

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
AT 30 SEPTEMBER 2014**

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



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

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

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") at 30 September 2014 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

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

As mentioned in Section II. Note 7.d1 of Explanations and Notes to the Unconsolidated Financial Statements; as of the balance sheet date, the accompanying financial statements include a free provision amounting to TL1.230.000 thousand (TL178.000 thousand of this provision amount was charged to the income statement as an expense in the current period), provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions.

Based on our review except for the effect of the matter on the financial statements described in the paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 30 September 2014 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

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

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

Haluk Yalçın, SMMM
Partner

Istanbul, 5 November 2014

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

**THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 SEPTEMBER 2014**

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 REVIEW REPORT

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

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
Assistant General Manager
of Financial Coordination

Atakan BEKTAŞ
Head of Financial Statements and
Reporting Management

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

Name/Title : Kubilay ŞAHİN / Financial Statements Manager
Telephone Number : 0312 584 59 33
Facsimile Number : 0312 584 59 38

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

The sole shareholder of the Bank is (“Treasury”) the Republic of Turkey Prime Ministry Undersecretariat of Treasury.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS, 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
Fahrettin ÖZDEMİRCİ	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mustafa ÇETİN	Member
Salim ALKAN	Member
Cemalettin BAŞLI	Member
Audit Committee Members	
Muharrem KARSLI	Member
Feyzi ÇUTUR	Member
Assistant General Managers	
Alpaslan ÇAKAR	Individual Banking
Bilgehan KURU	Treasury Management and International Banking
Bülent SUER	Operational Transactions
Cem İNAL	Financial Coordination
Mehmet Cengiz GÖĞEBAKAN	Credit Policies
Musa ARDA	Credit Allocation and Management
Ömer Muzaffer BAKTIR	Marketing
Peyami Ömer ÖZDİLEK	Human Resources
Osman ARSLAN	Information Technologies Management
Yüksel CESUR	Internal Systems

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

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

Name/Trade Name	Amount of Share	Percentage of Share %	Paid-in Shares	Unpaid Shares
Treasury	2.500.000	100	2.500.000	-

The sole shareholder of the Bank is the Treasury.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

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

As of 30 September 2014, Bank carries its activities with a grand total of 1.686 branches; 1.661 domestic branches including 5 Corporate Branches, 27 Commercial Branches, 79 Enterprising Branches, 75 Dynamic Enterprising Branches, 1.473 branches and 2 mobile branches (31 December 2013: 1.636 domestic branches including 1.521 branches, 5 Corporate Branches, 27 Commercial Branches, 81 Enterprising Branches, 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 sub branches in Turkish Republic of Northern Cyprus). The Bank also has 1 representative office in Tehran, Iran.

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

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 TL50 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 90% 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.

VI. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE IMMEDIATE TRANSFER OF SHAREHOLDER’S EQUITY BETWEEN THE BANK AND ITS SUBSIDIARIES OR REIMBURSEMENT OF LIABILITIES.

None.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2014
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period (30/09/2014)			Prior Period (31/12/2013)		
		ASSETS			ASSETS		
		TL	FC	Total	TL	FC	Total
I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	2.743.519	28.830.375	31.573.894	3.664.488	22.937.925	26.602.413
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	275.881	45.147	321.028	304.618	149.319	453.937
2.1 Financial Assets Held for Trading		275.881	45.147	321.028	304.618	149.319	453.937
2.1.1 Public Sector Debt Securities		15.776	12.218	27.994	10.878	4.432	15.310
2.1.2 Securities Representing a Share in Capital		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading		260.105	32.929	293.034	293.740	144.887	438.627
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)	418.304	1.340.376	1.758.680	512.104	1.952.907	2.465.011
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)	44.984.805	7.495.652	52.480.457	40.238.476	6.445.321	46.683.797
5.1 Securities Representing a Share in Capital		131.654	226.944	358.598	130.405	232.190	362.595
5.2 Public Sector Debt Securities		44.847.039	7.107.766	51.954.805	40.097.373	6.081.524	46.178.897
5.3 Other Marketable Securities		6.112	160.942	167.054	10.698	131.607	142.305
VI. LOANS AND RECEIVABLES	(5)	103.004.989	29.896.091	132.901.080	90.418.006	20.629.967	111.047.973
6.1 Loans and Receivables		102.212.195	29.896.082	132.108.277	89.623.480	20.629.955	110.253.435
6.1.1 Loans Granted to Risk Group of The Bank		81.491	746.037	827.528	116.829	550.432	667.261
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		102.130.704	29.150.045	131.280.749	89.506.651	20.079.523	109.586.174
6.2 Loans under Follow-up		2.634.390	7.115	2.641.505	2.396.871	20.570	2.417.441
6.3 Specific Provisions (-)		1.841.596	7.106	1.848.702	1.602.345	20.558	1.622.903
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	4.857.221	4.961.652	9.818.873	10.529.555	5.130.795	15.660.350
8.1 Public Sector Debt Securities		4.846.113	4.961.010	9.807.123	10.520.533	5.130.175	15.650.708
8.2 Other Marketable Securities		11.108	642	11.750	9.022	620	9.642
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	94.912	-	94.912	65.452	-	65.452
9.1 Accounted with Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		94.912	-	94.912	65.452	-	65.452
9.2.1 Financial Associates		88.846	-	88.846	59.386	-	59.386
9.2.2 Non-financial Associates		6.066	-	6.066	6.066	-	6.066
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	432.478	977.494	1.409.972	382.478	768.828	1.151.306
10.1 Unconsolidated Financial Subsidiaries		426.241	977.494	1.403.735	376.241	768.828	1.145.069
10.2 Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237	6.237	-	6.237
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	109.766	109.766	-	81.362	81.362
11.1 Accounted with Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Entities Under Common Control		-	109.766	109.766	-	81.362	81.362
11.2.1 Financial Entities Under Common Control		-	109.766	109.766	-	81.362	81.362
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)	4.665.841	6.862	4.672.703	1.042.246	7.406	1.049.652
XV. INTANGIBLE ASSETS (Net)		172.862	3.783	176.645	130.238	4.690	134.928
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		172.862	3.783	176.645	130.238	4.690	134.928
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-
XVII. TAX ASSET		417.487	-	417.487	334.067	-	334.067
17.1 Current Tax Asset		656	-	656	551	-	551
17.2 Deferred Tax Asset		416.831	-	416.831	333.516	-	333.516
XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	164.390	-	164.390	104.952	-	104.952
18.1 Held for Sale		164.390	-	164.390	104.952	-	104.952
18.2 Held from Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS		1.396.970	1.050.140	2.447.110	963.959	730.795	1.694.754
TOTAL ASSETS		163.629.659	74.717.338	238.346.997	148.690.639	58.839.315	207.529.954

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2014
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period (30/09/2014)			Prior Period (31/12/2013)		
		LIABILITIES AND EQUITY			LIABILITIES AND EQUITY		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	104.767.157	46.073.087	150.840.244	100.601.120	41.134.026	141.735.146
1.1 Deposits Held By the Risk Group of the Bank		77.066	97.077	174.143	136.144	125.813	261.957
1.2 Other		104.690.091	45.976.010	150.666.101	100.464.976	41.008.213	141.473.189
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	14.045	566.620	580.665	18.520	36.144	54.664
III. FUNDS BORROWED	(3)	1.145.863	11.926.927	13.072.790	1.081.962	7.477.367	8.559.329
IV. MONEY MARKET BALANCES		15.221.574	15.117.283	30.338.857	12.509.222	12.061.628	24.570.850
4.1 Interbank Money Market Borrowings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3 Funds Provided under Repurchase Agreements		15.221.574	15.117.283	30.338.857	12.509.222	12.061.628	24.570.850
V. MARKETABLE SECURITIES ISSUED (Net)		1.660.505	2.086.398	3.746.903	2.636.887	-	2.636.887
5.1 Bills		1.660.505	380.743	2.041.248	2.404.051	-	2.404.051
5.2 Asset-backed Securities		-	-	-	-	-	-
5.3 Bonds		-	1.705.655	1.705.655	232.836	-	232.836
VI. FUNDS		5.112.901	-	5.112.901	4.036.491	-	4.036.491
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		5.112.901	-	5.112.901	4.036.491	-	4.036.491
VII. MISCELLANEOUS PAYABLES		1.035.160	304.971	1.340.131	1.055.333	297.595	1.352.928
VIII. OTHER LIABILITIES	(4)	2.031.577	390.790	2.422.367	1.418.521	455.598	1.874.119
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	-	-	-	941	941
10.1 Finance Lease Payables		-	4	4	-	959	959
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Finance Lease Expenses (-)		-	4	4	-	18	18
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)	4.483.127	34.920	4.518.047	3.940.036	18.259	3.958.295
12.1 General Provisions		2.201.289	6.344	2.207.633	1.962.430	7.663	1.970.093
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Employee Benefits Provisions		812.540	-	812.540	701.643	-	701.643
12.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5 Other Provisions		1.469.298	28.576	1.497.874	1.275.963	10.596	1.286.559
XIII. TAX LIABILITY	(8)	580.971	275	581.246	383.219	406	383.625
13.1 Current Tax Liability		580.971	275	581.246	383.219	406	383.625
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)	25.028.743	764.103	25.792.846	18.181.872	184.807	18.366.679
16.1 Paid-in Capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2 Capital Reserves		3.838.896	764.103	4.602.999	(282.183)	184.807	(97.376)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(288.467)	764.103	475.636	(826.752)	184.807	(641.945)
16.2.4 Tangible Assets Revaluation Reserves		3.645.797	-	3.645.797	-	-	-
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	17.388	-	17.388
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other Capital Reserves		464.178	-	464.178	527.181	-	527.181
16.3 Profit Reserves		15.504.264	-	15.504.264	12.474.183	-	12.474.183
16.3.1 Legal Reserves		2.725.124	-	2.725.124	2.541.114	-	2.541.114
16.3.2 Statutory Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		11.857.162	-	11.857.162	9.011.091	-	9.011.091
16.3.4 Other Profit Reserves		921.978	-	921.978	921.978	-	921.978
16.4 Profit or Loss		3.185.583	-	3.185.583	3.489.872	-	3.489.872
16.4.1 Prior Years Profit/Loss		159.798	-	159.798	159.798	-	159.798
16.4.2 Net Period Profit/Loss		3.025.785	-	3.025.785	3.330.074	-	3.330.074
TOTAL LIABILITIES AND EQUITY		161.081.623	77.265.374	238.346.997	145.863.183	61.666.771	207.529.954

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 30 SEPTEMBER 2014
(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 (30/09/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)	(1)	58.362.735	96.434.239	154.796.974	47.672.612	72.559.005	120.231.617
I. GUARANTEES AND WARRANTIES		13.327.983	24.049.558	37.377.541	10.835.207	19.379.847	30.215.054
1.1 Letters of Guarantee		13.235.654	15.240.899	28.476.553	10.747.008	12.785.744	23.532.752
1.1.1 Guarantees Subject to State Tender Law		882.377	14.828.824	15.711.201	741.194	12.209.334	12.950.528
1.1.2 Guarantees Given for Foreign Trade Operations		11.634.642	-	11.634.642	9.275.313	-	9.275.313
1.1.3 Other Letters of Guarantee		718.635	412.075	1.130.710	730.501	576.410	1.306.911
1.2 Bank Acceptances		30.500	3.651.295	3.681.795	68.438	2.360.400	2.428.838
1.2.1 Import Letter of Acceptance		30.500	3.649.734	3.680.234	68.438	2.360.400	2.428.838
1.2.2 Other Bank Acceptances		-	1.561	1.561	-	-	-
1.3 Letters of Credit		61.829	5.157.364	5.219.193	19.761	4.233.703	4.253.464
1.3.1 Documentary Letters of Credit		61.829	4.682.942	4.744.771	19.761	3.854.687	3.874.448
1.3.2 Other Letters of Credit		-	474.422	474.422	-	379.016	379.016
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)	42.846.020	34.202.233	77.048.253	34.679.496	32.541.574	67.221.070
2.1 Irrevocable Commitments		14.472.747	2.694.277	17.167.024	12.271.120	5.025.779	17.296.899
2.1.1 Asset Purchase and Sale Commitments		520.798	961.758	1.482.556	326.682	4.140.216	4.466.898
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		50.000	-	50.000	-	-	-
2.1.4 Loan Granting Commitments		1.750.583	1.171.936	1.922.519	1.020.202	125.054	1.145.256
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		2.725.479	-	2.725.479	2.513.009	-	2.513.009
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		6.963.550	-	6.963.550	6.275.095	-	6.275.095
2.1.10 Commitments for Credit Cards and Banking Services Promotions		14.901	-	14.901	13.049	-	13.049
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		2.447.436	1.560.583	4.008.019	2.123.083	760.509	2.883.592
2.2 Revocable Commitments		28.373.273	31.507.956	59.881.229	22.408.376	27.515.795	49.924.171
2.2.1 Revocable Loan Granting Commitments		28.373.261	31.507.956	59.881.217	22.408.364	27.515.795	49.924.159
2.2.2 Other Revocable Commitments		12	-	12	12	-	12
III. DERIVATIVE FINANCIAL INSTRUMENTS		2.188.732	38.182.448	40.371.180	2.157.909	20.637.584	22.795.493
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		2.188.732	38.182.448	40.371.180	2.157.909	20.637.584	22.795.493
3.2.1 Forward Foreign Currency Buy/Sell Transactions		443.702	474.827	918.529	357.260	363.104	720.364
3.2.1.1 Forward Foreign Currency Transactions-Buy		221.961	237.415	459.376	178.811	181.566	360.377
3.2.1.2 Forward Foreign Currency Transactions-Sell		221.741	237.412	459.153	178.449	181.538	359.987
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		1.736.430	37.693.019	39.429.449	1.800.649	20.274.480	22.075.129
3.2.2.1 Foreign Currency Swap-Buy		-	19.571.289	19.571.289	-	11.220.359	11.220.359
3.2.2.2 Foreign Currency Swap-Sell		1.736.430	18.121.730	19.858.160	1.800.649	9.054.121	10.854.770
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		8.600	14.602	23.202	-	-	-
3.2.3.1 Foreign Currency Options-Buy		8.600	2.851	11.451	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	11.751	11.751	-	-	-
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)		420.481.878	69.466.113	489.947.991	319.358.128	31.851.701	351.209.829
IV. ITEMS HELD IN CUSTODY		62.046.818	8.265.591	70.312.409	46.955.962	6.141.575	53.097.537
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		26.871.569	3.040.980	29.912.549	20.973.487	2.922.058	23.895.545
4.3 Checks Received for Collection		2.901.723	175.296	3.077.019	1.790.488	124.295	1.914.783
4.4 Commercial Notes Received for Collection		4.490.721	296.773	4.787.494	3.606.962	130.038	3.737.000
4.5 Other Assets Received for Collection		8.664	-	8.664	8.445	-	8.445
4.6 Assets Received for Public Offering		27.524.131	109	27.524.240	20.295.171	112	20.295.283
4.7 Other Items Under Custody		248.361	4.752.433	5.000.794	279.760	2.965.072	3.244.832
4.8 Custodians		1.649	-	1.649	1.649	-	1.649
V. PLEDGES RECEIVED		358.410.958	60.594.982	419.005.940	272.389.147	25.164.097	297.553.244
5.1 Marketable Securities		956.081	24.791	980.872	933.047	18.700	951.747
5.2 Guarantee Notes		11.463.188	716.826	12.180.014	10,095,965	607,373	10,703,338
5.3 Commodity		1,167,965	16,502	1,184,467	1,263,180	18,155	1,281,335
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		313,472,132	46,689,406	360,161,538	242,084,954	21,391,097	263,476,051
5.6 Other Pledged Items		31,346,383	13,138,892	44,485,275	18,006,792	3,120,499	21,127,291
5.7 Pledged Items-Depository		5,209	8,565	13,774	5,209	8,273	13,482
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		24.102	605.540	629.642	13.019	546.029	559.048
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		478.844.613	165.900.352	644.744.965	367.030.740	104.410.706	471.441.446

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AS OF 30 SEPTEMBER 2014
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

III. INCOME STATEMENT						
INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period 1/1-30/09/2014	Prior Period 1/1-30/09/2013	Current Period 1/7-30/09/2014	Prior Period 1/7-30/09/2013
I.	INTEREST INCOME	(1)	13.354.230	10.355.173	4.569.678	3.571.951
1.1	Interest Income from Loans		9.269.153	6.861.209	3.302.409	2.422.752
1.2	Interest Income From Reserve Deposits		1.851	1.162	896	430
1.3	Interest Income from Banks		43.788	23.633	14.269	9.698
1.4	Interest Income from Money Market Placements		6	2	2	1
1.5	Interest Income from Marketable Securities		4.027.191	3.460.143	1.250.153	1.137.293
1.5.1	Financial Assets Held for Trading		2.083	1.028	354	389
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	14	-	13
1.5.3	Financial Assets Available-for-Sale		3.196.226	2.065.989	1.055.682	738.118
1.5.4	Investments Held-to-Maturity		828.882	1.393.112	194.117	398.773
1.6	Finance Lease Income		-	-	-	-
1.7	Other Interest Income		12.241	9.024	1.949	1.777
II.	INTEREST EXPENSES	(2)	7.154.951	4.722.131	2.326.287	1.697.491
2.1	Interest Expense on Deposits		5.638.714	4.063.766	1.867.044	1.379.387
2.2	Interest on Borrowings		192.715	98.847	72.130	37.706
2.3	Interest on Money Market Borrowings		1.151.148	410.381	321.504	229.953
2.4	Interest on Marketable Securities Issued		140.334	113.972	55.015	44.244
2.5	Other Interest Expense		32.040	35.165	10.594	6.201
III.	NET INTEREST INCOME/EXPENSES (I - II)		6.199.279	5.633.042	2.243.391	1.874.460
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		782.238	691.120	266.708	244.207
4.1	Fees and Commissions Received		995.893	842.024	341.657	296.979
4.1.1	Non-cash Loans		119.890	68.735	41.126	26.723
4.1.2	Other		876.003	773.289	300.531	270.256
4.2	Fees and Commissions Paid		213.655	150.904	74.949	52.772
4.2.1	Non-cash Loans		79	17	42	6
4.2.2	Other		213.576	150.887	74.907	52.766
V.	DIVIDEND INCOME		186.285	316.356	1.383	60.220
VI.	TRADING PROFIT/LOSS (Net)	(3)	(34.028)	(73.159)	(48.825)	(45.418)
6.1	Profit/Loss from Capital Market Operations		55.010	48.967	12.020	22.221
6.2	Profit/losses on Derivative Financial Transactions	(4)	(950.720)	318.196	(718.236)	(16.832)
6.3	Profit/Loss from Foreign Exchanges		861.682	(440.322)	657.391	(50.807)
VII.	OTHER OPERATING INCOME	(5)	718.568	812.461	197.317	329.776
VIII.	TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		7.852.342	7.379.820	2.659.974	2.463.245
IX.	PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)	(6)	1.049.020	1.392.941	377.716	465.642
X.	OTHER OPERATING EXPENSES(-)	(7)	2.959.066	2.621.160	982.963	939.025
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		3.844.256	3.365.719	1.299.295	1.058.578
XII.	GAINS RECORDED AFTER MERGER		-	-	-	-
XIII.	PROFIT/LOSS ON EQUITY METHOD		-	-	-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(8)	3.844.256	3.365.719	1.299.295	1.058.578
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(9)	(818.471)	(789.418)	(283.584)	(276.743)
16.1	Current Tax Provision		(1.104.283)	(507.766)	(302.705)	(260.832)
16.2	Deferred Tax Provision		285.812	(281.652)	19.121	(15.911)
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(10)	3.025.785	2.576.301	1.015.711	781.835
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)	(11)	3.025.785	2.576.301	1.015.711	781.835
	Earnings/Loss per Share (TL)		1,210	1,031	0,406	0,313

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AS OF 30 SEPTEMBER 2014
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Current Period (30/09/2014)	Prior Period (30/09/2013)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	2.011.320	(2.321.804)
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	3.645.797	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(3.593)	(4.990)
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	62.171	(13.270)
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(218.318)	332.162
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	5.497.377	(2.007.902)
XI. CURRENT YEAR PROFIT/LOSS	(733.999)	753.495
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	(739.160)	748.683
11.2 Reclassification of cash flow hedge transactions and presentation of the related under income statement	-	-
11.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4 Other	5.161	4.812
XII. TOTAL PROFIT/LOSS RELATED TO THE PERIOD (X±XI)	4.763.378	(1.254.407)

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2013

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY																	
30 September 2013	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity
I. Balance at the Beginning of the Period		2.500.000	577.566	-	-	2.408.490	-	7.041.211	634.041	-	2.810.226	1.178.587	-	17.369	-	-	17.167.490
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	577.566	-	-	2.408.490	-	7.041.211	634.041	-	2.810.226	1.178.587	-	17.369	-	-	17.167.490
Changes During the Period																	
IV. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(1.272.885)	-	-	-	-	(1.272.885)
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)		-	-	-	-	-	-	-	-	-	-	-	-	19	-	-	19
X. Foreign Exchange Differences		-	(34.084)	-	-	-	-	-	-	-	-	29.094	-	-	-	-	(4.990)
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		-	-	-	-	-	-	-	(10.616)	-	-	-	-	-	-	-	(10.616)
XIX. Net Profit or Losses		-	-	-	-	-	-	-	-	2.576.301	-	-	-	-	-	-	2.576.301
XX. Profit Distribution		-	-	-	-	132.624	-	1.959.867	287.937	-	(2.650.428)	-	-	-	-	-	(270.000)
20.1 Dividend Distributed		-	-	-	-	-	-	-	-	-	(270.000)	-	-	-	-	-	(270.000)
20.2 Transfers to Legal Reserves		-	-	-	-	132.624	-	1.959.867	287.937	-	(2.380.428)	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period (I+II+III+.....+XVIII+XIX+XX)		2.500.000	543.482	-	-	2.541.114	-	9.001.078	911.362	2.576.301	159.798	(65.204)	-	17.388	-	-	18.185.319

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2014**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY																		
30 September 2014		Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity
I.	Balance at the Beginning of the Period		2.500.000	543.482	-	-	2.541.114	-	9.011.091	905.677	-	3.489.872	(641.945)	-	17.388	-	-	18.366.679
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	-	-	2.541.114	-	9.011.091	905.677	-	3.489.872	(641.945)	-	17.388	-	-	18.366.679
Changes During the Period																		
IV.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	953.190	-	-	-	-	953.190
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		-	-	-	-	-	-	-	-	-	-	-	3.645.797	-	-	-	3.645.797
VIII.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	164.391	-	-	-	-	164.391
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		-	-	-	-	-	-	(63.003)	-	-	7	-	-	-	-	-	(62.996)
XIX.	Net Profit or Losses		-	-	-	-	-	-	-	3.025.785	-	-	-	-	-	-	-	3.025.785
XX.	Profit Distribution		-	-	-	184.010	-	2.846.071	-	-	(3.330.081)	-	-	-	-	-	-	(300.000)
20.1	Dividend Distributed		-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-	-	(300.000)
20.2	Transfers to Legal Reserves		-	-	-	184.010	-	2.846.071	-	-	(3.030.081)	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period (I+II+III+.....+XVIII+XIX+XX)		2.500.000	543.482	-	-	2.725.124	-	11.857.162	842.674	3.025.785	159.798	475.636	3.645.797	17.388	-	-	25.792.846

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 30 SEPTEMBER 2014
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

VI. STATEMENT OF CASH FLOW			
	Note (Section Five)	Current Period 1/1 - 30/09/2014	Prior Period 1/1 - 30/09/2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		3.565.458	4.393.926
1.1.1 Interest Received		11.946.367	11.599.808
1.1.2 Interest Paid		(6.985.196)	(4.735.791)
1.1.3 Dividend Received		156.825	316.356
1.1.4 Fees and Commissions Received		997.106	843.807
1.1.5 Other Income		1.916.657	183.240
1.1.6 Collections from Previously Written-off Loans and Other Receivables		1.085.171	925.638
1.1.7 Payments to Personnel and Service Suppliers		(1.371.291)	(1.276.919)
1.1.8 Taxes Paid		(1.132.824)	(767.804)
1.1.9 Other		(3.047.357)	(2.694.409)
1.2 Changes in Operating Assets and Liabilities		(8.227.581)	(3.904.197)
1.2.1 Net Decrease/(Increase) in Trading Securities		(12.586)	(9.396)
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net Decrease in Banks		(6.023.855)	(4.341.531)
1.2.4 Net (Increase) in Loans		(22.040.083)	(30.024.796)
1.2.5 Net (Increase) in Other Assets		(979.740)	(369.948)
1.2.6 Net Increase/(Decrease) in Bank Deposits		7.048.765	16.967.523
1.2.7 Net (Decrease)/Increase in Other Deposits		7.694.754	9.413.011
1.2.8 Net (Decrease)/Increase in Funds Borrowed		4.473.293	3.251.356
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net (Decrease)/Increase in Other Liabilities		1.611.871	1.209.584
I. Net Cash Provided from Banking Operations		(4.662.123)	489.729
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		1.811.990	(2.717.123)
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(50.000)	(36.764)
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3 Fixed Assets Purchases		-	(184.349)
2.4 Fixed Assets Sales		20.611	41.998
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(21.985.964)	(12.321.271)
2.6 Cash Obtained from Sale of financial Assets Available for Sale		19.386.228	5.145.770
2.7 Cash Paid for Purchase of Investment Securities		(181.729)	(197.740)
2.8 Cash Obtained from sale of Investment Securities		6.179.821	5.976.232
2.9 Other		(1.556.977)	(1.140.999)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		1.085.895	297.945
3.1 Cash Obtained from Funds Borrowed and Securities Issued		3.674.043	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(2.587.207)	-
3.3 Marketable Securities Issued		-	567.948
3.4 Dividends Paid		-	(270.000)
3.5 Payments for Finance Leases		(941)	(3)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(18.995)	58.394
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		(1.783.233)	(1.871.055)
VI. Cash and Cash Equivalents at the Beginning of the Period		6.669.577	7.759.851
VII. Cash and Cash Equivalents at the End of the Period		4.886.344	5.888.796

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

The unconsolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Application and Keeping Documents” published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA (“Banking Regulation and Supervision Agency”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) issued by the 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.

Balance sheet and statement of off-balance sheet accounts as of 30 September 2014 are presented comparatively with balances as of 31 December 2013 while income statement, statement of income and expense items accounted under shareholders’ equity, cash flows and changes in shareholders’ equity are presented comparatively with balances as of 30 September 2013.

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.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Main activity of the Bank comprises of banking services, such as; launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits in Turkish Lira and foreign currencies. The Bank’s main funding source is Turkish Lira deposits, repurchase agreements, 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.

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

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

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

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

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Bank’s derivative transactions mostly include currency 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 off-balance sheet accounts from their contractual values.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Commission income from banking, agency, intermediary services is recognized as income on the date they are collected. Whereas, commission income from 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.

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

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

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

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

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

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in 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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

c. Loans and receivables: (Continued)

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

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

d. Available-for-sale financial assets:

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

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

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. The Bank’s tangible fixed assets purchased before 1 January 2005 are carried at inflation adjusted cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequent to 1 January 2005 are valued at historical cost. As of 31 January 2014 the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Bank’s inventory, appraisal study was carried by independent expertise companies, and from 1 January 2014 valuation results are reflected in the accounting records. As a result of the fair valuation of the real estates which is included in tangible fixed assets, TL3.645.797 revaluation difference is followed under shareholders’ equity as of 30 September 2014. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives. No changes made in the current period regarding depreciation method.

Applied depreciation rates are as follows;

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

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Financial Lease

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

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

Operational Lease

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment Termination and Vacation Benefits

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

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

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 amounting to TL 79.304 was classified as “Other Comprehensive Expense” in the 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. Members Pension and Relief Fund which was established by 20th provisional article of Social Security Law Act numbered 506.

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

b. Pension Rights: (Continued)

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

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

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

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

Lastly, based on the Council of Ministers’ decree numbered 2014/6042 and issued in the Official Gazette numbered 28987, dated 30 April 2014, 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 one year.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current Tax (Continued)

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

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXII. CASH AND CASH EQUIVALENTS

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

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

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

XXIV. EXPLANATIONS ON OTHER MATTERS

In accordance with the decision taken in the General Assembly of the year 2013, which was carried out on 31 March 2014, the basis of distribution amounting to TL3.330.074 of the profit for the year 2013, TL166.503 is transferred to first legal reserve and TL17.500 is transferred to second legal reserve TL175.000 is distributed as dividend to employees and TL106.250 is distributed to Treasury after deducting withholding tax of 15% (TL18.750) in cash. In this context, TL2.846.071 of the profit is preserved; dividend payment made to Treasury on 15 April 2014, and within the framework of the dividend to be distributed to employees, at total TL151.338 is paid.

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SECTION FOUR

EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON THE CAPITAL ADEQUACY STANDARD RATIO

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

The Bank’s unconsolidated capital adequacy ratio calculated in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” is 17,58% (31 December 2013: 13,21%).

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 6 September 2014 numbered 29111.

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 “Communique 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 “Communique on Measurement and Assessment of Capital Adequacy of Banks” and “Communique 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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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Information related to capital adequacy ratio:

Current Period	Risk Weights										
	Bank Only										
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Credit Risk Based Amount – 30 September 2014	76.917.060	-	19.187.294	-	20.914.158	54.645.448	77.186.541	3.621.595	17.880.576	418.318	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	70.205.213	-	-	-	9.828.993	-	234.403	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	311.462	-	83	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	413.128	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	707	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	18.296.571	-	8.439.720	-	524.701	-	-	-	-
Conditional and unconditional corporate receivables	-	-	568.750	-	2.645.362	-	67.216.397	-	-	-	-
Conditional and unconditional retail receivables	-	-	1.920	-	-	43.403.069	492.700	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	11.242.379	241.118	-	-	-	-
Past due receivables	-	-	-	-	-	-	596.324	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	3.621.595	17.880.576	418.318	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	53.151	-	-	-	-
Other receivables	6.711.140	-	8.591	-	-	-	7.414.619	-	-	-	-

Prepared with the numbers after the conversion rate to credit and before Credit Risk Reduction.

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

Information related to capital adequacy ratio: (Continued)

Prior Period	Risk Weights										
	Bank Only										
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Credit Risk Based Amount – 31 December 2013	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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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Summary Information Related To The Capital Adequacy Ratio:

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	10.974.217	11.222.068
Capital Requirement for Market Risk (CRMR)	918.710	657.522
Capital Requirement for Operational Risk (CROR)	1.098.374	960.999
Shareholders' Equity	28.548.950	21.197.616
Shareholders' Equity/((CRCR+CRMR+CROR)*12,5)*100	17,58	13,21
Tier 1 Capital/((CRCR+CRMR+CROR)*12,5)*100	16,54	-
Common Equity Tier 1 Capital/((CRCR+CRMR+CROR)*12,5)*100	16,59	-

Information Related To the Components of Shareholders' Equity:

	Current Period
Common Equity Tier 1 Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	3.043.482
Share Premium	-
Share Cancellation Profits	-
Reserves	15.424.960
Income recognized under equity in accordance with TAS	4.611.972
Profit	3.185.583
Current Period's Profit	3.025.785
Prior Period's Profit	159.798
General Reserves for Possible Losses	1.241.565
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	17.388
Common Equity Tier 1 Capital Before Deductions	27.524.950
Deductions from Common Equity Tier 1 Capital	
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS (-)	490.539
Leasehold Improvements on Operational Leases (-)	66.025
Goodwill and intangible asset and the related deferred tax liability (-)	22.124
Net Deferred Tax Asset / Liability (-)	-
Excess amount expressed in the law (Article 56 4th paragraph) (-)	-
Bank's direct or indirect investments on its own Tier 1 Capital (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph (-)	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
Amounts related to mortgage servicing rights (-)	-
Excess amount of deferred tax assets from temporary differences (-)	-
Other Items Determined by BRSA (-)	-
The amount to be deducted from common equity tier 1 capital (-)	-
Total Deductions from Common Equity Tier 1 Capital	578.688
Total Common Equity Tier 1 Capital	26.946.262
Additional Tier 1 Capital	
Premiums that are not included in Common Equity Tier 1 capital	-
Bank's borrowing instruments and related issuance premium (issued after 1.1.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014)	-
Additional Tier 1 Capital before Deductions	-

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Information Related To the Components of Shareholders' Equity: (Continued)

Deductions from Additional Tier 1 Capital	Current Period
Bank's a direct or indirect investment in Tier 1 Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other Items Determined by BRSA (-)	-
The amount to be deducted from Additional Tier 1 Capital (-)	-
Total Deductions from Additional Tier 1 Capital	-
Total Additional Tier 1 Capital	-
Deductions From Tier 1 Capital	88.496
The amount related to goodwill or other intangible assets not deducted from Common Equity Tier 1 Capital (-)	88.496
The amount related to deferred tax assets not deducted from Common Equity Tier 1 Capital (-)	-
Tier 1 Capital	26.857.766
Tier 2 Capital	
Bank's borrowing instruments and related issuance premium (issued after 1.1.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014)	-
Pledged assets of the shareholders to be used for the Bank's capital increases	-
General Provisions	1.714.721
Tier 2 Capital Before Deductions	1.714.721
Deductions From Tier 2 Capital	
Bank's direct or indirect investment in Tier 2 capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other Items Determined by BRSA (-)	-
Total Deductions From Tier 2 Capital	-
Tier 2 Capital	1.714.721
TOTAL CAPITAL BEFORE REGULATORY DEDUCTIONS	28.572.487
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	788
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan (-)	22.596
Securitization positions that is deducted -preferably- from the shareholders' equity (Article 20 paragraph 2) (-)	-
Other items to be defined by BRSA (-)	153
The sum of partnership share on banks and financial institutions, with shareholding of less than 10%, but exceeding 10% of Common Equity Tier I not deducted from Common Equity Tier 1, Tier 1 or Tier 2 (-)	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%, but exceeding 10% of the bank (-)	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%, but exceeding 10% of bank(-)	-
TOTAL CAPITAL	-
Amounts below deduction thresholds	28.548.950
The sum of partnership share on banks and financial institutions, with shareholding of less than 10%	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%	-
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences (net of related tax liability) (-)	416.831

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Information Related To the Components of Shareholders' Equity: (Continued)

	Prior Period
CORE CAPITAL	
Paid-in Capital	2.500.000
Nominal Capital	2.500.000
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	543.482
Share Premium	-
Share Cancellation Profits	-
Reserves	12.457.882
Inflation Adjustments to Reserves	-
Profit	3.489.872
Current Period's Profit	3.330.074
Prior Period's Profit	159.798
Provision for Possible Losses (up to 25% of Core Capital)	1.017.586
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
Intangible Assets (-)	75.378
Deferred Tax Asset in excess of 10% of Core Capital (-)	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-
Total Core Capital	19.873.894
SUPPLEMENTARY CAPITAL	
General Provisions	1.970.093
45% of Revaluation Surplus on Movables	-
45% of Revaluation Surplus on Immovables	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	17.388
Primary Subordinated Debts excluding the portion included in Core Capital	-
Secondary Subordinated Debts	-
45% of Securities Value Increase Fund	(641.945)
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss (excluding inflation adjustment of reserves)	-
Total Supplementary Capital	1.345.536
CAPITAL	21.219.430
DEDUCTIONS FROM CAPITAL	21.814
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	21.300
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	409
Other Deduction Items	105
TOTAL SHAREHOLDER'S EQUITY	21.197.616

⁽¹⁾ Accordingly “Regulation on the Amendment of Regulation on Banks’ Equity” which is published in the Official Gazette dated 10 March 2011 and numbered 27870, the name of the related line is changed as “Primary Subordinated Debts can not Exceed the Limits Listed in Eighth Paragraph”.

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

Information Related to the Components which Subject to Temporary Implementation in the Calculation of Equity:

None.

Information Related to the Debt Instruments which will be Included in the Calculation of Equity:

None.

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.

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II. EXPLANATIONS ON THE MARKET RISK

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

The Bank has established market risk management operations and taken the necessary measures in order to hedge market risk within its financial risk management purposes, in accordance with “Regulation on the Measurement and Assessment of the Capital Adequacy of Banks” and “Regulation on the Assessment Process of Banks’ Internal Systems and Internal Capital Adequacy”.

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

In order to manage the market risk, the Bank performs monitoring, limiting, stress testing and scenario analysis activities suitable to its position structure and complexity, and periodically reports the results. Operations are carried out through a trading portfolio defined by the Treasury Management of the Bank. 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 for the purchase – sell accounts and is 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 in order to measure performance of used model. Besides, Bank performs daily and monthly stress tests and scenario analysis in order to observe the effect of excessive market fluctuations that are not covered by models over the Bank’s financial position.

Bank limits market risk exposure by VAR based limit (interest rate and currency risk limit) within the context of “Regulation for Market Risk Management”.

Information Related to Market Risk:

	Current Period
(I) Capital Requirement Calculated for General Market Risk - Standard Method	419.579
(II) Capital Requirement Calculated for Specific Risk - Standard Method	71.001
Capital requirement Calculated for Specific Risks of Securitisation Positions– Standard Method	-
(III) Capital Requirement Calculated for Currency Risk - Standard Method	395.836
(IV) Capital Requirement Calculated for Commodity Risk - Standard Method	-
(V) Capital Requirement Calculated for Exchange Risk - Standard Method	-
(VI) Capital Requirement Calculated for Market Risk Resulting From Options - Standard Method	-
(VII) Capital requirement Calculated for the Counterparty Credit Risks - Standard Method	32.294
(VIII) Capital Requirement Calculated for Market Risk of Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement Calculated for Market Risk (I+II+III+IV+V+VI)	918.710
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	11.483.875

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. EXPLANATIONS ON THE CURRENCY RISK

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

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

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

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

None.

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

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
23.09.2014	2,2183	2,8543	1,9711	0,3849	0,3125	2,3739	2,0183	0,3503	3,6431	0,5934	2,0456
24.09.2014	2,2219	2,8378	1,9727	0,3826	0,3100	2,3580	2,0073	0,3473	3,6390	0,5942	2,0479
25.09.2014	2,2413	2,8556	1,9751	0,3841	0,3108	2,3692	2,0218	0,3496	3,6616	0,5980	2,0621
26.09.2014	2,2477	2,8492	1,9769	0,3842	0,3109	2,3686	2,0223	0,3489	3,6632	0,6011	2,0636
29.09.2014	2,2608	2,8669	1,9770	0,3866	0,3131	2,3851	2,0354	0,3511	3,6824	0,6048	2,0741
30.09.2014	2,2596	2,8509	1,9826	0,3844	0,3138	2,3722	2,0280	0,3523	3,6759	0,6043	2,0683

- 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
2,1958	2,8289	1,9925	0,3813	0,3088	2,3508	2,0018	0,3461	3,5900	0,5873	2,0525

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. EXPLANATIONS ON THE CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	4.311.331	18.288.715	6.230.329	28.830.375
Banks	341.233	895.962	103.181	1.340.376
Financial Assets at Fair Value Through Profit and Loss ⁽⁵⁾	-	12.218	-	12.218
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.384.950	4.101.427	9.275	7.495.652
Loans ⁽²⁾	7.139.091	22.917.128	60.122	30.116.341
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	667.141	420.119	-	1.087.260
Investments Held-to-Maturity	1.369.623	3.591.606	423	4.961.652
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	4.233	1.515	1.114	6.862
Intangible Assets	918	2.292	573	3.783
Other Assets	772.842	238.262	34.855	1.045.959
Total Assets	17.991.362	50.469.244	6.439.872	74.900.478
Liabilities				
Interbank Deposits	1.895.908	1.831.179	28.571	3.755.658
Foreign Currency Deposits	26.279.970	13.067.110	2.970.349	42.317.429
Money Market Borrowings	2.927.628	12.189.655	-	15.117.283
Funds Provided from Other Financial Institutions	2.613.973	9.311.803	1.151	11.926.927
Issued Marketable Securities	-	2.086.398	-	2.086.398
Sundry Creditors	273.870	29.599	1.502	304.971
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	195.941	204.121	25.923	425.985
Total Liabilities	34.187.290	38.719.865	3.027.496	75.934.651
Net Balance Sheet Position	(16.195.928)	11.749.379	3.412.376	(1.034.173)
Net Off-Balance Sheet Position ⁽³⁾	16.387.465	(11.555.339)	(3.391.464)	1.440.662
Assets on Derivative Instruments	16.601.347	2.218.653	991.555	19.811.555
Liabilities on Derivative Instruments	213.882	13.773.992	4.383.019	18.370.893
Non-cash Loans	6.194.929	16.245.995	1.608.634	24.049.558
Prior Period				
Total Assets	21.793.749	30.897.651	6.089.053	58.780.453
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

(1) Of the foreign currencies presented in the other FC column of assets 95,97% is Gold, 1,27% is GBP, 1,01% is SAR, and the remaining 1,75% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 65,17% is Gold, 16,27% is GBP, 9,01% is CHF, 3,38% is DKK and the remaining 5,17% is other foreign currencies.

(2) TL160.391 equivalent of USD loans and TL59.859 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2013: TL88.750 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 Entities Under Common Control are evaluated with historical rates on the date of the fair value determination and capital investments made in the subsequent periods are evaluated with the rates on the date of the capital investment and followed with their domestic currency equivalents. No exchange rate difference arises from such investments.

(5) The derivative financial assets held-for-trading and liabilities are not included in the table.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 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	42.733	-	-	-	-	31.531.161	31.573.894
Banks	661.646	424.927	443.607	-	-	228.500	1.758.680
Financial Assets at Fair Value Through Profit and Loss	443	75	3.778	4.960	10.158	301.614	321.028
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	9.595.731	5.171.784	10.562.881	12.598.897	14.188.612	362.552	52.480.457
Loans Given	45.972.147	16.659.605	29.034.317	35.205.061	5.237.147	792.803	132.901.080
Investments Held-to-Maturity	2.126.771	6.828	3.264.157	3.074.326	1.346.791	-	9.818.873
Other Assets	-	-	-	-	-	9.492.985	9.492.985
Total Assets	58.399.471	22.263.219	43.308.740	50.883.244	20.782.708	42.709.615	238.346.997
Liabilities							
Interbank Deposits	6.173.655	404.001	153.317	-	-	134.428	6.865.401
Other Deposits	81.633.345	18.256.333	13.694.557	401.599	-	29.989.009	143.974.843
Money Market Borrowings	26.529.107	2.563.513	1.246.237	-	-	-	30.338.857
Sundry Creditors	-	-	-	-	-	1.340.131	1.340.131
Issued Marketable Securities	849.492	429.795	779.780	1.687.836	-	-	3.746.903
Funds provided from Other Financial Institutions	3.029.073	2.686.313	5.446.250	1.396.432	506.157	8.565	13.072.790
Other Liabilities	402.074	109.658	5.174	5.105.306	-	33.385.860	39.008.072
Total Liabilities	118.616.746	24.449.613	21.325.315	8.591.173	506.157	64.857.993	238.346.997
Balance Sheet Long Position	-	-	21.983.425	42.292.071	20.276.551	-	84.552.047
Balance Sheet Short Position	(60.217.275)	(2.186.394)	-	-	-	(22.148.378)	(84.552.047)
Off-Balance Sheet Long Position	-	920.624	-	-	-	-	920.624
Off-Balance Sheet Short Position	(134.803)	-	(316.604)	(762.271)	-	-	(1.213.678)
Total Position	(60.352.078)	(1.265.770)	21.666.821	41.529.800	20.276.551	(22.148.378)	(293.054)

- (1) Balances without fixed maturity are shown in the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL5.041.548 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1-5 Years” column. TL 71.353 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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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	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 under 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 other assets.

(5) Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments:

	EUR	USD	JPY	TRY
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	7,00
Banks	1,49	1,90	-	8,39
Financial Assets at Fair Value Through Profit and Loss	-	5,36	-	7,50
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,72	5,76	-	8,97
Loans Given ⁽²⁾	4,61	5,20	-	12,22
Investments Held-to-Maturity	6,42	7,01	-	8,83
Liabilities				
Interbank Deposits ⁽³⁾	0,31	0,99	-	9,07
Other Deposits ⁽⁴⁾	1,65	1,41	-	6,26
Money Market Borrowings	0,71	0,80	-	9,72
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	3,81	-	8,99
Funds Provided from Other Financial Institutions	1,38	1,86	-	8,20

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

(2) Does not include credit card loans.

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

(4) Related ratios include demand deposits.

Average interest rates applied to monetary financial instruments:

	EUR	USD	JPY	TRY
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	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 TRY column shows interest rate applied to reserve requirement for Central Bank of Turkish Republic of Northern Cyprus.

(2) Does not include credit card loans.

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

(4) Related ratios include demand deposits.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

A) Interest rate risk on banking accounts:

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

Bank conducts measurements, scenario analysis, limiting, monitoring and stress tests that are relevant for structure and complexity of its positions related to the market risk management, and reports the findings periodically, and the Bank also performs analyses related to interest rate risks for its entire balance sheet. New products and services are also evaluated in terms of interest rate risk originating from banking accounts.

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

Interest rate risk on banking accounts:

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity– (Losses)/Equity
1. TRY	(+) 300bp	(2.588.952)	(9,07%)
2. TRY	(-) 300bp	3.023.694	10,59%
3. EUR	(+) 100bp	93.320	0,33%
4. EUR	(-) 100bp	(93.839)	(0,33%)
5. USD	(+) 100bp	(314.364)	(1,10%)
6. USD	(-) 100bp	369.448	1,29%
Total (of negative shocks)		3.299.303	11,56%
Total (of positive shocks)		(2.809.996)	(9,84%)

Equity share position risk in banking accounts

Equity Share Investments	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Stock Investment Group A	-	-	-
Stock Exchange Securities	-	-	-
2. Stock Investment Group B	-	-	-
Stock Exchange Securities	-	-	-
3. Stock Investment Group C	-	-	-
Stock Exchange Securities	-	-	-
4. Stock Investment Other Group	-	-	-
Other	130.547	130.547	-

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE LIQUIDITY RISK

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of "Liquidity Risk and Liquidity and Financial Emergency Situation Management".

The Bank 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. In addition, the Bank calculates and reports the liquidity adequacy ratio to BRSA on weekly solo and monthly consolidated basis in accordance with "Regulation on Banks' Liquidity Coverage Ratio Calculation" issued in Official Gazette numbered 28948 and dated 21 March 2014. The liquidity coverage of the Bank is over the limit values specified in the mentioned regulation.

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

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

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

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

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

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^{(1) (2)}	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	31.573.894	-	-	-	-	-	-	31.573.894
Banks	228.500	661.646	424.927	443.607	-	-	-	1.758.680
Financial Assets at Fair Value Through Profit and Loss	-	44.760	7.912	36.737	212.882	18.737	-	321.028
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	1.861.975	930.763	4.491.218	23.742.739	21.095.164	358.598	52.480.457
Loans Given	-	4.790.795	11.274.527	48.026.804	55.439.593	12.576.558	792.803	132.901.080
Investments Held-to-Maturity	-	67.846	6.828	1.037.379	6.027.871	2.678.949	-	9.818.873
Other Assets	2.192.695	-	-	656	9.421	-	7.290.213	9.492.985
Total Assets	33.995.089	7.427.022	12.644.957	54.036.401	85.432.506	36.369.408	8.441.614	238.346.997
Liabilities								
Interbank Deposits	134.428	6.173.655	404.001	153.317	-	-	-	6.865.401
Other Deposits	29.989.009	81.633.238	18.255.584	13.690.123	406.797	92	-	143.974.843
Funds Provided from Other Financial Instruments	8.565	400.203	1.437.547	7.608.711	2.242.421	1.375.343	-	13.072.790
Money Market Borrowings	-	26.529.107	2.563.513	1.246.237	-	-	-	30.338.857
Issued Marketable Securities	-	849.492	429.795	779.780	1.687.836	-	-	3.746.903
Sundry Creditors	779.845	560.286	-	-	-	-	-	1.340.131
Other liabilities ⁽³⁾	2.433.540	746.643	417.689	5.174	5.105.306	812.540	29.487.180	39.008.072
Total liabilities	33.345.387	116.892.624	23.508.129	23.483.342	9.442.360	2.187.975	29.487.180	238.346.997
Liquidity Gap	649.702	(109.465.602)	(10.863.172)	30.553.059	75.990.146	34.181.433	(21.045.566)	-
Prior Period								
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
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)	-

(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) TL 5.041.548 of the funds balance, whose risk is not born by the Bank, is included in other liabilities and shown under the "1-5 Year" column, fund balance amounted to TL 71.353 is not granted as loan and is included under "Up to 1 Month" column.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON THE LIQUIDITY RISK (Continued)

e) Credit Risk Mitigation Techniques:

Bank makes credit risk reduction by using simple financial collateral method in accordance with the Article 38 of Communiqué on Credit Risk Reduction Methods.

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

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

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

Bank has no position about credit derivatives.

Collaterals in terms of Risk Categories

Exposure classifications	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	80.268.609	4.471.143	-	-
Conditional and unconditional receivables from regional or local governments	311.545	23.758	-	30
Conditional and unconditional receivables from administrative units and non-commercial enterprises	413.128	114.032	-	-
Conditional and unconditional receivables from multilateral development banks	707	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	27.260.992	17.784.023	-	-
Conditional and unconditional corporate receivables	70.430.507	254.742	-	345.991
Conditional and unconditional retail receivables	43.897.690	2.160.252	-	64.261
Conditional and unconditional secured mortgage receivables	11.483.497	7.810	-	193
Non-performing loan	596.324	-	-	-
Receivables in high risk category defined by BRSA	21.920.490	15.130.223	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	53.151	3.320	-	-
Other receivables	14.134.350	-	-	-
Total	270.770.990	39.949.303	-	410.475

Prepared based on KR510 AS Form / 4th line distribution of numbers after conversion rate to credit of every risk classes.

VI. EXPLANATIONS ON THE SECURITIZATION POSITIONS

None.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Strategies and Practices on Risk Management:

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

b) Structure and Organization of Risk Management

Risk Management Operations are conducted in accordance with the Regulation on Banks' Assessment Process of Internal Systems and Internal Capital Adequacy, issued in the Official Gazette numbered 29057 and dated 11 July 2014 by Banking Regulation and Supervision Agency and within the scope of Regulation of Risk Management approved by the Bank's Board of Directors' Decision No. 7/101, dated 21 March 2012.

As of 30 September 2014, Risk Management organization is composed of operation and market risk management, credit risk management and balance sheet risks management units.

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

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

Liquidity Risk

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

For the purpose of 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 complexity 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.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

Market Risk

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

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

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

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

Operational Risks

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 Activity 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.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

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 Enterprising 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 is analysed periodically. Also, it is made vintage analysis for real estate, vehicle, consumer, commercial, agricultural and SME 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

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

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

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. EXPLANATIONS ON OPERATING SEGMENTS

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

The Bank has operations in consumer banking, corporate banking, commercial and 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” 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 The Central Union of Turkish Agricultural Credit Cooperatives. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from funds.

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

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

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

As of 30 September 2014 explanations on segment reporting as shown below are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting:

	Consumer Banking	Corporate Commercial and Entrepreneurial Banking	Specialized Lending	Investment Banking	International Banking	Undistributed	Total Operations of the Bank
Current Period							
Total Operating Income/Expense ⁽¹⁾	2.347.648	2.190.566	712.531	2.527.392	74.205	-	7.852.342
Net Operating Profit	1.093.639	1.020.463	331.929	1.177.372	34.568	-	3.657.971
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	186.285	186.285
Income Before Taxes	1.093.639	1.020.463	331.929	1.177.372	34.568	186.285	3.844.256
Tax Provision	-	-	-	-	-	(818.471)	(818.471)
Net Profit for the Period	1.093.639	1.020.463	331.929	1.177.372	34.568	(632.186)	3.025.785
Segment Assets-net ⁽¹⁾	42.479.641	61.257.403	26.814.502	94.013.781	4.288.686	-	228.854.013
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	1.614.650	1.614.650
Undistributed Assets ⁽³⁾	-	-	-	-	-	7.878.334	7.878.334
Total Assets	42.479.641	61.257.403	26.814.502	94.013.781	4.288.686	9.492.984	238.346.997
Segment Liabilities – net ⁽¹⁾	28.328.147	40.850.363	22.988.711	94.344.731	4.107.617	-	190.619.569
Undistributed Liabilities ⁽³⁾	-	-	-	-	-	21.934.582	21.934.582
Shareholders’ Equity	-	-	-	-	-	25.792.846	25.792.846
Total Liabilities	28.328.147	40.850.363	22.988.711	94.344.731	4.107.617	47.727.428	238.346.997
Other Segment Items							
Capital Investment	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	182.482	182.482
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 and assets held for sale is shown in “Undistributed Assets” row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in “Undistributed Liabilities” row.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting: (Continued)

	Consumer Banking	Corporate Commercial and Entrepreneurial Banking	Specialized Lending	Investment Banking	International Banking	Undistributed	Total Operations of the Bank
Prior Period 30 September 2013							
Total Operating Income/Expense ⁽¹⁾	2.567.149	1.270.929	833.402	2.649.764	58.576	-	7.379.820
Net Operating Profit	1.095.539	542.373	355.657	1.130.796	24.998	-	3.149.363
Income from Subsidiaries ⁽²⁾	-	-	-	-	-	316.356	316.356
Income Before Taxes	1.095.539	542.373	355.657	1.130.796	24.998	316.356	3.365.719
Tax Provision	-	-	-	-	-	(789.418)	(789.418)
Net Profit for the Period	1.095.539	542.373	355.657	1.130.796	24.998	(573.062)	2.576.301
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	1.298.120
Undistributed Assets ⁽³⁾	-	-	-	-	-	3.318.354	3.318.354
Total Assets – 31 December 2013	39.457.234	47.610.301	22.903.484	88.756.163	4.186.298	4.616.474	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	16.054.237
Shareholders' Equity	-	-	-	-	-	18.366.679	18.366.679
Total Liabilities – 31 December 2013	27.950.762	33.726.239	20.258.724	87.033.332	4.139.981	34.420.916	207.529.954
Other Segment Items							
Capital Investment	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	126.632	126.632
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 and tangible fixed assets held for sale is shown in “Undistributed Assets” row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in “Undistributed Liabilities” row.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1.132.607	568.000	1.227.432	538.232
Central Bank of the Republic of Turkey	1.610.912	28.255.682	2.437.056	22.390.350
Other	-	6.693	-	9.343
Total	2.743.519	28.830.375	3.664.488	22.937.925

1.a.1) Information on Required Reserves:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to Communiqué on Required Reserves of Central Bank of the Republic of Turkey's numbered 2013/15. Based on accounting standards and registration layout for banks and companies, the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Turkey of the banks established by international agreements, constitute required reserves liabilities.

As of the balance sheet date, according to CBRT's Communiqué about Required Reserves No. 2013/15, 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%.

According to the press release of CBRT held on 21 October 2014, interest payment for reserve requirement will be commenced from the November 2014 maintenance period.

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	1.566.361	655.758	2.401.860	941.696
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves ⁽¹⁾⁽²⁾	44.551	27.599.924	35.196	21.448.654
Total	1.610.912	28.255.682	2.437.056	22.390.350

(1) Required reserve of branches abroad amounting to TL65.620 is presented in this line (31 December 2013: TL50.888).

(2) TL20.043.946 in FC required reserves is the part of TL required reserves kept as FC (31 December 2013: TL15.735.041).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	4.960	5.005
Total	4.960	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	8.753	524	11.680	25
Swap Transactions	251.345	32.395	282.060	144.862
Futures Transactions	-	-	-	-
Options	7	10	-	-
Other	-	-	-	-
Total	260.105	32.929	293.740	144.887

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	361.119	149.921	459.579	127.561
Foreign Banks	57.185	1.190.455	52.525	1.825.346
Foreign Head Office and Branches	-	-	-	-
Total	418.304	1.340.376	512.104	1.952.907

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	28.624.829	23.412.254
Assets Blocked/Given as Collateral	5.400.727	1.529.694
Total	34.025.556	24.941.948

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	52.855.195	47.479.195
Quoted in Stock Exchange	52.855.195	47.479.195
Not Quoted in Stock Exchange	-	-
Share Certificates	359.149	363.274
Quoted in Stock Exchange	228.073	233.318
Not Quoted in Stock Exchange	131.076	129.956
Provision for Impairment (-)	733.887	1.158.672
Total	52.480.457	46.683.797

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	249.989	-	247.902	-
Total	249.989	-	247.902	-

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

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled		Loans and Other Receivables	Restructured or Rescheduled	
		Loans and other receivables with revised contract terms ⁽¹⁾	Other		Loans and other receivables with revised contract terms	Other
Non-Specialized Loans	100.902.655	1.136.130	-	2.065.754	347.274	-
Commercial Loans	28.993.617	269.073	-	126.574	47.482	-
Export Loans	2.228.167	-	-	18.240	-	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	1.574.090	-	-	-	-	-
Consumer Loans	35.602.562	157.032	-	1.349.800	43.371	-
Credit Cards	2.513.393	-	-	76.429	1.448	-
Other ⁽²⁾	29.990.826	710.025	-	494.711	254.973	-
Specialized Lending ^{(3) (4)}	23.211.147	1.371.640	-	575.013	197.820	-
Other Receivables	-	-	-	-	-	-
Interest Income Accruals	2.300.844	-	-	-	-	-
Total	126.414.646	2.507.770	-	2.640.767	545.094	-

(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.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

No. of extensions	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 Times Extended (*)	2.507.770	545.094
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.

Extension Periods	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 - 6 Months	126.838	57.985
6 Months – 12 Months	2.013.676	232.503
1 - 2 Years	143.267	89.421
2 - 5 Years	208.989	162.880
5 Years and Over	15.000	2.305
Total	2.507.770	545.094

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	375.390	36.431.905	36.807.295
Real Estate Loans	2.400	12.465.358	12.467.758
Vehicle Loans	1.072	199.830	200.902
Consumer Loans	296.510	23.383.409	23.679.919
Abroad ⁽²⁾	7.991	381.384	389.375
Other	67.417	1.924	69.341
Consumer Loans- Indexed to FC	-	7	7
Real Estate Loans	-	7	7
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- FC	147	1.224	1.371
Real Estate Loans	37	12	49
Vehicle Loans	-	-	-
Consumer Loans	110	1.212	1.322
Other	-	-	-
Individual Credit Cards-TL	2.333.326	10.084	2.343.410
With Installment	670.733	8.680	679.413
Without Installment	1.662.593	1.404	1.663.997
Individual Credit Cards-FC	4.001	-	4.001
With Installment	-	-	-
Without Installment	4.001	-	4.001
Personnel Loans-TL	17.362	162.912	180.274
Real Estate Loans	-	353	353
Vehicle Loans	-	-	-
Consumer Loans	6.257	161.130	167.387
Abroad ⁽²⁾	77	1.429	1.506
Other	11.028	-	11.028
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	66.161	285	66.446
With Installment	23.490	252	23.742
Without Installment	42.671	33	42.704
Personnel Credit Cards-FC	160	-	160
With Installment	-	-	-
Without Installment	160	-	160
Overdraft Accounts-TL (Real Person)	554.699	-	554.699
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	3.351.246	36.606.417	39.957.663

⁽¹⁾ TL 278.481 of interest income accrual is not included in the table above.

⁽²⁾ TL 1.506 of consumer loans used by the personnel abroad and TL 389.375 of consumer loans have been shown under “Other” of 5-b table.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	1.343.746	9.327.934	10.671.680
Business Loans	1.155	262.071	263.226
Vehicle Loans	27.101	418.302	445.403
Consumer Loans	1.315.022	1.073.751	2.388.773
Other	468	7.573.810	7.574.278
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	214.464	11.519.051	11.733.515
Business Loans	-	6.434	6.434
Vehicle Loans	-	517	517
Consumer Loans	214.464	11.512.100	11.726.564
Other	-	-	-
Corporate Credit Cards-TL	176.476	122	176.598
With Installment	37.842	109	37.951
Without Installment	138.634	13	138.647
Corporate Credit Cards-FC	655	-	655
With Installment	-	-	-
Without Installment	655	-	655
Overdraft Account-TL (Legal Entity)	64.071	-	64.071
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	1.799.412	20.847.107	22.646.519

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

e) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	124.879.205	107.649.974
Foreign Loans	4.928.228	1.002.758
Interest Income Accruals of Loans	2.300.844	1.600.703
Total	132.108.277	110.253.435

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	827.528	667.261
Indirect loans granted to subsidiaries and associates	-	-
Total ⁽¹⁾	827.528	667.261

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

g) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	98.630	79.322
Loans and other receivables with doubtful collectability	412.737	391.854
Uncollectible loans and other receivables	1.337.335	1.151.727
Total	1.848.702	1.622.903

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

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

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Current period (Gross amounts before the specific provisions)	16.033	47.625	117.922
Loans and other receivables which are restructured	16.033	47.625	117.922
Rescheduled loans and other receivables	-	-	-
Prior period (Gross amounts before the specific provisions)	15.304	56.855	110.445
Loans and other receivables which are restructured	15.304	56.855	110.445
Rescheduled loans and other receivables	-	-	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
Prior Period Ending Balance	169.313	402.165	1.845.963
Additions (+)	958.633	104.305	246.297
Transfers from other categories of non-performing loans (+)	-	799.426	765.534
Transfers to other categories of non-performing loans (-)	799.426	765.534	-
Collections (-) ⁽¹⁾	129.181	105.628	850.362
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance ⁽²⁾	199.339	434.734	2.007.432
Specific Provision (-) ⁽³⁾	98.630	412.737	1.337.335
Net Balance on Balance Sheet ⁽²⁾	100.709	21.997	670.097

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

⁽²⁾ Includes the loans originated from funds amounting to TL 224.184 whose risk does not belong to the Bank.

⁽³⁾ As of 30 September 2014, Bank made 100% provision for the portion of TL 156.681 of the loans under follow-up which is TL 626.714 after taking guarantees into consideration.

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	18	2.849	4.248
Specific Provision (-)	9	2.849	4.248
Net Balance on Balance Sheet	9	-	-
Prior Period:			
Period Ending Balance	25	9.697	10.848
Specific Provision (-)	13	9.697	10.848
Net Balance on Balance Sheet	12	-	-

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information related to loans: (Continued)

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

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	100.709	21.997	670.097
Loans to Real Persons and Legal Entities (Gross)	199.339	374.478	2.007.432
Specific Provisions (-)	98.630	352.481	1.337.335
Loans to Real Persons and Legal Entities (Net)	100.709	21.997	670.097
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	60.256	-
Specific Provisions (-)	-	60.256	-
Other Loans and Receivables (Net)	-	-	-
Prior 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)	-	-	-

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	712.031	3.811.587	586.720	4.028.780
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	712.031	3.811.587	586.720	4.028.780

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	3.041.075	1.129.451	5.959.248	893.747
Other	-	-	-	-
Total	3.041.075	1.129.451	5.959.248	893.747

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

	Current Period	Prior Period
Government Bonds	9.807.123	15.650.708
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	9.807.123	15.650.708

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	9.818.873	15.660.350
Quoted in a Stock Exchange	9.807.123	15.650.708
Not Quoted in a Stock Exchange	11.750	9.642
Provision for Impairment (-)	-	-
Total	9.818.873	15.660.350

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	15.660.350	27.254.825
Foreign Currency Differences on Monetary Assets	156.615	875.833
Purchases During the Year	181.729	253.278
Disposals through Sales and Redemptions	(6.179.821)	(12.723.586)
Provision for Impairment (-)	-	-
Period End Balance	9.818.873	15.660.350

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

Revaluation differences of reclassified available for sale securities before deferred tax are TL68.984, EUR(23.067) thousand and USD(15.207) thousand respectively and are recorded under shareholders' equity. These balances will be amortized until the redemption date of related securities using straight-line method and recorded as interest income or expense. As of balance sheet date, negative revaluation differences which are accounted under shareholders' equity are USD13.026 thousand and EUR4.994 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR30.913 thousand and USD70.465 thousand respectively.

If the reclassification from the held for trading securities portfolio to the held to maturity had not been performed, income accrual amounting to TL12.987 would have been recorded. As of 30 September 2014, the reclassification from held for trading securities to held to maturity investments has an income statement impact of TL(27.727).

7. Information about associates (net):

a) Information about unconsolidated associates:

	Description	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/TURKEY	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/TURKEY	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	54.167	31.256	33.312	639	-	8.874	4.171	-
2	101.165	80.460	43.749	3.233	-	17.378	28.150	-

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

(2) Current period information of associates has been provided from unaudited financial statements as of 30 September 2014. Prior period profit/loss information of associates has been provided from audited financial statements as of 30 September 2013.

(3) Total non-current assets include long term loans other than fixed assets.

b) 1) Information about consolidated associates:

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

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	3.530.534	521.590	24.268	90.344	15.706	60.284	33.222	-

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

(2) Current period financial statements information of ArapTürk Bankası A.Ş. has been provided from unaudited financial statements as of 30 September 2014 and prior period profit/loss balances of ArapTürk Bankası A.Ş. have been provided from audited financial statements as of 30 September 2013.

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(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

2) Explanation regarding consolidated associates:

	Current Period	Prior Period
Beginning Balance	59.386	59.386
Movement During the Period	29.460	-
Additions	-	-
Bonus Share Certificates	29.460	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation	-	-
Transfer to Available for Sale Fin. Assets	-	-
Sales	-	-
Revaluation	-	-
Impairment Provision	-	-
Ending Balance	88.846	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	88.846	59.386
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

4) Consolidated associates quoted to a stock exchange:

None (31 December 2013: None).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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	Ziraat Teknoloji A.Ş.	Istanbul / 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	71.892	17.165	20.533	412	44	10.171	161	-

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

(2) Current period information of subsidiaries has been provided from unaudited financial statements as of 30 September 2014 and prior period profit/loss balances has been provided from reviewed financial statements as of 30 September 2013.

b) 1) Explanation regarding consolidated subsidiaries:

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

	Description	Address (City/Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	Istanbul / TURKEY	100,00	100,00
2	Ziraat Sigorta A.Ş.	Istanbul / TURKEY	100,00	100,00
3	Ziraat Finansal Kiralama A.Ş.	Istanbul / TURKEY	100,00	100,00
4	Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul / TURKEY	100,00	99,60
5	Ziraat Portföy Yönetimi A.Ş.	Istanbul / TURKEY	100,00	99,70
6	Ziraat Bank International A.G.	Frankfurt / GERMANY	100,00	100,00
7	Ziraat Bank 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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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

	Total Assets (3)	Shareholders' Equity (3)	Total Non- Current Assets (3)	Interest Income (3)	Income from Marketable Securities Portfolio (2)	Current Period Profit/Loss (3)	Prior Period Profit/Loss (3)	Fair Value (1)	Shareholders' Equity Amount To Be Needed
1	1.957.013	231.548	2.254	-	96.488	104.552	92.242	-	-
2	441.371	140.151	2.312	-	23.524	54.263	37.399	-	-
3	1.882.731	199.518	1.353	-	949	(9.822)	15.009	-	-
4	176.922	78.750	972	12.319	3.667.843	8.654	4.775	-	-
5	13.157	11.863	256	837	5.961	2.608	(11)	-	-
6	3.697.033	477.776	3.394	79.734	2.005	20.707	1.915	572.382	-
7	667.469	111.473	36.235	22.662	505	4.850	5.461	78.680	-
8	138.581	61.440	4.470	7.113	101	3.101	2.836	67.449	-
9	442.328	222.972	9.536	17.208	637	10.537	13.828	258.982	-

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

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

(3) Information on subsidiaries shown in the above table has been provided from the unaudited financial statements as of 30 September 2014, the prior period profit/loss balances have been provided from audited financial statements as of 30 September 2013.

2) Information about consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	1.145.069	886.501
Movements During the Period	258.666	258.568
Additions to Scope of Consolidation	-	-
Purchases (1)	50.000	36.764
Bonus Shares Obtained	-	221.804
Dividends from current year income	-	-
Transfers to available for sale assets	-	-
Sales	-	-
Revaluation Increase	208.666	-
Impairment Provision	-	-
Balance at the End of the Period	1.403.735	1.145.069
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

(1) The capital increase in the period is shown under "Purchases".

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

	Current Period	Prior Period
Banks	977.494	768.828
Insurance Companies	129.972	129.972
Factoring Companies	-	-
Leasing Companies	232.839	182.839
Financing Companies	-	-
Other Financial Subsidiaries	63.430	63.430

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

c) Subsidiaries which are quoted on a stock exchange:

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	24.662	24.662	247.307	11.168	3.712	24.477	12.845
Uzbekistan- Turkish Bank	29.919	29.931	137.295	2.310	1.789	9.424	6.426
Azer Türk Bank ASC	22.205	22.205	277.397	2.534	4.574	45.075	40.898
Total	76.786	76.798	661.999	16.012	10.075	78.976	60.169

(1) Information on entities under common control is provided from the unaudited financial statements as of 30 September 2014.

(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 2013: None).

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

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

The Bank's immovables acquired amount to TL164.507 consisting of TL15.251 on consumer loan, TL120.656 on its commercial loans and TL28.600 on its agricultural loans. Also, the sum of movables acquired from consumer loan amount to TL578. Total depreciation expense is TL695 for these held for sale assets. (31 December 2013: The Bank's immovables acquired amount to TL105.595 consisting of TL11.209 on consumer loan, TL76.689 on its commercial loans and TL17.697 on its agricultural loans. Also, the sum of movables acquired from consumer loan amount to TL303. Total depreciation expense is TL946 for these held for sale assets.)

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

14. Explanations on property and equipment:

	Immovables	Tangibles- Financial Leasing	Vehicles	Other Tangibles	Total
Prior Period End:					
Cost	1.437.178	3.648	44.556	483.698	1.969.080
Accumulated Depreciation (-)	634.590	412	30.093	254.333	919.428
Net Book Value	802.588	3.236	14.463	229.365	1.049.652
Current Period End:					
Net Book Value at the Beginning of the Period	802.588	3.236	14.463	229.365	1.049.652
Change During the Period (Net)	3.711.837	-	(6.841)	48.405	3.753.401
Depreciation – net (-)	95.920	273	(4.126)	34.543	126.610
Impairment (-)	3.740	-	-	-	3.740
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	5.145.275	3.648	37.715	532.103	5.718.741
Accumulated Depreciation at Period End (-)	730.510	685	25.967	288.876	1.046.038
Closing Net Book Value	4.414.765	2.963	11.748	243.227	4.672.703

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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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

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

1) For deposit banks:

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	11.586.778	-	2.387.353	48.194.926	3.800.785	818.742	645.817	4.921	67.439.322
Foreign Currency Deposits	6.905.887	-	4.328.558	12.568.478	4.302.462	2.328.912	9.910.076	362	40.344.735
Residents in Turkey	6.253.797	-	4.184.615	11.276.969	4.011.404	1.884.515	8.512.473	357	36.124.130
Residents Abroad	652.090	-	143.943	1.291.509	291.058	444.397	1.397.603	5	4.220.605
Public Sector Deposits	5.673.938	-	1.943.962	4.139.136	893.821	2.664.451	303.864	-	15.619.172
Commercial Inst. Deposits	2.999.069	-	4.063.232	4.364.877	129.955	225.072	5.724	-	11.787.929
Other Inst. Deposits	1.340.358	-	2.043.675	3.069.006	115.230	444.340	5.719	-	7.018.328
Precious Metals	1.482.979	-	39.164	208.473	16.823	8.301	9.617	-	1.765.357
Interbank Deposits	134.428	-	5.458.012	1.027.457	155.207	71.419	18.878	-	6.865.401
CBRT	3.307	-	-	-	-	-	-	-	3.307
Domestic Banks	42.900	-	4.300.633	252.957	155.207	14.716	18.878	-	4.785.291
Foreign Banks	56.062	-	1.157.379	774.500	-	56.703	-	-	2.044.644
Participation Banks	32.159	-	-	-	-	-	-	-	32.159
Other	-	-	-	-	-	-	-	-	-
Total	30.123.437	-	20.263.956	73.572.353	9.414.283	6.561.237	10.899.695	5.283	150.840.244

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	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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. b) Information on saving deposits:

1) Amounts exceeding the deposit insurance limit:

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

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽²⁾	45.294.026	41.444.188	21.898.397	20.481.299
Foreign Currency Saving Deposits ⁽²⁾	15.991.963	13.960.516	16.171.956	12.461.340
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	485.788	467.408	44.233	54.646
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, TL25.339 and TL 11.602 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2013: Bulgaria and Greece, respectively TL24.133, TL12.491).

⁽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, TL2.661 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, TL 411.057 thousand of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 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.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

3) Amounts which are not covered by deposit insurance:

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

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	51.056	56.859
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	3.493	2.010
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Information on derivative financial liabilities held for trading:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	8.543	524	11.332	-
Swap Transactions	5.498	566.088	7.188	36.144
Futures Transactions	-	-	-	-
Options	4	8	-	-
Other	-	-	-	-
Total	14.045	566.620	18.520	36.144

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	201.847	244.958	148.576	159.887
Foreign Banks, Institutions and Funds	944.016	11.681.969	933.386	7.317.480
Total	1.145.863	11.926.927	1.081.962	7.477.367

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	170.553	8.793.331	119.109	5.868.133
Medium and Long-Term	975.310	3.133.596	962.853	1.609.234
Total	1.145.863	11.926.927	1.081.962	7.477.367

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

63,29% 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.

d) Information on funds supplied from repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	15.221.574	-	12.509.222	12.061.628
Financial Institutions and Organizations	14.929.405	-	11.040.945	12.061.628
Other Institutions and Organizations	270.187	-	1.456.454	-
Real Person	21.982	-	11.823	-
From Overseas Operations	-	15.117.283	-	-
Financial Institutions and Organizations	-	15.117.283	-	-
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	15.221.574	15.117.283	12.509.222	12.061.628

e) Information on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1.660.505	380.743	2.404.051	-
Treasury Bills ⁽¹⁾	-	1.705.655	232.836	-
Total	1.660.505	2.086.398	2.636.887	-

⁽¹⁾ Process of the five year bond issuance, paying 4,34 % rate of return and %4,25 coupon rate, with nominal amount of USD750 million, for investors settled abroad; has been completed on July 3, 2014.

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 the financial lease agreements, lease payments are determined according to the price of leasehold, the Bank's interest rate of commercial loan and maturity of the agreement. The amounts in the lease agreements are paid in equal installments. There are not any restrictions in these agreements that create significant obligations to the bank.

Information on financial lease obligations :

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	3	-	958	940
1-4 Years	1	-	1	1
More than 4 Years	-	-	-	-
Total	4	-	959	941

6. Information on derivative financial liabilities for hedging purposes:

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There are no derivative financial liabilities for hedging purposes (31 December 2013: None).

7. Explanations on provisions:

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

a) Information on general provisions:

	Current Period	Prior Period
General Provisions	2.207.633	1.970.093
Provisions for First Group Loans and Receivables	1.941.992	1.703.039
Additional Provision for Loans and Receivables with Extended Maturities	91.021	79.184
Provisions for Second Group Loans and Receivables	115.807	135.567
Additional Provision for Loans and Receivables with Extended Maturities	25.938	18.994
Provisions for Non-Cash Loans	105.184	87.444
Other	44.650	44.043

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 TL53.844.

d) Information on other provisions:

1) Information on free provisions for possible risks:

These financial statements include a free provision which is not in accordance with BRSA principles amounting to TL1.230.000 thousand (TL178.000 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 TL15 exist for cash transfers made by Bank officials.

	Current Period	Prior Period
Free provisions for possible risks	1.241.565	1.017.586

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 TL65.957 full provision has been provided in these financial statements for law suits ended against the Bank but not finalized yet, amounting to TL34.359.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions: (Continued)

d) Information on other provisions: (Continued)

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

Based on the decision of the Bank management, provision amounting to TL156.100 in total 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 TL53.844 for unindemnified non-cash loans, and TL12.006 for other provisions. As a result, in addition to the provisions mentioned above, the other provision balance on the Bank’s balance sheet amounts to TL1.497.874 (31 December 2013: TL1.286.559).

e) Vacation and employment termination benefits obligations:

1) Employment termination benefits and unused vacation rights

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 30 September 2014 unpaid vacation provision amounted to TL147.700 (31 December 2013: TL134.600) and employment termination benefits provision amounted to TL664.840 (31 December 2013: TL567.043) is presented under the “Employee Benefits Provision” in the financial statements.

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of 30 September 2014, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL305.251 (31 December 2013: TL162.414).

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	305.251	162.414
Taxation on Income From Securities	171.017	103.823
Property Tax	1.649	1.428
Banking Insurance Transactions Tax (BITT)	68.104	66.744
Foreign Exchange Transactions Tax	25	22
Value Added Tax Payable	2.345	2.458
Other	31.112	45.111
Total	579.503	382.000

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on tax liability: (Continued)

a) Information on current tax liability:

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	37	36
Social Security Premiums - Employer	53	50
Bank Social Aid Pension Fund Premium - Employee	140	135
Bank Social Aid Pension Fund Premium - Employer	275	251
Pension Fund Membership Fees and Provisions - Employee	8	6
Pension Fund Membership Fees and Provisions - Employer	25	21
Unemployment Insurance - Employee	401	375
Unemployment Insurance - Employer	804	751
Other	-	-
Total	1.743	1.625

b) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TL251.123 (31 December 2013: TL402.234). However, this amount is net off against the deferred tax asset and accordingly deferred tax asset amounting to TL416.831 (31 December 2013: TL333.516) is presented in the financial statements.

9. Information on shareholders' equity:

a) Presentation on paid-in capital:

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

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

The Bank does not have a registered capital system.

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

There is no share capital increase and increased capital shares.

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

There is no increase from capital reserves.

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

The Bank has no capital commitments.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Information on shareholders' equity: (Continued)

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

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

g) Information on preferred shares:

The Bank has no preferred shares.

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	202.072	237.557	34.084	175.386
Revaluation Difference	-	237.557	-	175.386
Foreign Exchange Difference	202.072	-	34.084	-
From Available for Sale Marketable Securities	(490.539)	526.546	(860.836)	9.421
Revaluation Difference	(544.072)	526.546	(1.132.687)	9.421
Deferred Tax Effect	53.533	-	271.851	-
Foreign Exchange Difference	-	-	-	-
Total	(288.467)	764.103	(826.752)	184.807

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	2.725.479	2.513.009
Asset Purchase Commitments	1.482.556	4.466.898
Commitments for Credit Card Expenditure Limits	6.963.550	6.275.095
Loan Granting Commitments	1.922.519	1.145.256
Other Irrevocable Commitments	4.008.019	2.883.592
Subsidiaries and Associates Capital Contribution Commitments	50.000	-
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	14.901	13.049
Total	17.167.024	17.296.899

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

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

	Current Period	Prior Period
Guarantee Letters	28.476.553	23.532.752
Bank Acceptances	3.681.795	2.428.838
Letter of Credits	5.219.193	4.253.464
Total	37.377.541	30.215.054

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

	Current Period	Prior Period
Letter of Temporary Guarantees	1.660.445	1.489.563
Letter of Certain Guarantees	18.318.760	15.038.291
Letters of Advance Guarantees	7.366.638	5.697.987
Letters of Guarantees given to Customs Offices	91.459	87.469
Other Letters of Guarantees	1.039.251	1.219.442
Total	28.476.553	23.532.752

c) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	1.019.515	1.035.278
With Original Maturity of One Year or Less	59.295	61.329
With Original Maturity of More than One Year	960.220	973.949
Other Non-Cash Loans	36.358.026	29.179.776
Total	37.377.541	30.215.054

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⁾	8.365.606	903.547	6.416.795	444.414
Short Term Loans	2.933.380	76.295	1.878.073	51.710
Medium and Long Term Loans	5.330.112	827.231	4.438.707	392.694
Interest on Non-Performing Loans	102.114	21	100.015	10
Premiums from Resource Utilization Support Fund	-	-	-	-

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT

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	23.998	2.338	7.443	386
Foreign Banks	1.471	15.981	775	15.029
Head Office and Branches	-	-	-	-
Total	25.469	18.319	8.218	15.415

c) Information on interest income from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	1.490	593	689	339
Financial Assets at Fair Value through Profit and Loss	-	-	14	-
Financial Assets Available-for-Sale	2.938.226	258.000	1.890.035	175.954
Investments Held-to-Maturity	586.081	242.801	1.167.499	225.613
Total	3.525.797	501.394	3.058.237	401.906

d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	21.065	2.437

2.

a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	68.262	124.453	48.484	50.363
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	7.796	2.901	4.958	1.619
Foreign Banks	60.466	121.552	43.526	48.744
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	68.262	124.453	48.484	50.363

⁽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	13.493	18.724

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Securities Issued	122.515	17.819	113.972	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Bank deposits	-	230.377	-	-	-	-	-	230.377
Saving deposits	8	110.394	2.918.705	262.545	40.540	36.405	700	3.369.297
Public sector deposits	155	145.403	335.656	35.419	111.055	19.389	-	647.077
Commercial deposits	100	169.345	339.891	22.576	6.825	337	-	539.074
Other deposits	21	48.018	249.411	9.842	27.592	282	-	335.166
7 days call accounts	-	-	-	-	-	-	-	-
Total	284	703.537	3.843.663	330.382	186.012	56.413	700	5.120.991
FC								
Foreign currency deposits	478	53.220	176.903	51.029	32.589	161.544	4	475.767
Bank deposits	39.406	-	-	-	-	-	-	39.406
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	130	2.237	83	47	53	-	2.550
Total	39.884	53.350	179.140	51.112	32.636	161.597	4	517.723
Grand Total	40.168	756.887	4.022.803	381.494	218.648	218.010	704	5.638.714

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

	Current Period	Prior Period
Profit	12.800.156	7.462.706
Profit from the Capital Market Transactions	57.074	51.101
Profit on Derivative Financial Instruments	1.368.037	1.501.731
Foreign Exchange Gains	11.375.045	5.909.874
Loss (-)	12.834.184	7.535.865
Loss from the Capital Market Transactions	2.064	2.134
Loss on Derivative Financial Instruments	2.318.757	1.183.535
Foreign Exchange Loss	10.513.363	6.350.196

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

	Current Period	Prior Period
Effect of the change in exchange rates on profit/loss	(428.167)	1.030.364
Effect of the change in interest rates on profit/loss	(522.553)	(712.168)
Total	(950.720)	318.196

5. Information on other operating income:

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

There are no significant matters covering the recent developments which have significant effect on the Bank's income. Main component of the Bank's other operating income consists of reversals from prior period provisions amounting to TL326.511. (30 September 2013: TL568.021)

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	578.543	519.665
Group III Loans and Receivables	110.215	85.615
Group IV Loans and Receivables	361.027	310.508
Group V Loans and Receivables	107.301	123.542
General Provision Expenses ⁽²⁾	240.033	561.860
Provision Expenses for the Possible Losses	178.500	309.300
Marketable Securities Impairment Expense	18	615
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	18	615
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	51.926	1.501
Total	1.049.020	1.392.941

(1) The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL333.245 are presented in other operating income (30 September 2013: TL269.228).

(2) The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL 178 are presented in other operating income.

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1.371.291	1.276.919
Reserve for Employee Termination Benefits	36.698	34.543
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	147.433	55.421
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	35.049	16.339
Impairment Expense for Equity Shares subject to the Equity Method	-	-
Impairment Expense for Investment Securities that will be Disposed	-	-
Amortization Expenses of Investment Securities that will be Disposed	-	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	581.732	696.315
Operational Leasing Expenses	105.561	80.530
Maintenance Expenses	42.505	50.178
Advertisement Expenses	24.660	48.279
Other Expenses	409.006	517.328
Loss on Sales of Assets	626	397
Other ⁽¹⁾	786.237	541.226
Total	2.959.066	2.621.160

(1) TL242.262 of the relevant balance is Savings Deposit Insurance Fund expense accrual (30 September 2013: TL206.393), TL226.162 is taxes, fees and tolls expenses (30 September 2013: TL217.041).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Current Period	Prior Period
Net Interest Income	6.199.279	5.633.042
Net Fees and Commissions Income	782.238	691.120
Dividend Income	186.285	316.356
Trading Income/Expense (Net)	(34.028)	(73.159)
Other Operating Income	718.568	812.461
Provision for Loan or Other Receivables Losses (-)	1.049.020	1.392.941
Other Operating Expenses (-)	2.959.066	2.621.160
Income(Loss) From Continuing Operations	3.844.256	3.365.719

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

As of 30 September 2014, the Bank's income tax provision amounting to TL818.471 (30 September 2013: TL789.418) consists of TL1.104.283 (30 September 2013: (507.766) of current tax charge and TL285.812 (30 September 2013: TL(281.652 TL)) of deferred tax income.

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

The Bank's net operating income after tax amounts to TL3.025.785 (30 September 2013: TL2.576.301).

11. Information on net profit/loss:

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

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

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

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period.

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

As of 30 September 2014, the Bank's other fee and commission income amounting to TL876.003 (30 September 2013: TL773.289) consists of TL282.684 (30 September 2013: TL192.915) of credit card fees and commission income, TL 142.183 (30 September 2013: TL172.991) of insurance commission and the remaining TL451.136 (30 September 2013: TL407.383) of money order, account management fee and other commission income.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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	2.819.175	907.299	-	-	-	-
Closing Balance	3.352.447	1.738.586	-	-	-	-
Interest and Commissions Income	21.065	-	-	-	-	-

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

(2) Placements to foreign banks in the risk group amounting to TL 910.265 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	2.267.916	445.849	-	-	-	-
Closing Balance	2.819.175	907.299	-	-	-	-
Interest and Commissions Income	2.437	-	-	-	-	-

(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.

(3) Interest and commissions income balance is the balance as of 30 September 2013.

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	261.957	932.442	-	-	-	-
Closing Balance	174.143	261.957	-	-	-	-
Interest Expense on Deposits	13.493	18.724	-	-	-	-

(1) The prior period balance of the accrued interest expense of the deposit is the balance as of 30 September 2013.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	(322)	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

⁽¹⁾ The prior period loss balance is the balance as of 30 September 2013.

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

Fees paid to the Bank’s key management total amount are TL18.344 (30 September 2013: TL13.925).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

The Bank’s export of nominal amounting bonds to qualified investors with TRQTCZB21521 ISIN Code with 110 days maturity amounting TL514.120 and bonds with TRQTCZB31512 ISIN Code with 152 days maturity amounting TL187.880 have been conducted at 24 November 2014.

BRSA has given permission to TC Ziraat Bankası A.Ş. as the co-founder and other founding partners of Ziraat Sigorta A.Ş., Ziraat Hayat ve Emeklilik A.Ş., Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Teknoloji A.Ş. on 15 October 2014, for the establishment of a participation bank in Turkey with Turkish Lira capital equivalent to USD300 million.

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDITORS’ REVIEW REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS’ REVIEW REPORT

As of 30 September 2014, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor’s Review Report dated 5 November 2014 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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