees of the Group:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	4,664
Loans Granted to Employees	256,142	124	239,746	86
Total	256,142	124	239,746	4,750

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	
		Loans and other receivables with revised contract terms ⁽¹⁾	Other		Loans and other receivables with revised contract terms	Other
Cash Loans						
Non-Specialized Loans	86,807,864	721,866	-	2,197,695	280,000	-
Commercial loans	24,053,384	23,699	-	214,440	50,192	-
Export Loans	2,535,603	-	-	12,960	-	-
Import Loans	61,037	-	-	-	-	-
Loans Given to Financial Sector	2,471,239	-	-	-	-	-
Consumer Loans	33,340,374	34,407	-	1,709,912	22,733	-
Credit Cards	2,465,724	28	-	53,245	805	-
Other ⁽²⁾	21,880,503	663,732	-	207,138	206,270	-
Specialized Lending ⁽³⁾⁽⁴⁾	18,983,562	1,086,106	-	706,314	173,291	-
Other Receivables	-	-	-	-	-	-
Interest Income Accruals	1,600,702	-	-	-	-	-
Total	107,392,128	1,807,972	-	2,904,009	453,291	-

⁽¹⁾ Since Restructured or rescheduled loans cannot be decomposed systematically, they have been shown in the "Loans and Other Receivables with Revised Contract Terms" section.

⁽²⁾ Restructured or rescheduled loans and the loans under close monitoring and the distinction of the accrual amounts of other receivables cannot be obtained by the available information operating system.

⁽³⁾ Fund sourced agricultural loans are shown under Specialized Lending

⁽⁴⁾ Agriculturally qualified farmer standby loans have been displayed under Specialized Lending.

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No. of extensions	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 Times Extended ⁽¹⁾	1,807,972	453,291
3 - 4 or 5 Times Extended	-	-
Over 5 Times Extended	-	-

⁽¹⁾ Number of modification made according to extent of payment plan cannot be decomposed systematically therefore it is shown in this line.

Extension Periods	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 - 6 Months	222,749	59,711
6 Months - 12 Months	1,208,926	201,555
1 - 2 Years	209,208	60,265
2 - 5 Years	161,100	127,918
5 Years and Over	5,989	3,842
Total	1,807,972	453,291

c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loan and Other Receivables ⁽¹⁾	Restructured or Rescheduled ⁽¹⁾	Loan and Other Receivables ⁽¹⁾	Restructured or Rescheduled ⁽¹⁾
Short-Term Loans and Other Receivables	32,790,039	1,350,979	482,793	161,820
Non-Specialized Loans	23,170,962	536,173	117,456	19,145
Specialized Loans	9,619,077	814,806	365,337	142,675
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	73,001,387	456,993	2,421,216	291,471
Non-Specialized Loans ⁽²⁾	63,636,902	185,693	2,080,239	260,855
Specialized Loans	9,364,485	271,300	340,977	30,616
Other Receivables	-	-	-	-

⁽¹⁾ Rediscounts are not included.

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	299,281	34,340,961	34,640,242
Real Estate Loans	1,299	10,246,193	10,247,492
Vehicle Loans	2,396	234,055	236,451
Consumer Loans	291,918	23,502,315	23,794,233
Abroad ⁽²⁾	3,668	358,398	362,066
Other	-	-	-
Consumer Loans- Indexed to FC	538	74,216	74,754
Real Estate Loans	-	11,808	11,808
Vehicle Loans	-	262	262
Consumer Loans	538	62,146	62,684
Other	-	-	-
Consumer Loans-FC	29,694	58,188	87,882
Real Estate Loans	48	6,945	6,993
Vehicle Loans	-	-	-
Consumer Loans	29,646	51,243	80,889
Other	-	-	-
Individual Credit Cards-TL	2,271,375	14,558	2,285,933
With Installment	992,786	13,826	1,006,612
Without Installment	1,278,589	732	1,279,321
Individual Credit Cards-FC	24,055	-	24,055
With Installment	19,755	-	19,755
Without Installment	4,300	-	4,300
Personnel Loans-TL	15,940	153,218	169,158
Real Estate Loans	-	434	434
Vehicle Loans	-	-	-
Consumer Loans	5,532	151,775	157,307
Abroad ⁽²⁾	78	1,009	1,087
Other	10,330	-	10,330
Personnel Loans-Indexed to FC	57	6,811	6,868
Real Estate Loans	-	1,442	1,442
Vehicle Loans	-	-	-
Consumer Loans	57	5,369	5,426
Other	-	-	-
Personnel Loans-FC	555	624	1,179
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	555	364	919
Other	-	260	260
Personnel Credit Cards-TL	75,668	361	76,029
With Installment	37,592	342	37,934
Without Installment	38,076	19	38,095
Personnel Credit Cards-FC	135	-	135
With Installment	-	-	-
Without Installment	135	-	135
Overdraft Accounts-TL (Real Person)	490,496	-	490,496
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	3,207,794	34,648,937	37,856,731

⁽¹⁾ TL261,236 of interest income accrual could not be decomposed therefore accruals are not included in the table above.

⁽²⁾ TL1,087 of consumer loans used by the personnel abroad and TL362,066 of consumer loans have been shown under "Other" 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-TL	1,045,882	7,973,626	9,019,508
Business Loans	2,227	142,151	144,378
Vehicle Loans	8,807	278,243	287,050
Consumer Loans	1,032,868	1,395,590	2,428,458
Other	1,980	6,157,642	6,159,622
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	222,731	8,943,937	9,166,668
Business Loans	-	8,672	8,672
Vehicle Loans	-	675	675
Consumer Loans	147,432	8,538,853	8,686,285
Other	75,299	395,737	471,036
Corporate Credit Cards-TL	132,351	207	132,558
With Installment	32,829	180	33,009
Without Installment	99,522	27	99,549
Corporate Credit Cards-FC	1,092	-	1,092
With Installment	547	-	547
Without Installment	545	-	545
Overdraft Account-TL (Legal Entity)	35,471	-	35,471
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	1,437,527	16,917,770	18,355,297

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

f) Loans according to types of borrowers:

	Current Period	Prior Period
Public	2,194,137	1,374,756
Private	108,762,274	69,304,156
Interest Income Accruals of Loans	1,600,989	1,664,559
Total	112,557,400	72,343,471

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	110,069,565	69,374,300
Foreign Loans	887,133	1,304,612
Interest Income Accruals of Loans	1,600,702	1,664,559
Total	112,557,400	72,343,471

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h) Loans granted to subsidiaries and associates:

None (31 December 2012: None).

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	84,107	127,788
Loans and other receivables with doubtful collectability	396,536	561,030
Uncollectible loans and other receivables	1,178,311	592,114
Total	1,658,954	1,280,932

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

	Group III: Loans and Receivables with Limited Collectability	Group IV: Loans and Receivables with Doubtful Collectability	Group V: Uncollectible Loans and Receivables
Current Period	15,304	56,855	110,445
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	15,304	56,855	110,445
Rescheduled loans and other receivables	-	-	-
Prior Period	13,471	47,107	66,765
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	13,471	47,107	66,765
Rescheduled loans and other receivables	-	-	-

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

	Group III: Loans and Receivables with Limited Collectability	Group IV: Loans and Receivables with Doubtful Collectability	Group V: Uncollectible Loans and Receivables
Prior Period Ending Balance	263,000	1,049,253	772,294
Additions (+)	1,275,234	213,245	245,079
Transfers from Other Categories of Loans under Follow-up (+)	9,032	1,121,848	1,783,954
Transfers to Other Categories of Loans under Follow-up (-)	1,121,848	1,783,954	1,963
Collections (-) ⁽¹⁾	238,414	193,408	923,139
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance ⁽²⁾	187,004	406,984	1,876,225
Specific Provision (-) ⁽³⁾	84,107	396,536	1,178,311
Net Balance on Balance Sheet	102,897	10,448	697,914

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

⁽²⁾ Includes the loans originated from funds amounting to TL247,734 whose risk does not belong to the Parent Bank.

⁽³⁾ As of 31 December 2013, Parent Bank made 100% provision for the portion of TL155,927 of the loans under follow-up which is TL623,703 after taking guarantees into consideration.

j.3) Information on foreign currency non-performing loans:

	Group III: Loans and Other Receivables with Limited Collectability	Group IV: Loans and Other Receivables with Doubtful Collectability	Group V: Uncollectible Loans and Other Receivables
Current Period:			
Period Ending Balance	17,715	14,516	41,111
Specific Provision (-)	4,798	14,379	37,432
Net Balance on Balance Sheet	12,917	137	3,679
Prior Period:			
Period Ending Balance	9,175	10,489	24,081
Specific Provision (-)	4,036	9,096	21,820
Net Balance on Balance Sheet	5,139	1,393	2,261

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

	Group III: Loans and Other Receivables with Limited Collectability	Group IV: Loans and Other Receivables with Doubtful Collectability	Group V: Uncollectible Loans and Other Receivables
Current Period (Net)	102,897	10,448	697,914
Loans to Real Persons and Legal Entities (Gross)	187,004	351,130	1,876,225
Specific Provisions (-)	84,107	340,682	1,178,311
Loans to Real Persons and Legal Entities (Net)	102,897	10,448	697,914
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	55,854	-
Specific Provisions (-)	-	55,854	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	135,212	488,223	180,180
Loans to Real Persons and Legal Entities (Gross)	263,000	996,394	772,294
Specific Provisions (-)	127,788	508,171	592,114
Loans to Real Persons and Legal Entities (Net)	135,212	488,223	180,180
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	52,859	-
Specific Provisions (-)	-	52,859	-
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's. 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 Management. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management 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 ⁽¹⁾	Consumer ⁽¹⁾	Agricultural ⁽¹⁾	Total
Neither Past Due nor Impaired Loans	49,852,726	37,725,793	21,621,585	109,200,104
Past Due but not Impaired Loans	690,996	1,786,696	879,604	3,357,296
Impaired Loans	1,333,228	530,242	606,743	2,470,213
Total	51,876,950	40,042,731	23,107,932	115,027,613
Specific Provisions of Impaired Loans (-)	815,910	499,816	343,228	1,658,954
Net Loan Amount	51,061,040	39,542,915	22,764,704	113,368,659

⁽¹⁾ TL1,503,449 consumer, TL2,246,648 agricultural, and TL18 commercial loans originated from funds whose risk does not belong to the Parent Bank, are shown under Neither Past Due nor Impaired Loans.

Prior Period	Commercial ⁽¹⁾	Consumer ⁽¹⁾	Agricultural ⁽¹⁾	Total
Neither Past Due nor Impaired Loans	18,849,892	27,901,936	21,090,230	67,842,058
Past Due but not Impaired Loans	1,008,778	2,678,930	813,705	4,501,413
Impaired Loans	1,164,364	408,309	511,874	2,084,547
Total	21,023,034	30,989,175	22,415,809	74,428,018
Specific Provisions of Impaired Loans (-)	633,902	371,298	275,732	1,280,932
Net Loan Amount	20,389,132	30,617,877	22,140,077	73,147,086

⁽¹⁾ TL1,265,064 consumer, TL2,805,292 agricultural, and TL48 commercial loans originated from funds whose risk does not belong to the Parent Bank, are shown under Neither Past Due nor Impaired Loans.

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

Current Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	218,885	239,915	48,407	-	507,207
Consumer Loans	87,597	61,590	11,467	-	160,654
Agricultural Loans	402,836	227,563	19,096	-	649,495
Total	709,318	529,068	78,970	-	1,317,356

⁽¹⁾ The amounts at the table are the total of the overdue installments for the loans with installments and overdue principals for other loans; the remaining principal amount of loans with installments equals to TL2,446,782.

Prior Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables ⁽¹⁾					
Commercial Loans	153,179	49,079	26,544	-	228,802
Consumer Loans	52,131	20,954	9,302	-	82,387
Agricultural Loans	320,853	103,323	12,579	-	436,755
Total	526,163	173,356	48,425	-	747,944

⁽¹⁾ The amounts at the table are the total of the overdue installments for the loans with installments and overdue principals for other loans; the remaining principal amount of loans with installments equals to TL3,072,006.

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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 a collateral/ blocked:****a.1) Held-to-maturity investments subject to repo transactions:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	586,720	4,028,780	4,617,294	3,182,681
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	586,720	4,028,780	4,617,294	3,182,681

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	5,959,248	893,747	6,456,814	594,419
Other	-	-	-	-
Total	5,959,248	893,747	6,456,814	594,419

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

	Current Period	Prior Period
Government Bonds	15,688,169	27,251,620
Treasury Bills	-	37,141
Other Public Sector Debt Securities	-	-
Total	15,688,169	27,288,761

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	15,799,338	27,322,038
Quoted in a Stock Exchange	15,688,169	27,305,785
Not Quoted in a Stock Exchange	111,169	16,253
Provision for Impairment (-)	-	-
Total	15,799,338	27,322,038

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d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	27,322,038	32,632,337
Addition to Scope of Consolidation	-	-
Foreign Currency Differences on Monetary Assets	875,833	(277,048)
Purchases During the Year	339,130	220,573
Disposals through Sales and Redemptions	(12,737,663)	(5,253,824)
Provision for Impairment (-)	-	-
Period End Balance	15,799,338	27,322,038

Within the year 2008, the Parent Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TL23,630,115, EUR717,616 thousand and USD1,483,317 thousand to held-to-maturity portfolio with fair values of TL22,971,669, EUR702,950 thousand and USD1,562,742 thousand respectively which have been taken into consideration as book values after reclassification. The Bank has also reclassified securities previously classified in financial assets at fair value through profit and loss portfolio with nominal values of EUR37,951 thousand and USD45,501 thousand to held-to-maturity portfolio with fair values of EUR37,178 thousand and USD62,311 thousand respectively which have been taken into consideration as book values after reclassification in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" published in the Official Gazette No. 27040 dated 31 October 2008 by Public Oversight Accounting and Auditing Standards Authority.

Revaluation differences of reclassified available for sale securities before deferred tax are TL68,984, EUR(23,067) thousand and USD(15,207) thousand respectively and are recorded under shareholders' equity. These balances will be amortized until the redemption date of related securities using straight-line method and recorded as interest income or expense. At the end of balance sheet date, negative revaluation differences under shareholders' equity are amounted as USD13,296 thousand and EUR6,590 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR34,627 thousand and USD64,226 thousand respectively.

If the reclassification from the held for trading securities portfolio to the held-to-maturity portfolio had not been performed, income accrual amounting to TL6,114 would have been recorded. As of 31 December 2013, the reclassification from held for trading securities to held-to-maturity investments has an income impact of TL(7,859).

7. Information about associates (net):

a) 1) Information about unconsolidated associates:

	Description	Address (City/Country)	The Parent Bank's Share Percentage. if Different. Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	İstanbul/TURKEY	12.50	17.98
2	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	10.00	9.09

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	33,001	23,773	19,650	365	-	4,171	1,144	-
2	91,353	78,926	48,848	1,784	-	28,150	33,184	-

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

⁽²⁾ Current period information of associates has been provided from reviewed financial statements as of 30 September 2013. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2012.

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

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b) 1) Explanation regarding consolidated associates:

	Description	Address (City/Country)	The Parent Bank's Share Percentage. if Different. Voting Percentage (%)	The Parent Bank's Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	22.22	15.43

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	3,175,098	445,468	23,757	62,549	10,890	33,222	58,700	-

⁽¹⁾ Since shares of Arap Türk Bankası A.Ş. are not traded in the stock market, fair values cannot be identified.⁽²⁾ Current period information of Arap Türk Bankası A.Ş. has been provided from reviewed financial statements as of 30 September 2013. Prior period profit/loss information of Arap Türk Bankası A.Ş. has been provided from audited financial statements as of 31 December 2012.**2) Information about consolidated associates:**

	Current Period	Prior Period
Beginning Balance	63,676	54,619
Movement During the Period	7,607	9,057
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation	-	-
Transfer	-	-
Sales	-	-
Revaluation	7,607	9,057
Impairment Provision	-	-
Ending Balance	71,283	63,676
Capital Commitments	-	-
Period Ending Share of Capital Participation	-	-

3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	71,283	63,676
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

4) Consolidated associates quoted to a stock exchange:

None (31 December 2012: None).

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8. Information on subsidiaries (net):

a) 1) Information about unconsolidated subsidiaries:

Description	Address (City/Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Group Share Percentage (%)
1 Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/TURKEY	100.00	100.00

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	47,859	5,115	36,538	188	29	(364)	689	-

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

⁽²⁾ Current period information of subsidiaries has been provided from unaudited financial statements as of 31 December 2013. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2012.

⁽³⁾ With the board of director decision in 15 May 2013, Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.'s nominal share of TL610,000 was vested in T. Halk Bankası A.Ş. and partnership relation with this subsidiary was actually ended in 23 July 2013.

b) 1) Information about consolidated subsidiaries:

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

Description	Address (City/Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Risk Group Share Percentage (%)
1 Ziraat Hayat ve Emeklilik A.Ş.	İstanbul/TURKEY	100.00	100.00
2 Ziraat Sigorta A.Ş.	İstanbul/TURKEY	100.00	100.00
3 Ziraat Finansal Kiralama A.Ş.	İstanbul/TURKEY	100.00	100.00
4 Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	100.00	99.60
5 Ziraat Portföy Yönetimi A.Ş.	İstanbul/TURKEY	100.00	99.70
6 Ziraat Bank International A.G.	Frankfurt/GERMANY	100.00	100.00
7 Turkish Ziraat BH d.d.	Sarajevo/BOSNIA HERZEGOVINA	100.00	100.00
8 Ziraat Bank (Moscow) CJSC	Moscow/RUSSIA	100.00	100.00
9 Kazakhstan Ziraat Int. Bank	Almaty/ KAZAKHSTAN	100.00	99.58

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	Total Assets ⁽³⁾	Shareholders' Equity ⁽³⁾	Total Non-Current Assets ⁽³⁾	Interest Income ⁽³⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽³⁾	Prior Period Profit/Loss ⁽³⁾	Fair Value ⁽¹⁾
1	1,217,706	213,177	2,381	56,276	8,616	98,963	70,081	-
2	333,954	109,980	1,601	9,456	462	37,436	45,352	-
3	1,300,039	170,487	432	53,660	3	15,008	19,304	-
4	90,375	75,815	1,441	21,344	662	4,733	8,952	-
5	9,546	9,139	107	462	443	(6)	644	-
6	2,403,126	433,426	3,833	46,250	2,946	1,915	6,217	455,807
7	502,395	104,235	13,638	15,331	397	5,461	(2,556)	58,047
8	143,207	61,037	4,308	7,445	97	2,836	3,611	57,240
9	354,149	229,298	9,485	14,176	814	13,828	6,209	197,734

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

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

⁽³⁾ Information on subsidiaries shown in the above table has been provided from the reviewed financial statements as of 30 September 2013, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2012.

2) Information about consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	886,501	694,228
Movements During the Period	258,568	192,273
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	36,764	58,848
Bonus Shares Obtained	221,804	59,676
Dividends from Current Year Income	-	-
Transfers to Available for Sale Assets	-	-
Sales	-	37,469
Revaluation Increase	-	111,218
Impairment Provision	-	-
Balance at the End of the Period	1,145,069	886,501
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

⁽¹⁾ Paid Capital Increases made during the period are classified under "Purchases" account.

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

	Current Period	Prior Period
Banks	768,828	710,374
Insurance Companies	129,972	39,984
Factoring Companies	-	-
Leasing Companies	182,839	116,291
Financing Companies	-	-
Other Financial Subsidiaries	63,430	19,852

c) Subsidiaries which are quoted on a stock exchange:

None (31 December 2012: None)

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

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share ⁽²⁾	Group's Share	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	17,930	17,930	157,443	10,441	18,839	24,937	13,193
Uzbekistan- Turkish Bank	27,904	27,915	130,590	2,063	2,134	10,303	6,290
Azer Türk Bank ASC	18,842	20,480	254,868	1,656	870	35,300	30,851
Total	64,676	66,325	542,901	14,160	21,843	70,540	50,334

⁽¹⁾ Information on entities under joint control is provided from the unaudited financial statements as of 31 December 2013

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

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

10. Information on finance lease receivables (net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1,303,580	1,129,960	101,537	93,575
1-5 Years	345,998	275,485	510,719	436,059
More than 5 Years	79,573	72,104	108,516	87,915
Total	1,729,151	1,477,549	720,772	617,549

11. Information on derivative financial assets for hedging purposes:

The Group has no derivative financial assets for hedging purposes.

12. Information on investment property:

None (31 December 2012: None).

Notes to the Consolidated Financial Statements at 31 December 2013

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

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

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

The Group's immovables acquired amount to TL106,547 consisting of TL11,209 due to consumer loans, TL77,641 on its commercial loans and TL17,697 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL303. Total depreciation expense is TL946 for these held for sale assets. (31 December 2012: The Bank's immovables acquired amount to TL66,621 consisting of TL4,049 due to consumer loans, TL54,628 on its commercial loans and TL7,944 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL82. Total depreciation expense is TL637 for these held for sale assets.)

14. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End:					
Cost	1,431,009	557	41,708	396,464	1,869,738
Accumulated Depreciation (-)	639,461	66	26,272	250,031	915,830
Net Book Value	791,548	491	15,436	146,433	953,908
Current Period End:					
Net Book Value at the Beginning of the Period	791,548	491	15,436	146,433	953,908
Change During the Period (Net)	27,948	3,150	4,492	135,842	171,432
Depreciation - Net (-)	(3,057)	374	4,762	37,813	39,892
Impairment (-)	-	-	-	3,867	3,867
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	1,458,462	3,691	46,072	532,114	2,040,339
Accumulated Depreciation at Period End (-)	636,404	440	31,034	291,711	959,589
Closing Net Book Value	822,058	3,251	15,038	240,403	1,080,750

a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.

b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**Notes to the Consolidated
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15. Explanations on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	107,073	47,523	59,550	58,585	26,127	32,458
Establishment Costs	5,463	3,031	2,432	6,345	4,213	2,132
Goodwill	-	-	-	-	-	-
Intangible Rights	125,179	44,006	81,173	53,248	21,513	31,735
Total	237,715	94,560	143,155	118,178	51,853	66,325

a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.

d) The book value of intangible fixed assets that are pledged or restricted for use: None.

e) Amount of purchase commitments for intangible fixed assets: None

f) Information on revalued intangible assets according to their types: None.

g) Amount of total research and development expenses recorded in income statement within the period if any: None.

h) Positive or negative consolidation goodwill on the Group basis: Not applicable for the consolidated financial statements

i) Information on Goodwill: None.

Notes to the Consolidated Financial Statements at 31 December 2013

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16. Information on deferred tax asset:

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

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the financial statements.

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

	Current Period	Prior Period
Deferred Tax Assets	338,247	227,208
Deferred Tax Liabilities	1,681	368
Net Deferred Tax Assets	336,566	226,840
Net Deferred Tax Income/(Expense)	(376,702)	285,423
	Current Period	Prior Period
Reserve for Employment Termination Benefits	114,015	127,960
Short Term Employee Benefits	27,216	26,880
Other Provisions	45,600	44,845
Valuation of Financial Assets	124,368	14,793
Other	25,367	12,362
Net Deferred Tax Assets	336,566	226,840
	Current Period	Prior Period
As of 1 January	226,840	287,553
Addition to Scope of Consolidation	-	-
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax (Expense)/Income	(376,702)	285,423
Deferred Tax Expenses (Net)	(376,702)	285,423
Deferred Tax Recognized Under Shareholders' Equity	486,428	351,322
Deferred Tax Assets	336,566	226,840

17. Information on other assets:

As of 31 December 2013 and 2012, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

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

1) For deposit banks:

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	9,472,016	-	2,306,619	44,980,013	3,911,099	668,484	855,321	5,011	62,198,563
Foreign Currency Deposits	6,015,294	-	4,898,797	10,869,094	2,664,377	1,741,542	8,671,190	298	34,860,592
Residents in Turkey	5,104,057	-	4,579,296	9,696,394	2,392,136	1,444,909	7,282,356	294	30,499,442
Residents Abroad	911,237	-	319,501	1,172,700	272,241	296,633	1,388,834	4	4,361,150
Public Sector Deposits	7,227,377	-	1,602,155	6,612,879	333,679	481,242	350,236	-	16,607,568
Commercial Inst. Deposits	3,813,654	-	3,923,580	4,703,020	580,976	109,404	129,477	-	13,260,111
Other Inst. Deposits	1,268,523	-	922,784	3,624,714	151,800	412,311	5,208	-	6,385,340
Precious Metals	1,700,414	-	-	306,477	-	-	-	-	2,006,891
Interbank Deposits	220,773	-	5,843,930	675,214	1,092,015	268,250	92,015	-	8,192,197
CBRT	7,386	-	2,769	-	-	-	-	-	10,155
Domestic Banks	89,366	-	3,938,310	248,985	229,863	2,000	2,051	-	4,510,575
Foreign Banks	96,181	-	1,902,851	426,229	862,152	266,250	89,964	-	3,643,627
Participation Banks	27,840	-	-	-	-	-	-	-	27,840
Other	-	-	-	-	-	-	-	-	-
Total	29,718,051	-	19,497,865	71,771,411	8,733,946	3,681,233	10,103,447	5,309	143,511,262

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	6,841,656	-	2,177,611	43,630,169	3,366,354	481,282	839,417	5,010	57,341,499
Foreign Currency Deposits	4,419,545	-	3,344,408	6,213,862	2,605,138	929,004	5,692,499	272	23,204,728
Residents in Turkey	3,592,096	-	3,237,316	5,837,263	2,398,288	742,057	4,776,439	270	20,583,729
Residents Abroad	827,449	-	107,092	376,599	206,850	186,947	916,060	2	2,620,999
Public Sector Deposits	6,417,045	-	1,572,256	5,756,571	336,474	366,977	3,577	-	14,452,900
Commercial Inst. Deposits	2,395,630	-	2,488,634	4,793,646	880,897	6,475	46,241	-	10,611,523
Other Inst. Deposits	1,451,961	-	401,365	3,640,179	171,128	348,875	6,788	-	6,020,296
Precious Metals	848,805	-	-	81,527	-	-	-	-	930,332
Interbank Deposits	84,134	-	4,107,739	923,044	1,995,059	2,000	6,000	-	7,117,976
CBRT	6,118	-	1,777	-	-	-	-	-	7,895
Domestic Banks	36,307	-	4,078,998	211,324	279,529	2,000	6,000	-	4,614,158
Foreign Banks	31,460	-	26,964	711,720	1,715,530	-	-	-	2,485,674
Participation Banks	10,249	-	-	-	-	-	-	-	10,249
Other	-	-	-	-	-	-	-	-	-
Total	22,458,776	-	14,092,013	65,038,998	9,355,050	2,134,613	6,594,522	5,282	119,679,254

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b) Information on saving deposits:
1) Amounts exceeding the deposit insurance limit:
a) Saving deposits under the guarantee of deposit insurance and exceeding the deposit insurance limit:

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽²⁾	41,444,188	30,505,073	20,481,299	26,579,587
Foreign Currency Saving Deposits ⁽²⁾	13,960,516	8,336,033	12,461,340	10,600,342
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	467,408	423,579	54,646	28,553
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

⁽¹⁾ In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL24,133 and TL12,491 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2012: Bulgaria and Greece, TL10,668 and TL9,642, respectively).

⁽²⁾ Related deposit balances do not include foreign branches

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL2,654 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 banks. As total of capital amount and interest expense accruals of saving deposits up to TL100 attributable to a real person is covered by the insurance, TL369,958 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 15 February 2013 and numbered 28560.

1) 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 abroad, and reasons if it is covered in where the head office is located (Information belongs to the Parent Bank):

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 (Values belong to the Parent Bank):

	Current Period	Prior Period
Deposits and Other Accounts in Branches Abroad	56,859	64,624
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors, General Manager, Assistant General Managers and Their Close Family Members	2,010	1,691
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 Numbered Turkish Criminal Code Dated 26 September 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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	11,332	-	25	319
Swap Transactions	7,188	37,833	38,962	16,285
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	18,520	37,833	38,987	16,604

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	148,940	225,414	82,261	159,675
Foreign Banks, Institutions and Funds	933,386	7,954,521	797,484	2,442,858
Total	1,082,326	8,179,935	879,745	2,602,533

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	119,473	6,129,742	70,574	1,573,650
Medium and Long-Term	962,853	2,050,193	809,171	1,028,883
Total	1,082,326	8,179,935	879,745	2,602,533

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

67.82% of the Group's liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Group's liabilities are not subject to a significant concentration risk.

d) Information on funds supplied from repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions				
Financial Institutions and Organizations	11,040,945	12,061,628	4,599,126	5,584,781
Other Institutions and Organizations	1,456,454	-	971,889	-
Real Person	11,823	-	6,678	-
From Overseas Operations	-	-	-	-
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	12,509,222	12,061,628	5,577,693	5,584,781

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e) Information on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2,347,777	-	1,675,007	-
Treasury Bills	308,683	-	179,130	-
Total	2,656,460	-	1,854,137	-

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

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

5. Information on finance lease payables (net):

In financial leases, rental installments are determined by the cost of the leasehold good, interest rate for commercial loans and maturity of the agreement. Installment amounts stated in agreements are equally distributed. The Group 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	9	7	27	25
Between 1-4 Years	-	-	270	262
More than 4 Years	-	-	-	-
Total	9	7	297	287

6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes (31 December 2012: None).

7. Explanations on provisions:**a) Information on general provisions:**

	Current Period	Prior Period
General Provisions	2,003,493	1,233,215
Allocated for Group-I Loans and Receivables	1,726,438	1,001,019
Additional Provision for Loans and Receivables with Extended Maturities	79,184	20,214
Allocated for Group-II Loans and Receivables	136,142	150,136
Additional Provision for Loans and Receivables with Extended Maturities	18,994	13,702
Allocated for Non-Cash Loans	87,822	47,638
Other	53,091	34,422

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

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

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL29,876.

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d) Information on other provisions:

1) Information on general provisions for possible risks:

The accompanying financial statements include a general reserve amounting to TL1,006,000 thousand (TL361,700 thousand of this reserve amount was charged to the income statement as an expense in the current period), provided by the Parent Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL11,550 and other provision of TL36 exist for cash transfers made by Parent Bank officials.

	Current Period	Prior Period
General Provisions for Possible Risks	1,017,586	654,776

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

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 TL100 amounts to TL80,385. Full provision has been provided in the accompanying financial statements for law suits ended against the Parent Bank but not finalized yet, amounting to TL33,859. In addition to these, for the interest expenses calculated for the lawsuits against the Parent Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, general provision equal to TL62,932 has been provided.

With the final decision of the Competition Board in 8 March 2013, the Parent Bank was imposed an administrative penalty amounting to TL148,231 and the reasoned decision of penalty above-mentioned has been communicated to the Bank that is 1% of its annual gross revenue formed at the end of 2011 and determined by the Board, because of the violation of the fourth article of "Act on the Protection of Competition" numbered 4054. In accordance with 17th article of Misdemeanor Law, TL111,174 was paid in 16 August 2013 and TL111,200 which was booked as other provision in early period was cancelled by reversal.

Furthermore, based on the decision of the Parent Bank management, provision amounting to TL108,000, without taking into consideration the guarantees of the loans and in line with the conservatism principle, is provided for the consumer loans followed under standard loan portfolio that also have amounts in the non-performing loan portfolio in compliance with the Act on Preservation of Consumers numbered 4077. The provision is made in accordance with the "Communiqué on the Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions", published in Official Gazette numbered 26333, dated 1 November 2006 and considering the conservatism principle without taking into consideration the guarantees of these loans.

The Parent Bank also provided provisions amounting to TL29,876 for unindemnified non-cash loans, TL22,300 for commission payments of Maximum Card, and TL21,215 for other provisions. As a result of the provisions mentioned above, the other provision balance on the Bank's balance sheet amounts to TL1,295,768. (31 December 2012: TL1,031,318)

e) Liabilities on reserve for employee termination benefits:

1) Employment termination benefits and unused vacation rights

The Group accounts for its vacation and retirement pay obligations in accordance with the TAS 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2013, unpaid vacation liability amounted to TL136,082 (31 December 2012: TL134,400), and employment termination amounted to TL570,074 (31 December 2012: TL642,480) are presented under the "Employee Benefits Provision" in the financial statements.

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Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
As of 1 January	642,480	533,222
Payments in the Period	(144,225)	(49,590)
Charge for the Period	71,819	158,848
Total	570,074	642,480

2) Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9.80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2013 and 2012.

The liability related to Parent Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9.80% real discount rate, etc.).

According to related Actuary Report, the Fund's surplus is TL1,371,944 as of 31 December 2013. (31 December 2012: TL813,030)

	Current Period	Prior Period
Present value of funded obligations	382,944	(64,970)
- Pension benefits transferable to SSI	(42,132)	(330,877)
- Post employment medical benefits transferable to SSI	425,076	265,907
Fair value of plan assets	989,000	878,000
Actuarial Surplus	1,371,944	813,030

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9.80%	9.80%
- Post employment medical benefits transferable to SSI	9.80%	9.80%

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

Plan assets are comprised as follows:

	Current Period	Prior Period
Bank Placements	681,445	694,729
Property and Equipment	185,987	160,982
Marketable Securities	114,084	13,889
Other	7,484	8,400
Total	989,000	878,000

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8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of 31 December 2013, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL175,514 (31 December 2012: TL348,154).

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	175,514	348,154
Taxation on Income from Securities	103,901	86,583
Property Tax	1,482	1,023
Banking Insurance Transactions Tax (BITT)	69,055	52,227
Foreign Exchange Transactions Tax	22	5
Value Added Tax Payable	2,850	3,483
Other	46,783	34,231
Total	399,607	525,706

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	480	98
Social Security Premiums - Employer	469	134
Bank Social Aid Pension Fund Premium - Employee	135	101
Bank Social Aid Pension Fund Premium - Employer	251	187
Pension Fund Membership Fees and Provisions - Employee	6	5
Pension Fund Membership Fees and Provisions - Employer	21	14
Unemployment Insurance - Employee	408	247
Unemployment Insurance - Employer	792	496
Other	-	9
Total	2,562	1,291

b) Information on deferred tax liabilities, if any:

The Group's deferred tax liability amounts to TL1,681 (31 December 2012: TL368). However, this amount is netted off against the deferred tax asset and accordingly deferred tax asset amounting to TL336,566 (31 December 2012: TL226,840) is presented in the financial statements.

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thousands of Turkish Lira ("TL").)**9. Information on shareholders' equity:****a) Presentation on paid-in capital:**

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

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

The Parent Bank does not have a registered capital system.

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

There is no share capital increase and increased capital shares.

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

There is no increase from capital reserves.

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

The 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:

In the current period, the Parent Bank follows its operations 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's performance and contributes to the profitability structure to be sustainable.

g) Information on preferred shares:

The Parent Bank has no preferred shares.

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	34,084	175,386	-	-
Revaluation Difference	34,084	175,386	-	-
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	(692,217)	(320,793)	474,452	450,284
Revaluation Difference	(1,133,746)	(320,793)	695,188	450,284
Deferred Tax Effect	272,063	-	(212,771)	-
Foreign Exchange Difference	169,466	-	(7,965)	-
Total	(658,133)	(145,407)	474,452	450,284

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	2,513,023	2,410,300
Asset Purchase Commitments	4,481,178	455,918
Commitments for Credit Card Expenditure Limits	6,295,134	3,829,389
Loan Granting Commitments	1,213,595	199,008
Other Irrevocable Commitments	2,931,982	2,151,772
Subsidiaries and Associates Capital Contribution Commitments	-	-
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	13,049	10,985
Total	17,447,961	9,057,372

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

The Parent Bank has no possible losses 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	23,545,464	12,276,010
Bank Acceptances	2,118,003	960,969
Letter of Credits	4,229,114	2,415,141
Total	29,892,581	15,652,120

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

	Current Period	Prior Period
Letter of Temporary Guarantees	1,489,824	473,559
Letter of Certain Guarantees	15,023,192	6,832,794
Letters of Advance Guarantees	5,712,825	3,533,511
Letters of Guarantees Given to Customs Offices	94,900	122,121
Other Letters of Guarantees	1,195,358	1,290,524
Total	23,516,099	12,252,509

c) 1) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	1,107,629	1,168,472
With Original Maturity of One Year or Less	120,548	244,978
With Original Maturity of More than One Year	987,081	923,494
Other Non-Cash Loans	28,784,952	14,483,648
Total	29,892,581	15,652,120

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

	Current Period				Prior Period			
	TL	(%)	TL	(%)	TL	(%)	TL	(%)
Agricultural	20,404	0.19	91	0.00	10,429	0.19	1,507	0.01
Farming and Raising Livestock	297	0.00	-	0.00	352	0.01	-	0.00
Forestry	20,107	0.19	16	0.00	10,077	0.18	1,507	0.01
Fishing	-	0.00	75	0.00	-	0.00	-	0.00
Manufacturing	2,891,237	26.69	10,470,434	54.93	1,334,176	24.12	5,910,412	58.39
Mining and Quarrying	57,269	0.53	172,735	0.91	34,068	0.62	156,134	1.54
Production	1,707,501	15.76	8,287,700	43.48	960,724	17.37	5,087,746	50.27
Electric, Gas and Water	1,126,467	10.40	2,009,999	10.55	339,384	6.14	666,532	6.59
Construction	2,163,664	19.98	3,315,383	17.39	915,437	16.55	1,299,436	12.84
Services	5,138,943	47.44	4,472,635	23.47	2,783,659	50.33	1,392,348	13.76
Wholesale and Retail Trade	2,329,398	21.51	1,235,909	6.48	960,831	17.37	822,514	8.13
Hotel, Food and Beverage Services	38,498	0.36	45,265	0.24	14,639	0.26	14,119	0.14
Transportation and Telecommunication	432,696	3.99	246,946	1.30	227,530	4.11	73,617	0.73
Financial Institutions	1,817,651	16.78	393,100	2.06	1,343,999	24.30	349,503	3.45
Real Estate and Leasing Services	283,671	2.62	594,851	3.12	185,374	3.35	131,890	1.30
Self-Employment Services	-	0.00	-	0.00	-	0.00	-	0.00
Education Services	22,183	0.20	9,756	0.05	14,425	0.26	289	0.00
Health and Social Services	214,846	1.98	1,946,808	10.21	36,861	0.67	416	0.00
Other	617,495	5.70	802,295	4.21	486,805	8.80	1,517,911	15.00
Total	10,831,743	100.00	19,060,838	100.00	5,530,506	100.00	10,121,614	100.00

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

	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	10,742,779	18,953,280	88,964	107,558
Letters of Guarantee	10,650,889	12,672,706	88,964	103,540
Bank Acceptances	68,438	2,049,339	-	226
Letters of Credit	23,452	4,201,870	-	3,792
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	29,365	-	-

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2. Explanations on derivative transactions:

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	23,359,135	11,387,535
Forward Transactions	720,364	112,342
Swap Transactions	22,638,771	11,275,193
Futures Transactions	-	-
Option Transactions	-	-
Interest Related Derivative Transactions (II)	-	-
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	-	-
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	23,359,135	11,387,535
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	-	-
Total Derivative Transactions (A+B)	23,359,135	11,387,535

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.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	140,065	14,957	140,221	17,074	-	312,317
- Inflow	(7,792,576)	(2,168,538)	(1,031,101)	(531,194)	-	(11,523,409)
- Outflow	7,932,641	2,183,495	1,171,322	548,268	-	11,835,726
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total inflow	(7,792,576)	(2,168,538)	(1,031,101)	(531,194)	-	(11,523,409)
Total outflow	7,932,641	2,183,495	1,171,322	548,268	-	11,835,726

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	122,611	87	162	(6,255)	-	116,605
- Inflow	(4,429,946)	(17,032)	(25,687)	(1,162,800)	-	(5,635,465)
- Outflow	4,552,557	17,119	25,849	1,156,545	-	5,752,070
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total inflow	(4,429,946)	(17,032)	(25,687)	(1,162,800)	-	(5,635,465)
Total outflow	4,552,557	17,119	25,849	1,156,545	-	5,752,070

3. Explanations on contingent assets and liabilities:

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

Group's liability resulting from the cheques given to its customers amounts to TL2,513,023 (31 December 2012: TL2,410,300)

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

4. Explanations on services in the name of others:

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

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5. Information on the Bank's rating that has been determined by international rating agencies

Information on the assessment done by the international rating agencies Moody's Investor Services and Fitch Ratings are as follows:

Moody's Investor Services: May 2013

Outlook	Stable
Bank Financial Strength	D+

Fitch Ratings: November 2013

Foreign Currency Commitments

Long Term	BBB-
Short Term	F3
Outlook	Stable

Local Currency Commitments

Long Term	BBB
Short Term	F3
Outlook	Stable
National	AAA (tur)
Outlook	Stable
Viability Rating	bbb-
Support Rating	2

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	8,805,150	795,713	8,333,265	396,163
Short Term Loans	2,617,514	98,129	2,483,854	66,886
Medium and Long Term Loans	6,049,093	696,998	5,746,064	328,762
Interest on Non-Performing Loans	138,543	586	103,347	515
Premiums from Resource Utilization Support Fund	-	-	-	-

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

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	94,562	4,718	56,607	858
Foreign Banks	939	6,900	863	6,345
Head Office and Branches	-	105	-	114
Total	95,501	11,723	57,470	7,317

c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	946	421	2,404	483
From Financial Assets at Fair Value through Profit or Loss	1,060	-	963	-
From Available-for-Sale Financial Assets	2,755,407	261,029	3,007,160	194,151
From Held-to-Maturity Investments	1,499,694	315,903	2,640,001	288,196
Total	4,257,107	577,353	5,650,528	482,830

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d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	521	3,770

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	69,335	96,478	43,134	45,796
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	8,239	5,029	842	16,632
Foreign Banks	61,096	91,449	42,292	29,164
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	69,335	96,478	43,134	45,796

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

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	3,653	25,786

c) Information on interest given on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	171,143	-	133,407	-

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

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	155,177	-	-	-	-	-	155,177
Saving Deposit	9	120,599	3,020,608	283,134	51,861	62,189	755	3,539,155
Public Sector Deposit	196	133,714	417,906	22,756	30,205	958	-	605,735
Commercial Deposit	151	139,984	289,713	42,051	21,048	678	-	493,625
Other Deposit	32	16,672	190,378	22,971	28,875	343	-	259,271
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	388	566,146	3,918,605	370,912	131,989	64,168	755	5,052,963
FC								
Foreign Currency Deposit	8,612	53,974	149,721	56,646	29,997	169,698	6	468,654
Bank Deposit	58,950	-	-	4	9,336	14,376	-	82,666
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	152	1,153	81	51	46	-	1,483
Total	67,562	54,126	150,874	56,731	39,384	184,120	6	552,803
Grand Total	67,950	620,272	4,069,479	427,643	171,373	248,288	761	5,605,766

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3. Explanations on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	21	-
Available-for-Sale Financial Assets	9,035	14,998
Other ⁽¹⁾	5,271	2,681
Total	14,327	17,679

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

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

	Current Period	Prior Period
Profit	10,954,989	5,250,568
Profit from the Capital Market Transactions	95,642	86,786
Profit on Derivative Financial Instruments	1,958,796	1,331,691
Foreign Exchange Gains	8,900,551	3,832,091
Loss (-)	11,129,620	5,295,283
Loss from the Capital Market Transactions	1,963	19,994
Loss on Derivative Financial Instruments	1,553,009	1,376,875
Foreign Exchange Loss	9,574,648	3,898,414

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

	Current Period	Prior Period
Effect of the change in exchange rates on profit/loss	243,834	(654,435)
Effect of the change in interest rates on profit/loss	161,953	609,251
Total	405,787	(45,184)

6. 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:

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 amounting to TL(630,015).

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	713,652	815,403
Group III Loans and Receivables	98,161	131,824
Group IV Loans and Receivables	332,752	510,664
Group V Loans and Receivables	282,739	172,915
General Provision Expenses ⁽²⁾	771,022	229,131
Provision Expenses for the Possible Losses	387,388	630,853
Marketable Securities Impairment Expense	1,068	106
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	1,068	106
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	-
Other	6,240	132,217
Total	1,879,370	1,807,710

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL310,711 are presented in other operating income (31 December 2012: 132,966 TL).

⁽²⁾ The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL185 are presented in other operating income.

8. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1,858,253	1,430,198
Reserve for Employee Termination Benefits	52,345	159,120
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	898	878
Depreciation Expenses of Tangible Fixed Assets	87,364	63,114
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	43,298	19,060
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	553	350
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	1,586,105	1,121,949
Operational Leasing Expenses	115,331	90,404
Maintenance Expenses	72,032	38,709
Advertisement Expenses	81,711	45,554
Other Expenses	1,317,031	947,282
Loss on Sales of Assets	946	216
Other ⁽¹⁾	916,488	963,625
Total	4,546,250	3,758,510

⁽¹⁾ TL301,092 (31 December 2012: TL199,939) of other item consists of Saving Deposit Insurance Fund accrual expense while TL304,600 (31 December 2012: TL224,139) consists of taxes, duties and charges expense.

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

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	7,963,471	7,102,623
Net Fees and Commissions Income	871,950	697,715
Dividend Income	14,327	17,679
Trading Income/Expense (Net)	(174,631)	(44,715)
Other Operating Income	2,105,121	1,438,807
Provision for Loan or Other Receivables Losses (-)	1,879,370	1,807,710
Other Operating Expenses (-)	4,546,250	3,758,513
Earning/Loss from Subsidiaries Consolidated with Equity Pick-up	17,318	11,285
Income/(Loss) from Continuing Operations	4,371,936	3,657,171

10. Information on tax provision for continued and discontinued operations

As of 31 December 2013, TL(1,107,604) (31 December 2012: TL(901,643)) of the Group's total tax provision expense amounting to TL(730,902) (31 December 2012: TL(1,187,066)), consists of current tax expense while the rest amounting to TL(376,702) (31 December 2012: TL285,423) consists of deferred tax income.

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

The Group's net operating income after tax amounts to TL3,264,332 (31 December 2012: TL2,755,531).

12. Information on net profit/loss:

a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the 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 balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (31 December 2012: None).

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

As of 31 December 2013, the Group's other fee and commission income amounting to TL947,605 (31 December 2012: TL819,542) consists of TL263,257 (31 December 2012: TL268,971) of credit card fees and commission income, TL231,068 (31 December 2012: TL145,288) of insurance commission and the remaining TL453,280 (31 December 2012: TL405,283) of money order, account management fee and other commission income.

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

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

a) Explanations on inflation adjustment differences for equity items:

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

b) Explanations on profit distribution:

The General Assembly of the Parent Bank for the year 2012 was carried out on 29 March 2013. In accordance with the decision taken, the amount of TL2,362,492 on the basis of distribution of the profit for the year 2012 amounting to TL2,650,428, TL118,125 is decided to transfer to primary legal reserves and TL14,500 is decided to transfer to secondary legal reserves, TL145,000 is decided to distribute as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL106,250 is decided to distribute to the Treasury after deducting withholding tax of 15% (TL18,750) in cash. Besides, TL1,959,867 of the profit has been preserved and TL134,987 is paid within the framework of dividend decided to transfer to employees. According to the decision of the General Assembly's the remaining part of dividend reserved to be distributed to personnel TL10,013 is transferred to the account of the "Profit Reserves".

The Parent Bank is planning to distribute its 2013 profit in accordance with its articles of association. However, as of the report date, there is no decision taken regarding the profit distribution.

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:

c) Explanations on Available For Sale Financial Assets:

Available for sale financial assets are not included in the current income statement, until their collections, disposals, sales or losses are realized and those assets are recognized under the "Marketable Securities Revaluation Fund" under equity. In accordance with TAS 39 and due to the change in the 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.

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

d) Profit Reserves:

As of the balance sheet date, profit reserves amount to TL12,578,459, legal reserves amount to TL2,645,390, extraordinary reserves amount to TL9,011,091 and other profit reserves amount to TL921,978.

VI. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CASH FLOWS

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

"Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL5,191,109 is composed mainly from interest received from loans and securities amounting to TL15,922,425 and interest paid to deposit and money market operations which is amounting to TL6,654,910. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of change in foreign exchange rate on cash and cash equivalents is determined, approximately, as TL424,386 as of 31 December 2013 (31 December 2012: TL (72,871)).

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

Period opening and end cash and cash equivalents balance:

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,465,021	1,355,201
Central Bank of the Republic of Turkey and Other Banks	5,539,881	6,913,722
Money Market Operations	61,722	12,212
Total Cash and Cash Equivalents	7,066,624	8,281,135
Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,821,663	1,465,021
Central Bank of the Republic of Turkey and Other Banks	6,348,809	5,539,881
Money Market Operations	53,272	61,722
Total Cash and Cash Equivalents	8,223,744	7,066,624

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

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

a) Current Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	61,333	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Interest and Commissions Income	521	-	-	-	-	-

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

b) Prior Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables ⁽¹⁾						
Opening Balance	18,419	-	-	-	-	-
Closing Balance	61,333	-	-	-	-	-
Interest and Commissions Income	3,770	-	-	-	-	-

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

**Notes to the Consolidated
Financial Statements at 31 December 2013**

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

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	557,636	580,370	-	-	-	-
Closing Balance	168,049	557,636	-	-	-	-
Interest Expense on Deposits	3,653	25,786	-	-	-	-

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	7,402	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	(297)	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information about fees paid to the Group's key management:

Fees paid to the Group's key management amount to TL28,108 (31 December 2012: TL18,628).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

1. The Board of Directors of the Parent Bank has decided to take all necessary actions regarding the issue of bills, bonds and similar kinds of debt instruments which will be issued abroad through one or more issuance, in total up to 3 billion USA dollars or equivalent foreign exchange or TL, and establishing bond issuance program which would allow issuances with different foreign currencies, and maturities (Medium Term Note Program/Global Medium Term Note Program) at the amount of the equivalent of 3 billion USA dollars. Related to that, Board of Director has decided the authorization for the applications to Capital Market Board and other in charge parties regarding necessary permits. In this regard, the required application has been made to Capital Market Board and it has been announced that the application has been approved by Capital Market Board on January 14, 2014. In addition, Banking Regulation and Supervision Agency has declared that it is not considered risky to issue debt instruments as part of bond issuance program to abroad at the amount of the equivalent of 3 billion USA dollars.

2. The issue and the public offerings of the Parent Bank's bonds with a nominal value of TRY450 million with 126-day maturity and having a fixed term on 30 May 2014 and of the bonds with a nominal value of TRY300 million with 175-day maturity and having a fixed term on 18 July 2014 have been performed via book-building method on 20, 21, 22 January 2014. The compound interest rates were respectively 9.39% and 9.81%.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2013

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

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

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

	Number	Number of Employees			
Domestic Branch	1,636	24,639			
			Country of Incorporation		
Foreign Representative Office	1	1	1- Iran		
				Total Assets	Statutory Share Capital
Foreign Branch ⁽¹⁾	1	2	1- USA	1,639,080	250,200
	1	3	2- England	1,080,279	113,562
	4	6	3- Bulgaria	95,934	41,676
	2	4	4- Georgia	52,937	18,648
	2	6	5- Iraq	197,850	29,820
	4	5	6- Greece	350,702	96,905
	1	1	7- Saudi Arabia	57,619	31,950
	10	37	8- T.R. of Northern Cyprus	874,096	57,539
Off-Shore Banking Region Branches	-	-	-	-	-

⁽¹⁾ Excluding the local employees of the foreign branches.

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE GROUP'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

As of 31 December 2013, consolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor's Report dated 11 March 2014 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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Do you know what it means to be more than a bank?

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Being more than a bank means a flag flying courageously all over the world and a source of hope, confidence, and pride for millions. It means being a partner in the country’s past and a guarantor of its future. Being more than a bank in Turkey means a century and a half of striving with all one’s might for the good of the nation, of being a great bank in a great country. It means being Ziraat Bank.

**For a hundred and fifty years
Ziraat Bank has been more
than a bank.**



Ziraat Bank

150 years