

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 SEPTEMBER 2015**

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



REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I of Section three)

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

Introduction

We have reviewed the unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") at 30 September 2015 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" other than subjects regulated by BRSA Accounting and Reporting Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Basis for the Qualified Conclusion

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 unconsolidated financial statements include a free provision amounting to TL1.255.400 thousand (TL64.600 thousand of this provision amount was reversed from the income statement in the current year), 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.



Qualified Conclusion

Based on our review, except for the effect of the matter on the financial statements described in the basis for the qualified conclusion paragraph nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 30 September 2015 and of the results of its operations and its cash flows for the nine-month period then ended in all aspects in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” other than subjects regulated by BRSA Accounting and Reporting Legislation.

Additional Paragraph for Convenience Translation:

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

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

Haluk Yalçın, SMMM
Partner

Istanbul, 4 November 2015

**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 REVIEW REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 SEPTEMBER 2015**

The Bank's Headquarter Address: Anafartalar Mahallesi Atatürk Bulvarı
No: 8 06050-Altındağ/ANKARA
Phone: (312) 584 20 00
Facsimile: (312) 584 49 63
Website: www.ziraatbank.com.tr

The unconsolidated financial report for nine months 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 for nine months 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,
Member of the Audit Committee

Hüseyin AYDIN
Member of the Board,
CEO

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

Peyami Ömer ÖZDİLEK
Financial Coordination
Executive Vice President

Atakan BEKTAŞ
Senior Vice President
of Financial Reporting and Budget
Management

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

Name/Title : Serkan ÖZKAN / Financial Statements Manager
Telephone Number : 0312 584 59 32
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 2015

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015

(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, CEO AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS

Name	Administrative Function
Members of the Board	
Muharrem KARSLI	Chairman
Hüseyin AYDIN	CEO and Member
Yusuf DAĞCAN	Vice Chairman and Member
Cemalettin BAŞLI	Member
Fahrettin ÖZDEMİRCİ	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mustafa ÇETİN	Member
Salim ALKAN	Member
Audit Committee Members	
Muharrem KARSLI	Member
Feyzi ÇUTUR	Member
Executive Vice Presidents	
Alpaslan ÇAKAR	Retail Banking
Bilgehan KURU	Treasury and International Banking
Bülent SUER	Operational Transactions
Peyami Ömer ÖZDİLEK (*)	Financial Coordination
Mehmet Cengiz GÖĞEBAKAN	Loan Policies
Musa ARDA	Loan Allocation and Management
Ömer Muzaffer BAKTIR	Marketing
Yüksel CESUR	Internal Systems

(*) With The Bank's Board of Directors decision, dated 30 July 2015 Peyami Ömer ÖZDİLEK was appointed Executive Vice President in charge of Financial Coordination.

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	5.000.000	100	5.000.000	-

The sole shareholder of the Bank is the Treasury.

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015

(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 2015, Bank carries its activities with a grand total of 1.802 branches; 1.776 domestic branches including 23 corporate branches, 80 entrepreneurial branches, 91 dynamic entrepreneurial branches, 1.580 branches and 2 mobile branches (31 December 2014: 1.682 domestic branches including 1.486 branches, 24 corporate branches, 80 entrepreneurial branches, 90 dynamic entrepreneurial branches, 2 mobile branches) and 26 branches abroad including 22 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, Pristina in Kosovo, 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 TL 100 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 2015
(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)	(Section Five I)	Current Period (30/09/2015)			Prior Period (31/12/2014)		
			TL	FC	Total	TL	FC	Total
	ASSETS							
I.	CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	4.082.403	34.565.447	38.647.850	2.773.721	27.375.262	30.148.983
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(2)	786.090	219.541	1.005.631	275.730	35.012	310.742
2.1	Financial Assets Held for Trading		786.090	219.541	1.005.631	275.730	35.012	310.742
2.1.1	Public Sector Debt Securities		15.349	15.813	31.162	10.168	3.998	14.166
2.1.2	Securities Representing a Share in Capital		-	-	-	-	-	-
2.1.3	Derivative Financial Assets Held for Trading		770.741	203.728	974.469	265.562	31.014	296.576
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)	450.427	3.418.595	3.869.022	510.164	1.680.877	2.191.041
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)	41.628.934	10.900.543	52.529.477	45.767.453	8.463.400	54.230.853
5.1	Securities Representing a Share in Capital		132.055	418.831	550.886	131.802	314.208	446.010
5.2	Public Sector Debt Securities		41.489.449	10.412.937	51.902.386	45.620.600	8.013.570	53.634.170
5.3	Other Marketable Securities		7.430	68.775	76.205	15.051	135.622	150.673
VI.	LOANS AND RECEIVABLES	(5)	135.492.912	45.887.839	181.380.751	110.379.211	31.535.451	141.914.662
6.1	Loans and Receivables		134.675.305	45.886.811	180.562.116	109.594.502	31.535.409	141.129.911
6.1.1	Loans Granted to Risk Group of The Bank		144.328	719.900	864.228	46.385	701.738	748.123
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		134.530.977	45.166.911	179.697.888	109.548.117	30.833.671	140.381.788
6.2	Loans under Follow-up		2.989.318	11.671	3.000.989	2.709.827	7.093	2.716.920
6.3	Specific Provisions (-)		2.171.711	10.643	2.182.354	1.925.118	7.051	1.932.169
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENTS HELD TO MATURITY (Net)	(6)	4.463.037	5.824.961	10.287.998	4.927.297	5.093.759	10.021.056
8.1	Public Sector Debt Securities		4.429.294	5.812.852	10.242.146	4.916.189	5.093.120	10.009.309
8.2	Other Marketable Securities		33.743	12.109	45.852	11.108	639	11.747
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	94.912	-	94.912	94.912	-	94.912
9.1	Accounted with Equity Method		-	-	-	-	-	-
9.2	Unconsolidated Associates		94.912	-	94.912	94.912	-	94.912
9.2.1	Financial Associates		88.846	-	88.846	88.846	-	88.846
9.2.2	Non-financial Associates		6.066	-	6.066	6.066	-	6.066
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	1.157.477	1.300.352	2.457.829	482.478	977.494	1.459.972
10.1	Unconsolidated Financial Subsidiaries		1.151.240	1.300.352	2.451.592	476.241	977.494	1.453.735
10.2	Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237	6.237	-	6.237
XI.	ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	86.484	86.484	-	76.401	76.401
11.1	Accounted with Equity Method		-	-	-	-	-	-
11.2	Unconsolidated Entities Under Common Control		-	86.484	86.484	-	76.401	76.401
11.2.1	Financial Entities Under Common Control		-	86.484	86.484	-	76.401	76.401
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)	4.832.216	10.428	4.842.644	4.677.693	5.921	4.683.614
XV.	INTANGIBLE ASSETS (Net)		195.278	4.860	200.138	181.843	3.223	185.066
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		195.278	4.860	200.138	181.843	3.223	185.066
XVI.	REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(12)	-	-	-	-	-	-
XVII.	TAX ASSET		469.377	-	469.377	221.479	-	221.479
17.1	Current Tax Asset		901	-	901	656	-	656
17.2	Deferred Tax Asset		468.476	-	468.476	220.823	-	220.823
XVIII.	ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(13)	216.430	-	216.430	173.255	-	173.255
18.1	Held for Sale		216.430	-	216.430	173.255	-	173.255
18.2	Held from Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS		1.529.896	1.465.571	2.995.467	1.303.761	584.514	1.888.275
	TOTAL ASSETS		195.399.389	103.684.621	299.084.010	171.768.997	75.831.314	247.600.311

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 2015
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

I.	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	(Section Five II)	Current Period (30/09/2015)			Prior Period (31/12/2014)		
			TL	FC	Total	TL	FC	Total
	LIABILITIES AND EQUITY							
I.	DEPOSITS	(1)	121.187.403	66.796.142	187.983.545	107.593.086	45.662.162	153.255.248
1.1	Deposits Held By the Risk Group of the Bank		339.834	286.164	625.998	40.127	371.049	411.176
1.2	Other		120.847.569	66.509.978	187.357.547	107.552.959	45.291.113	152.844.072
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	54.445	342.787	397.232	18.806	376.778	395.584
III.	FUNDS BORROWED	(3)	1.233.965	18.904.442	20.138.407	1.149.257	13.458.450	14.607.707
IV.	MONEY MARKET BALANCES		23.963.142	15.825.709	39.788.851	16.310.776	15.470.300	31.781.076
4.1	Interbank Money Market Borrowings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3	Funds Provided under Repurchase Agreements		23.963.142	15.825.709	39.788.851	16.310.776	15.470.300	31.781.076
V.	MARKETABLE SECURITIES ISSUED (Net)		1.888.416	3.168.575	5.056.991	1.563.102	2.655.704	4.218.806
5.1	Bills		1.888.416	735.741	2.624.157	1.563.102	783.430	2.346.532
5.2	Asset-backed Securities		-	-	-	-	-	-
5.3	Bonds		-	2.432.834	2.432.834	-	1.872.274	1.872.274
VI.	FUNDS		5.869.251	-	5.869.251	5.426.448	-	5.426.448
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		5.869.251	-	5.869.251	5.426.448	-	5.426.448
VII.	MISCELLANEOUS PAYABLES		1.432.985	774.231	2.207.216	1.214.414	532.089	1.746.503
VIII.	OTHER LIABILITIES	(4)	2.233.532	549.928	2.783.460	1.737.591	305.622	2.043.213
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	PAYABLES FROM LEASING TRANSACTIONS (Net)	(5)	-	-	-	-	1.389	1.389
10.1	Finance Lease Payables		-	5	5	-	1.425	1.425
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Finance Lease Expenses (-)		-	5	5	-	36	36
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-	-	-	-
11.1	Fair Value Hedges		-	-	-	-	-	-
11.2	Cash Flow Hedges		-	-	-	-	-	-
11.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XII.	PROVISIONS	(7)	5.030.296	26.387	5.056.683	4.719.883	37.954	4.757.837
12.1	General Provisions		2.766.652	11.029	2.777.681	2.304.896	6.685	2.311.581
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Employee Benefits Provisions		811.128	-	811.128	816.564	-	816.564
12.4	Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5	Other Provisions		1.452.516	15.358	1.467.874	1.598.423	31.269	1.629.692
XIII.	TAX LIABILITY	(8)	552.841	319	553.160	825.874	462	826.336
13.1	Current Tax Liability		552.841	319	553.160	825.874	462	826.336
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)	(9)	-	-	-	-	-	-
14.1	Held for Sale		-	-	-	-	-	-
14.2	Held from Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(10)	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(11)	28.757.320	491.894	29.249.214	27.422.276	1.117.888	28.540.164
16.1	Paid-in Capital		5.000.000	-	5.000.000	2.500.000	-	2.500.000
16.2	Capital Reserves		2.029.233	491.894	2.521.127	5.184.311	1.117.888	6.302.199
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		(1.549.144)	491.894	(1.057.250)	1.060.245	1.117.888	2.178.133
16.2.4	Tangible Assets Revaluation Reserves		3.617.038	-	3.617.038	3.634.310	-	3.634.310
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		(56.049)	-	(56.049)	472.368	-	472.368
16.3	Profit Reserves		17.986.649	-	17.986.649	15.527.658	-	15.527.658
16.3.1	Legal Reserves		2.920.983	-	2.920.983	2.725.124	-	2.725.124
16.3.2	Statutory Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		13.640.331	-	13.640.331	11.880.556	-	11.880.556
16.3.4	Other Profit Reserves		1.425.335	-	1.425.335	921.978	-	921.978
16.4	Profit or Loss		3.741.438	-	3.741.438	4.210.307	-	4.210.307
16.4.1	Prior Years Profit/Loss		159.798	-	159.798	159.798	-	159.798
16.4.2	Net Period Profit/Loss		3.581.640	-	3.581.640	4.050.509	-	4.050.509
	TOTAL LIABILITIES AND EQUITY		192.203.596	106.880.414	299.084.010	167.981.513	79.618.798	247.600.311

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 INCOME STATEMENT AS OF 30 SEPTEMBER 2015
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

II.	STATEMENT OF OFF-BALANCE SHEET COMMITMENTS		Current Period (30/09/2015)			Prior Period (31/12/2014)		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		35.933.155	99.337.031	135.270.186	64.836.961	118.824.939	183.661.900
I.	GUARANTEES AND WARRANTIES	(I)	17.527.797	40.157.249	57.685.046	13.898.227	27.139.272	41.037.499
1.1	Letters of Guarantee		17.447.869	28.948.837	46.396.706	13.812.313	18.048.875	31.861.188
1.1.1	Guarantees Subject to State Tender Law		1.141.055	5.636.458	6.777.513	910.333	2.860.858	3.771.191
1.1.2	Guarantees Given for Foreign Trade Operations		15.032.356	23.031.449	38.063.805	12.183.495	14.931.500	27.114.995
1.1.3	Other Letters of Guarantee		1.274.458	280.930	1.555.388	718.485	256.517	975.002
1.2	Bank Acceptances		13.040	4.510.407	4.523.447	21.260	3.565.824	3.587.084
1.2.1	Import Letter of Acceptance		13.040	4.501.245	4.514.285	21.260	3.562.096	3.583.356
1.2.2	Other Bank Acceptances		-	9.162	9.162	-	3.728	3.728
1.3	Letters of Credit		66.888	6.698.005	6.764.893	64.654	5.524.573	5.589.227
1.3.1	Documentary Letters of Credit		66.888	6.603.650	6.670.538	64.654	5.365.487	5.430.141
1.3.2	Other Letters of Credit		-	94.355	94.355	-	159.086	159.086
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	(I)	15.806.731	3.290.064	19.096.795	48.069.144	48.516.112	96.585.256
2.1	Irrevocable Commitments		15.806.719	3.282.841	19.089.560	14.616.463	6.068.659	20.685.122
2.1.1	Asset Purchase and Sale Commitments		326.504	1.120.922	1.447.426	114.630	4.410.506	4.525.136
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		2.517.390	109.665	2.627.055	2.120.280	146.672	2.266.952
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		3.018.277	-	3.018.277	2.737.371	-	2.737.371
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		7.204.595	-	7.204.595	7.160.308	-	7.160.308
2.1.10	Commitments for Credit Cards and Banking Services Promotions		20.801	-	20.801	17.011	-	17.011
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		2.719.152	2.052.254	4.771.406	2.466.863	1.511.481	3.978.344
2.2	Revocable Commitments		12	7.223	7.235	33.452.681	42.447.453	75.900.134
2.2.1	Revocable Loan Granting Commitments		12	7.223	7.235	33.452.669	42.447.453	75.900.122
2.2.2	Other Revocable Commitments		12	-	12	12	-	12
III.	DERIVATIVE FINANCIAL INSTRUMENTS		2.598.627	55.889.718	58.488.345	2.869.590	43.169.555	46.039.145
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		2.598.627	55.889.718	58.488.345	2.869.590	43.169.555	46.039.145
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1.256.677	3.477.237	4.733.914	286.378	1.637.583	1.923.961
3.2.1.1	Forward Foreign Currency Transactions-Buy		611.739	1.757.151	2.368.890	143.281	820.042	963.323
3.2.1.2	Forward Foreign Currency Transactions-Sell		644.938	1.720.086	2.365.024	143.097	817.541	960.638
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		1.336.750	52.394.411	53.731.161	2.567.412	41.510.010	44.077.422
3.2.2.1	Foreign Currency Swap-Buy		-	23.855.311	23.855.311	-	21.988.978	21.988.978
3.2.2.2	Foreign Currency Swap-Sell		1.336.750	21.997.240	23.333.990	2.567.412	19.521.032	22.088.444
3.2.2.3	Interest Rate Swap-Buy		-	3.270.930	3.270.930	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	3.270.930	3.270.930	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		5.200	18.070	23.270	15.800	21.962	37.762
3.2.3.1	Foreign Currency Options-Buy		2.600	9.035	11.635	7.900	10.981	18.881
3.2.3.2	Foreign Currency Options-Sell		2.600	9.035	11.635	7.900	10.981	18.881
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)		603.466.510	99.880.417	703.346.927	467.636.468	74.910.665	542.547.133
IV.	ITEMS HELD IN CUSTODY		88.766.257	11.694.785	100.461.042	67.199.141	8.405.823	75.604.964
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		31.230.554	4.494.809	35.725.363	26.678.975	3.195.814	29.874.789
4.3	Checks Received for Collection		3.897.720	330.633	4.228.353	3.025.848	170.446	3.196.294
4.4	Commercial Notes Received for Collection		4.497.340	351.646	4.848.986	4.761.985	225.708	4.987.693
4.5	Other Assets Received for Collection		8.934	-	8.934	8.664	-	8.664
4.6	Assets Received for Public Offering		45.845.568	-	45.845.568	32.504.064	-	32.504.064
4.7	Other Items Under Custody		3.284.492	6.517.697	9.802.189	217.956	4.813.855	5.031.811
4.8	Custodians		1.649	-	1.649	1.649	-	1.649
V.	PLEDGES RECEIVED		514.368.334	86.970.473	601.338.807	400.406.085	65.902.136	466.308.221
5.1	Marketable Securities		814.308	29.627	843.935	961.803	23.822	985.625
5.2	Guarantee Notes		13.371.856	934.442	14.306.298	11.659.528	735.362	12.394.890
5.3	Commodity		1.076.216	41.553	1.117.769	1.175.668	20.477	1.196.145
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		455.846.347	65.742.436	521.588.783	352.218.251	49.849.878	402.068.129
5.6	Other Pledged Items		43.254.398	20.211.340	63.465.738	34.385.626	15.263.897	49.649.523
5.7	Pledged Items-Depository		5.209	11.075	16.284	5.209	8.700	13.909
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		331.919	1.215.159	1.547.078	31.242	602.706	633.948
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			639.399.665	199.217.448	838.617.113	532.473.429	193.735.604	726.209.033

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 INCOME STATEMENT AS OF 30 SEPTEMBER 2015
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

III. INCOME STATEMENT	Note	Current Period	Prior Period	Current Period	Prior Period
	(Section Five IV)	01/01-30/09/2015	01/01-30/09/2014	01/07-30/09/2015	01/07-30/09/2014
INCOME AND EXPENSE ITEMS					
I. INTEREST INCOME	(1)	15.999.646	13.354.230	5.600.145	4.569.678
1.1 Interest Income from Loans		12.079.038	9.269.153	4.382.425	3.302.409
1.2 Interest Income From Reserve Deposits		32.712	1.851	18.885	896
1.3 Interest Income from Banks		48.849	43.788	19.641	14.269
1.4 Interest Income from Money Market Placements		6	6	2	2
1.5 Interest Income from Marketable Securities		3.793.148	4.027.191	1.175.429	1.250.153
1.5.1 Financial Assets Held for Trading		948	2.083	196	354
1.5.2 Financial Assets at Fair Value through Profit and Loss		-	-	-	-
1.5.3 Financial Assets Available-for-Sale		3.227.152	3.196.226	987.849	1.055.682
1.5.4 Investments Held-to-Maturity		565.048	828.882	187.384	194.117
1.6 Finance Lease Income		-	-	-	-
1.7 Other Interest Income		45.893	12.241	3.763	1.949
II. INTEREST EXPENSES	(2)	8.425.140	7.154.951	3.018.069	2.326.287
2.1 Interest Expense on Deposits		6.349.582	5.638.714	2.244.645	1.867.044
2.2 Interest on Borrowings		302.434	192.715	111.374	72.130
2.3 Interest on Money Market Borrowings		1.533.920	1.151.148	579.195	321.504
2.4 Interest on Marketable Securities Issued		197.510	140.334	74.586	55.015
2.5 Other Interest Expense		41.694	32.040	8.269	10.594
III. NET INTEREST INCOME/EXPENSES (I - II)		7.574.506	6.199.279	2.582.076	2.243.391
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		926.319	782.238	318.334	266.708
4.1 Fees and Commissions Received		1.179.909	995.893	402.827	341.657
4.1.1 Non-cash Loans		173.728	119.890	65.320	41.126
4.1.2 Other		1.006.181	876.003	337.507	300.531
4.2 Fees and Commissions Paid		253.590	213.655	84.493	74.949
4.2.1 Non-cash Loans		114	79	59	42
4.2.2 Other		253.476	213.576	84.434	74.907
V. DIVIDEND INCOME		195.655	186.285	3.489	1.383
VI. TRADING PROFIT/LOSS (Net)	(3)	(223.477)	(34.028)	(146.949)	(48.825)
6.1 Profit/Loss from Capital Market Operations		68.903	55.010	9.973	12.020
6.2 Profit/losses on Derivative Financial Transactions	(4)	(910.828)	(950.720)	(104.115)	(718.236)
6.3 Profit/Loss from Foreign Exchanges		618.448	861.682	(52.807)	657.391
VII. OTHER OPERATING INCOME	(5)	998.787	718.568	328.957	197.317
VIII. TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		9.471.790	7.852.342	3.085.907	2.659.974
IX. PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)	(6)	1.108.965	1.049.020	212.147	377.716
X. OTHER OPERATING EXPENSES(-)	(7)	3.781.771	2.959.066	1.418.525	982.963
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		4.581.054	3.844.256	1.455.235	1.299.295
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)	4.581.054	3.844.256	1.455.235	1.299.295
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(9)	(999.414)	(818.471)	(303.012)	(283.584)
16.1 Current Tax Provision		(420.897)	(1.104.283)	(199.567)	(302.705)
16.2 Deferred Tax Provision		(578.517)	285.812	(103.445)	19.121
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(10)	3.581.640	3.025.785	1.152.223	1.015.711
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)	3.581.640	3.025.785	1.152.223	1.015.711
Earnings/Loss per Share (indicating exact TL)		0,732	0,700	0,235	0,235

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 PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS'
EQUITY AS OF 30 SEPTEMBER 2015**

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

IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Current Period 30/09/2015	Prior Period 30/09/2014
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(4.033.084)	1.214.325
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	(17.272)	3.645.797
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. CURRENCY EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(32.235)	(3.593)
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	18.831	62.171
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	826.170	(218.318)
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(3.237.590)	4.700.382
XI. CURRENT YEAR PROFIT/LOSS	3.581.640	3.025.785
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	68.547	58.779
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	3.513.093	2.967.006
XII. TOTAL PROFIT/LOSS RELATED TO THE PERIOD (X±XI)	344.050	7.726.167

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
IV.	Changes During the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	953.190	-	-	-	-	953.190
VII.	Hedging Funds (Active Part)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	3.645.797	-	-	-	3.645.797
IX.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	164.391	-	-	-	-	164.391
XII.	Changes Resulted from Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Changes Resulted from Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Increase in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	From Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Other		-	-	-	-	-	-	(63.003)	-	7	-	-	-	-	-	-	(62.996)
XX.	Net Profit or Losses		-	-	-	-	-	-	-	3.025.785	-	-	-	-	-	-	-	3.025.785
XXI.	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 CHANGES IN SHAREHOLDERS EQUITY AS OF 30 SEPTEMBER 2015
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))**

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY																		
		Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancell. 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
30 September 2015																		
I.	Balance at the Beginning of the Period		2.500.000	543.482	-	-	2.725.124	-	11.880.556	850.864	-	4.210.307	2.178.133	3.634.310	17.388	-	-	28.540.164
II.	Changes During the Period																	
	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(3.203.148)	-	-	-	-	(3.203.148)
IV.	Hedging Funds (Active Part)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	(17.272)	-	-	-	(17.272)
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	(32.235)	-	-	-	-	(32.235)
IX.	Changes Resulted from Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Resulted from Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Increase in Capital		2.500.000	(543.482)	-	-	-	-	(1.281.518)	-	-	-	-	-	-	-	-	675.000
12.1	Cash		675.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	675.000
12.2	From Internal Resources		1.825.000	(543.482)	-	-	-	-	(1.281.518)	-	-	-	-	-	-	-	-	-
XIII.	Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	15.065	-	-	-	-	-	-	-	15.065
XVII.	Net Profit or Losses		-	-	-	-	-	-	-	-	3.581.640	-	-	-	-	-	-	3.581.640
XVIII.	Profit Distribution		-	-	-	-	195.859	-	3.041.293	503.357	-	(4.050.509)	-	-	-	-	-	(310.000)
18.1	Dividend Distributed		-	-	-	-	-	-	-	-	-	(310.000)	-	-	-	-	-	(310.000)
18.2	Transfers to Legal Reserves		-	-	-	-	195.859	-	3.041.293	503.357	-	(3.740.509)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period (I+II+III+.....+XVIII+XIX+XX)		5.000.000	-	-	-	2.920.983	-	13.640.331	1.369.286	3.581.640	159.798	(1.057.250)	3.617.038	17.388	-	-	29.249.214

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY AS OF 30 SEPTEMBER
2015**

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

VI. STATEMENT OF CASH FLOWS		Note (Section Five)	Current Period 01/01 - 30/09/2015	Prior Period 01/01 - 30/09/2014
A. CASH FLOWS FROM BANKING OPERATIONS				
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		3.047.357	3.565.458
1.1.1	Interest Received		14.642.340	11.946.367
1.1.2	Interest Paid		(5.759.717)	(6.985.196)
1.1.3	Dividend Received		185.036	156.825
1.1.4	Fees and Commissions Received		1.179.155	997.106
1.1.5	Other Income		478.228	1.916.657
1.1.6	Collections from Previously Written-off Loans and Other Receivables		1.051.014	1.085.171
1.1.7	Payments to Personnel and Service Suppliers		(1.554.643)	(1.371.291)
1.1.8	Taxes Paid		(985.274)	(1.132.824)
1.1.9	Other		(6.188.782)	(3.047.357)
1.2	Changes in Operating Assets and Liabilities		3.227.596	(8.227.581)
1.2.1	Net (Increase)/Decrease in Trading Securities		(17.411)	(12.586)
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3	Net (Increase)/ Decrease in Banks		(6.469.566)	(6.023.855)
1.2.4	Net (Increase)/Decrease in Loans		(38.382.199)	(22.040.083)
1.2.5	Net (Increase)/Decrease in Other Assets		(1.645.163)	(979.740)
1.2.6	Net Increase/(Decrease) in Bank Deposits		4.499.830	7.048.765
1.2.7	Net Increase/(Decrease) in Other Deposits		38.100.886	7.694.754
1.2.8	Net Increase/(Decrease) in Funds Borrowed		5.497.457	4.473.293
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities		1.643.762	1.611.871
I.	Net Cash Provided from Banking Operations		6.274.953	(4.662.123)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES				
II.	Net Cash Provided from Investing Activities		(3.510.854)	1.811.990
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(791.595)	(50.000)
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3	Fixed Assets Purchases		(191.374)	-
2.4	Fixed Assets Sales		3.954	20.611
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(13.681.632)	(21.985.964)
2.6	Cash Obtained from Sale of financial Assets Available for Sale		15.207.977	19.386.228
2.7	Cash Paid for Purchase of Investment Securities		(147.367)	(181.729)
2.8	Cash Obtained from sale of Investment Securities		1.227.432	6.179.821
2.9	Other		(5.138.249)	(1.556.977)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities		250.727	1.085.895
3.1	Cash Obtained from Funds Borrowed and Securities Issued		2.577.940	3.674.043
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(2.325.824)	(2.587.207)
3.3	Marketable Securities Issued		-	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(1.389)	(941)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		688.153	(18.995)
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)		3.702.979	(1.783.233)
VI.	Cash and Cash Equivalents at the Beginning of the Period		4.866.373	6.669.577
VII.	Cash and Cash Equivalents at the End of the Period		8.569.352	4.886.344

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 2015

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards, within the scope of interim reporting Turkish Accounting Standards 34 and Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations (referred as “Turkish Accounting Standards” or “TAS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) (“all referred as BRSA Principles”).

The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in thousands of Turkish Lira (“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 commitments as of 30 September 2015 are presented comparatively with independently audited balances as of 31 December 2014 while income statement, statement of income and expense items accounted under shareholders’ equity, statement of cash flows and statement of changes in shareholders’ equity are presented comparatively with balances as of 30 September 2014.

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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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015

(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, letter of credits, commitments for cheques and commitments for credit card limits 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 value 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 2015

(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 articles of association.

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 EXPENSE

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

There are not 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 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 value. 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 value. 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 accrual or impairment provision. Furthermore, amortized cost using the effective interest method and cost value 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 no price quotation in an active market for price formations to constitute the basis of the fair value or in such a situation when the reasonable value is not measured confidentially; the fair value of the available-for-sale financial assets are carried at amortised cost using the effective interest 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 “Impairment Expense for Marketable Securities”. If there is an increase in value, initially recognized impairment loss is reversed.

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

If subsidiaries, associates, entities under common control and assets held to maturity are subject to permanent impairment, the amount is charged to “Impairment Expense 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 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. The Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 6,67% to 33,3 %.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. The Bank's tangible fixed assets purchased before 1 January 2005 are carried at inflation adjusted cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequent to 1 January 2005 are valued at historical cost. 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, TL 3.617.038 revaluation difference is followed under shareholders' equity as of 30 September 2015. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950. 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. The Bank has began to classify the leasehold improvements on operational leases under tangible fixed assets in the financial statements dated 31 March 2015, which was previously being followed under intangible assets.

Applied depreciation rates are as follows;

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

Gains or losses emerging from the disposal of tangible assets are recognized in the profit or loss account as difference between net revenue of a related intangible asset and its net book value.

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

The Bank recognizes its liabilities of employment terminations and vacation benefits in accordance with TAS 19 “Employee Benefits” and estimates the net present value of future liabilities arising from employment terminations and vacation benefits 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 or resignation depending on the arise of the legal conditions. 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 56.049 was classified as “Other Comprehensive Expense” in the financials. (31 December 2014: TL 71.114 actuarial loss)

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. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

Some of the Bank’s personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası 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 Law 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 Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

**b. Liability of T.C. Ziraat Bank and T. Halk Bank Members Pension and Relief Fund (TZHEMSAN)
(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 Law, 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.

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

Finally "Occupational Health and Safety Law and Other Laws and The Law Amending the Decree Law" No. 6645 dated 23 April 2015, published on Official Gazette and came into force. Also, authority of determination of the transfer date of pension funds participants, people endowed with salary and their right holders, to the Social Security Institution, is left to the Council of Ministers.

The technical balance sheet report as of 31 December 2014 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” 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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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 shareholders’ equity for five years.

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

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

b. Deferred tax

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

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 VIII. of Section Four.

XXIV. EXPLANATIONS ON OTHER MATTERS

In accordance with the decision taken in the General Assembly of the year 2014, which was carried out on 27 March 2015, from TL 4.050.509 net profit after the deduction of deferred tax income amounting to TL 503.358, which is not subject to distribution, the remaining TL 3.547.151 of the profit for the year 2014, TL 177.358 is transferred to first legal reserve and TL 18.500 is transferred to second legal reserve TL 185.000 is distributed as dividend to employees and TL 106.250 is distributed to Treasury after deducting withholding tax of 15% (TL 18.750) in cash. In this context, TL 3.041.293 of the profit is preserved; dividend payment made to Treasury on 15 April 2015, and within the framework of the dividend to be distributed to employees, at total TL 165.801 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 14,32% (31 December 2014: 18,22%).

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 “Communiqué on Measurement and Assessment of Capital Adequacy of Banks”. Assets subject to depreciation and impairment are calculated over their net book values after deducting the relative depreciations and provisions.

Trading accounts and the values deducted from the capital base in the shareholders’ equity computation are excluded in calculation of risk-weighted assets.

Calculations regarding to the counter party credit risk, are made for repurchase agreement and derivative transactions. These transactions are added to the accounts with rates as applied that presented in the amendments of the “Communiqué on Measurement and Assessment of Capital Adequacy of Banks” and “Communiqué on Credit Risk Mitigation Techniques”. Repurchase agreements and derivative transactions that are presented in the banking accounts are added to calculation of the basis of the value at credit risk.

Calculations regarding counter parties credit risks are made with method of basic financial collateral for banking accounts, and for purchase-sale accounts are made with method of extensive collateral. Counter party credit risk amount calculated for purchase-sale accounts is included in the calculations of the amount subject to total market risk.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Information related to capital adequacy standard ratio:

	Risk Weights										
	Bank										
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Current Period											
Credit Risk Based Amount – 30 September 2015	74.932.089	-	28.598.951	-	30.525.293	86.056.737	118.138.611	2.335.384	5.466.248	468.800	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	67.012.542	-	-	-	14.195.419	-	262.844	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	428.445	-	73	-	2.080	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	633.425	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	13.301	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	27.812.089	-	14.389.959	-	998.886	-	-	-	-
Conditional and unconditional corporate receivables	-	-	342.518	-	1.939.279	-	107.658.266	-	-	-	-
Conditional and unconditional retail receivables	-	-	10	-	563	68.444.254	658.883	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	17.612.483	365.924	-	-	-	-
Past due receivables	-	-	-	-	-	-	570.364	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	2.335.384	5.466.248	468.800	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	81.972	-	-	-	-
Other receivables	7.906.246	-	15.889	-	-	-	6.905.967	-	-	-	-

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 standard ratio: (Continued)

Prior Period	Risk Weights										
	Bank										
	0%	10%	20%	50% Real Est. Mort. Coll.	50%	75%	100%	150%	200%	250%	1250%
Credit Risk Based Amount – 31 December 2014	74.247.665	-	20.225.324	1.341	21.710.058	58.356.840	82.423.409	4.028.651	18.026.785	222.268	-
Risk Classes											
Conditional and unconditional receivables from central governments or central banks	67.174.099	-	-	-	10.676.895	-	200.653	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	444.032	-	86	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	443.990	-	-	-	-
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	-	-	18.400.822	-	8.713.576	-	653.169	-	-	-	-
Conditional and unconditional corporate receivables	-	-	1.380.349	-	2.317.373	-	72.697.239	-	-	-	-
Conditional and unconditional retail receivables	-	-	111	-	2.128	45.693.435	668.370	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	12.663.405	216.913	-	-	-	-
Past due receivables	-	-	-	1.341	-	-	563.813	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	4.028.651	18.026.785	222.268	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	62.682	-	-	-	-
Other receivables	7.073.560	-	10	-	-	-	6.916.580	-	-	-	-

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)

Summary Information Related to the Capital Adequacy Ratio:

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	15.545.886	11.641.473
Capital Requirement for Market Risk (CRMR)	1.399.657	1.087.412
Capital Requirement for Operational Risk (CROR)	1.301.706	1.098.374
Shareholders' Equity	32.661.785	31.484.041
Shareholders' Equity/((CRCR+CRMR+CROR)*12,5)*100	14,32	18,22
Tier 1 Capital/((CRCR+CRMR+CROR)*12,5)*100	13,26	17,18
Common Equity Tier 1 Capital/((CRCR+CRMR+CROR)*12,5)*100	13,31	17,23

Information Related to the Components of Shareholders' Equity:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	5.000.000	3.043.482
Share Premium	-	-
Share Cancellation Profits	-	-
Reserves	17.986.649	15.527.658
Income recognized under equity in accordance with TAS	4.311.004	5.812.443
Profit	3.741.438	4.210.307
Current Period's Profit	3.581.640	4.050.509
Prior Period's Profit	159.798	159.798
Free Provisions for Possible Risks	1.269.459	1.334.053
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	17.388	17.388
Common Equity Tier 1 Capital Before Deductions	32.325.938	29.945.331
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 (-)	1.807.265	71.114
Leasehold Improvements on Operational Leases (-)	84.619	69.634
Goodwill and intangible asset and the related deferred tax liability (-)	80.055	23.086
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	1.971.939	163.834
Total Common Equity Tier 1 Capital	30.353.999	29.781.497

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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)

	Current Period	Prior Period
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	-	-
Deductions from Additional Tier 1 Capital	-	-
Bank's 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	120.083	92.346
The amount related to goodwill or other intangible assets not deducted from Common Equity Tier 1 Capital (-)	120.083	92.346
The amount related to deferred tax assets not deducted from Common Equity Tier 1 Capital (-)	-	-
Tier 1 Capital	30.233.916	29.689.151
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	2.429.045	1.818.980
Tier 2 Capital Before Deductions	2.429.045	1.818.980
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	-	-
Total Tier 2 Capital	2.429.045	1.818.980
TOTAL CAPITAL BEFORE REGULATORY DEDUCTIONS	32.662.961	31.508.131
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 (-)	1.112	757
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 (-)	-	23.199
Securitization positions that is deducted -preferably- from the shareholders' equity (Article 20 paragraph 2) (-)	-	-
Other items to be defined by BRSA (-)	64	134
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	32.661.785	31.484.041
Amounts below deduction thresholds		
The sum of partnership share on banks and financial institutions, with shareholding of less than 10%	125.543	-
The sum of partnership share on banks and financial institutions, with shareholding of more than 10%	76.050	165.247
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability) (-)	468.476	220.823

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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 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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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON THE MARKET RISK

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

The Bank has determined market risk management operations and taken the necessary measures in order to hedge market risk within its financial risk management purposes, in accordance with “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 Risk 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	Prior Period
(I) Capital Requirement Calculated for General Market Risk - Standard Method	552.578	548.621
(II) Capital Requirement Calculated for Specific Risk - Standard Method	87.260	77.176
Capital requirement Calculated for Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement Calculated for Currency Risk - Standard Method	717.322	419.103
(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	42.497	42.512
(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)	1.399.657	1.087.412
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	17.495.713	13.592.650

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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
21.09.2015	2,9865	3,3452	2,1312	0,4485	0,3578	3,0735	2,2550	0,3624	4,6273	0,7967	2,4780
22.09.2015	3,0163	3,3577	2,1295	0,4503	0,3587	3,0968	2,2713	0,3628	4,6282	0,8044	2,5123
23.09.2015	3,0087	3,3493	2,1205	0,4491	0,3577	3,0792	2,2700	0,3624	4,6051	0,8023	2,5047
28.09.2015	3,0323	3,3992	2,1238	0,4557	0,3588	3,1138	2,2717	0,3540	4,6054	0,8086	2,5298
29.09.2015	3,0239	3,3970	2,1188	0,4554	0,3602	3,1145	2,2585	0,3562	4,5824	0,8063	2,5226
30.09.2015	3,0134	3,3659	2,1163	0,4513	0,3582	3,0862	2,2511	0,3525	4,5670	0,8036	2,5099

- 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
3,0025	3,3669	2,1211	0,4514	0,3591	3,0865	2,2674	0,3627	4,6104	0,8009	2,5005

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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	5.817.340	21.727.623	7.020.484	34.565.447
Banks	348.561	2.773.339	296.695	3.418.595
Financial Assets at Fair Value Through Profit and Loss ⁽⁵⁾	-	15.813	-	15.813
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	3.918.119	6.921.357	61.067	10.900.543
Loans ⁽²⁾	12.318.375	34.612.861	77.209	47.008.445
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	778.121	608.715	-	1.386.836
Investments Held-to-Maturity	1.636.431	4.183.437	5.093	5.824.961
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	6.374	1.905	2.149	10.428
Intangible Assets	3.463	698	699	4.860
Other Assets ⁽⁶⁾	891.308	552.226	16.422	1.459.956
Total Assets ⁽⁵⁾	25.718.092	71.397.974	7.479.818	104.595.884
Liabilities				
Interbank Deposits	2.918.222	3.468.318	49.363	6.435.903
Foreign Currency Deposits	35.036.103	22.787.638	2.536.498	60.360.239
Money Market Borrowings	1.482.320	14.343.389	-	15.825.709
Funds Provided from Other Financial Institutions	5.396.144	13.507.368	930	18.904.442
Issued Marketable Securities	70.819	3.097.756	-	3.168.575
Sundry Creditors	711.072	22.949	40.210	774.231
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	345.738	193.237	37.659	576.634
Total Liabilities	45.960.418	57.420.655	2.664.660	106.045.733
Net Balance Sheet Position	(20.242.326)	13.977.319	4.815.158	(1.449.849)
Net Off-Balance Sheet Position ⁽³⁾	20.681.132	(14.023.699)	(4.762.297)	1.895.136
Assets on Derivative Instruments	22.586.895	5.160.600	1.144.932	28.892.427
Liabilities on Derivative Instruments	1.905.763	19.184.299	5.907.229	26.997.291
Non-cash Loans	11.969.946	24.685.856	3.501.447	40.157.249
Prior Period				
Total Assets	17.409.849	52.062.881	6.771.344	76.244.074
Total Liabilities	33.496.497	41.755.740	2.871.895	78.124.132
Net Balance Sheet Position	(16.086.648)	10.307.141	3.899.449	(1.880.058)
Net Off-Balance Sheet Position ⁽³⁾	18.086.278	(9.832.293)	(5.783.538)	2.470.447
Financial Derivative Assets	18.550.742	3.333.218	936.041	22.820.001
Financial Derivative Liabilities	464.464	13.165.511	6.719.579	20.349.554
Non-cash Loans	6.219.244	18.945.595	1.974.433	27.139.272

(1) Of the foreign currencies presented in the other FC column of assets 92,33% is Gold, 4,14% is GBP, 0,79% is SAR, and the remaining 2,74% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 42,13% is Gold, 28,83% is GBP, 14,55% is CHF, 4,79% is DKK, 1,59% is SAR and the remaining 8,12% is other foreign currencies. (2014: Of the foreign currencies presented in the other FC column of assets 96,50% is Gold, 0,91% is GBP, 0,62% is SAR, and the remaining 1,97% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 64,21% is Gold, 16,66% is GBP, 9,49% is CHF, 3,53% is DKK and the remaining 6,11% is other foreign currencies.)

(2) TL 822.590 equivalent of USD loans and TL 298.016 equivalent of EUR loans are arised from foreign currency indexed loans (31 December 2014: TL 347.656 equivalent of USD and TL 99.687 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.

(6) Prepaid expenses in other assets amounting to TL 5.615 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) Information on 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	62.613	-	-	-	-	38.585.237	38.647.850
Banks	889.484	564.660	573.393	-	-	1.841.485	3.869.022
Financial Assets at Fair Value Through Profit and Loss	57.758	472.172	380.816	90.564	4.321	-	1.005.631
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	7.014.348	6.467.724	9.515.768	15.377.378	13.596.209	558.050	52.529.477
Loans Given	54.983.486	23.338.886	43.077.754	50.280.782	8.881.208	818.635	181.380.751
Investments Held-to-Maturity	977.475	1.173.666	3.786.625	2.898.654	1.451.578	-	10.287.998
Other Assets	-	-	-	-	-	11.363.281	11.363.281
Total Assets	63.985.164	32.017.108	57.334.356	68.647.378	23.933.316	53.166.688	299.084.010
Liabilities							
Interbank Deposits	6.642.220	866.847	1.193.149	-	-	489.601	9.191.817
Other Deposits	97.034.202	23.831.968	15.969.230	573.485	-	41.382.843	178.791.728
Money Market Borrowings	31.659.534	5.009.647	2.434.338	685.332	-	-	39.788.851
Sundry Creditors	-	-	-	-	-	2.207.216	2.207.216
Issued Marketable Securities	989.536	1.095.727	615.133	2.356.595	-	-	5.056.991
Funds provided from Other Financial Institutions	6.665.616	3.680.358	7.324.691	1.547.219	920.523	-	20.138.407
Other Liabilities	147.887	142.264	48.679	5.843.050	-	37.727.120	43.909.000
Total Liabilities	143.138.995	34.626.811	27.585.220	11.005.681	920.523	81.806.780	299.084.010
Balance Sheet Long Position	-	-	29.749.136	57.641.697	23.012.793	-	110.403.626
Balance Sheet Short Position	(79.153.831)	(2.609.703)	-	-	-	(28.640.092)	(110.403.626)
Off-Balance Sheet Long Position	509.508	1.347.998	1.157	-	-	-	1.858.663
Off-Balance Sheet Short Position	-	-	-	(1.333.476)	-	-	(1.333.476)
Total Position	(78.644.323)	(1.261.705)	29.750.293	56.308.221	23.012.793	(28.640.092)	525.187

- (1) Balances without fixed maturity are shown in the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL 5.783.096 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1-5 Years” column. TL 86.155 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)

a) Information on 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	47.903	-	-	-	-	30.101.080	30.148.983
Banks	1.071.486	178.560	483.402	-	-	457.593	2.191.041
Financial Assets at Fair Value Through Profit and Loss	484	142	3.626	5.178	4.736	296.576	310.742
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	5.323.667	7.364.979	13.049.735	12.480.888	15.553.149	458.435	54.230.853
Loans Given	49.466.545	16.057.347	32.744.670	37.095.207	5.766.143	784.750	141.914.662
Investments Held-to-Maturity	3.293.568	2.197.294	44.905	3.102.464	1.382.825	-	10.021.056
Other assets	-	-	-	-	-	8.782.974	8.782.974
Total Assets	59.203.653	25.798.322	46.326.338	52.683.737	22.706.853	40.881.408	247.600.311
Liabilities							
Interbank Deposits	4.740.369	745.131	24.000	-	-	174.372	5.683.872
Other Deposits	79.597.243	21.278.758	14.719.298	347.295	-	31.628.782	147.571.376
Money Market Borrowings	27.998.700	2.599.660	1.182.716	-	-	-	31.781.076
Sundry Creditors	-	-	-	-	-	1.746.503	1.746.503
Issued Marketable Securities	338.579	1.564.934	501.919	1.813.374	-	-	4.218.806
Funds Provided from Other Financial Institutions	1.561.935	3.253.912	8.117.946	1.072.157	601.757	-	14.607.707
Other Liabilities	295.771	40.978	4.116	5.382.265	-	36.267.841	41.990.971
Total Liabilities	114.532.597	29.483.373	24.549.995	8.615.091	601.757	69.817.498	247.600.311
Balance Sheet Long Position	-	-	21.776.343	44.068.646	22.105.096	-	87.950.085
Balance Sheet Short Position	(55.328.944)	(3.685.051)	-	-	-	(28.936.090)	(87.950.085)
Off Balance Sheet Long Position	-	1.271.454	-	-	-	-	1.271.454
Off Balance Sheet Short Position	(72.969)	-	(423.387)	(871.883)	-	-	(1.368.239)
Total Position	(55.401.913)	(2.413.597)	21.352.956	43.196.763	22.105.096	(28.936.090)	(96.785)

- (1) Balances without fixed maturity are shown under the “Up to 1 Month” and “Non-Interest Bearing” columns.
- (2) TL 5.326.157 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the “1-5 Years” column. TL 100.291 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)

b) Average interest rates applied to monetary financial instruments:

	EUR	USD	JPY	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	0,21	-	2,33
Banks	1,70	1,93	-	9,15
Financial Assets at Fair Value Through Profit and Loss	-	5,36	-	6,56
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,72	5,67	-	8,73
Loans Given ⁽²⁾	4,11	4,95	-	12,47
Investments Held-to-Maturity	6,42	7,08	-	9,39
Liabilities				
Interbank Deposits ⁽³⁾	0,73	0,45	-	9,14
Other Deposits ⁽⁴⁾	1,28	1,26	-	6,82
Money Market Borrowings	0,67	0,83	-	9,77
Sundry Creditors	-	-	-	-
Issued Marketable Securities	0,85	3,64	-	10,45
Funds Provided from Other Financial Institutions	1,16	1,71	-	8,60

(1) The ratio on TL column denotes the interest rates applied for required reserve at CBRT. It does not include the interest rate on required reserves given by Central Bank of 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 as well.

	EUR	USD	JPY	TL
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	7,00
Banks	1,21	1,72	-	8,42
Financial Assets at Fair Value Through Profit and Loss	-	5,36	-	6,33
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,73	5,72	-	8,75
Loans Given ⁽²⁾	4,53	5,17	-	11,43
Investments Held-to-Maturity	6,42	7,01	-	8,60
Liabilities				
Interbank Deposits ⁽³⁾	0,86	1,19	-	9,28
Other Deposits ⁽⁴⁾	1,54	1,50	-	6,37
Money Market Borrowings	0,75	0,90	-	9,64
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	3,38	-	9,07
Funds Provided from Other Financial Institutions	1,47	1,82	-	7,90

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

(2) Does not include credit card loans.

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

(4) Related ratios include demand deposits as well.

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EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

c) 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 the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Lira and foreign currency, the follow-up of the effects of interest rate changes on Bank’s economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank's internal applications, the follow-up of yield curve, basis risk and option risk. Also, in order to limit the impact of interest rate changes on Bank’s financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

Type of Currency	Shock Applied (+/- x basis point)	Gains/ Losses	Gains/Equity– Losses/Equity
1. TRY	(+) 300bp	(2.410.431)	(%7,38)
2. TRY	(-) 300bp	2.756.067	%8,44
3. EUR	(+) 100bp	114.542	%0,35
4. EUR	(-) 100bp	(115.562)	(%0,35)
5. USD	(+) 100bp	(648.428)	(%1,99)
6. USD	(-) 100bp	754.851	%2,31
Total (of negative shocks)		3.395.356	%10,40
Total (of positive shocks)		(2.944.317)	(%9,01)

d) Equity share position risk on 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	184.303	184.303	-

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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 "Regulation for 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 and reports the liquidity adequacy ratio to BRSA on weekly and monthly both unconsolidated and consolidated basis in accordance with "Regulation for 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.

In addition, 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.

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

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

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	38.647.850	-	-	-	-	-	-	38.647.850
Banks	1.841.485	889.484	564.660	573.393	-	-	-	3.869.022
Financial Assets at Fair Value Through Profit and Loss	-	35.801	17.569	43.169	843.746	65.346	-	1.005.631
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	780.483	245.711	4.344.036	25.548.238	21.060.124	550.885	52.529.477
Loans Given	-	6.920.698	14.208.067	66.808.089	73.676.933	18.948.329	818.635	181.380.751
Investments Held-to-Maturity	-	64.607	28.810	2.599.929	4.706.364	2.888.288	-	10.287.998
Other Assets	2.740.406	-	-	901	18.875	-	8.603.099	11.363.281
Total Assets	43.229.741	8.691.073	15.064.817	74.369.517	104.794.156	42.962.087	9.972.619	299.084.010
Liabilities								
Interbank Deposits	489.601	6.642.220	866.847	1.193.149	-	-	-	9.191.817
Other Deposits	41.382.843	97.034.099	23.831.213	15.964.366	579.105	102	-	178.791.728
Funds Provided from Other Financial Instruments	-	1.070.997	2.430.296	11.200.530	3.370.051	2.066.533	-	20.138.407
Money Market Borrowings	-	31.659.534	5.009.647	2.434.338	685.332	-	-	39.788.851
Issued Marketable Securities	-	989.536	1.074.633	615.133	2.377.689	-	-	5.056.991
Sundry Creditors	1.311.486	895.730	-	-	-	-	-	2.207.216
Other liabilities ⁽³⁾	2.793.491	572.208	234.511	48.679	5.945.916	829.457	33.484.738	43.909.000
Total liabilities	45.977.421	138.864.324	33.447.147	31.456.195	12.958.093	2.896.092	33.484.738	299.084.010
Liquidity Gap	(2.747.680)	(130.173.251)	(18.382.330)	42.913.322	91.836.063	40.065.995	(23.512.119)	-
Prior Period								
Total Assets	32.283.303	8.207.138	12.695.097	57.591.577	89.248.003	39.250.555	8.324.638	247.600.311
Total Liabilities	34.819.865	114.758.986	28.216.271	25.333.846	9.596.661	2.403.219	32.471.463	247.600.311
Liquidity Gap	(2.536.562)	(106.551.848)	(15.521.174)	32.257.731	79.651.342	36.847.336	(24.146.825)	-

(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 5.783.096 of the funds balance, whose risk is not born by the Bank, is included in other liabilities and shown under the "1-5 Years" column, fund balance amounted to TL 86.155 is not granted as loan and is included under "Up to One 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:

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

There are no net-off of balance sheet and off-balance sheet items in credit risk mitigation techniques.

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

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

Bank has no position about credit derivatives.

Collaterals in terms of Risk Categories ⁽¹⁾

Exposure classifications –30 September 2015	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	81.470.805	119.506	-	-
Conditional and unconditional receivables from regional or local governments	430.598	40.583	-	262
Conditional and unconditional receivables from administrative units and non-commercial enterprises	633.425	207.392	-	-
Conditional and unconditional receivables from multilateral development banks	13.301	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	43.200.934	29.713.315	-	-
Conditional and unconditional corporate receivables	109.940.063	927.149	-	349.904
Conditional and unconditional retail receivables	69.103.710	17.117.496	-	57.785
Conditional and unconditional secured mortgage receivables	17.978.407	6.601	-	4.770
Past due receivables	570.364	6.263	-	16
Receivables in high risk category defined by BRSA	8.270.432	55.278	-	5.256
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	81.972	3.735	-	-
Other receivables	14.828.102	-	-	-
Total	346.522.113	48.197.318	-	417.993

⁽¹⁾ 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 for Risk Management approved by the Bank’s Board of Directors’ Decision No. 7/101, dated 21 March 2012.

As of 30 September 2015, Risk Management organization consists of operation and market risk management, credit risk management and statement 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”, “Behavioral Liquidity Gap Analysis”, “Average Maturity Analysis” and “Deposit Analysis”. Liquidity Gap Analysis is done based on time to maturity of assets and liabilities. Deposit Analysis is applied separately for time deposits and demand deposits. Also, for the purpose of the evaluation of the discount rates of 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 reporting 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.

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

Excluding Standard Method, Daily Value at Risk (“VAR”) forecasts are made as per daily period for 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, studies of “Operational Risk Map” are carried out for use in Internal Control Audit Program.
- An integrated risk mainframe is instituted within the scope of risk 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 customers, rating for corporate and entrepreneurial customers with the object of customer evaluation within the scope of centralization of credit risk. The studies regarding these models’ validation are conducted by Internal Control and Risk Management Group Presidency as independently from Units that have executive actions. It is also made analysis for performance measurement and accuracy with statistical methods.

In base of segments, risk limits are framed at credit risk weighted assets and are monitored monthly based.

Based on general and sub accounts, credit portfolios’ improvement tracking portfolio’s improvement and loans under close monitoring are analysed periodically. Also, it is made vintage analysis for real estate and consumer 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 CEO, 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 retail banking, corporate and entrepreneurial banking, specialized banking, investment banking and international banking areas.

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

In the context of corporate and 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, sub-branches, representative offices and equity investments abroad.

As of 30 September 2015 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:

Current Period	Retail Banking	Corporate/ Entrepreneurial Banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE						
Interest Income	4.261.869	4.903.326	2.508.516	4.280.042	45.893	15.999.646
Interest Income from Loans	4.261.869	4.903.326	2.508.516	405.327	-	12.079.038
Interest Income from Banks	-	-	-	48.849	-	48.849
Interest Income from Securities	-	-	-	3.793.148	-	3.793.148
Other Interest Income	-	-	-	32.718	45.893	78.611
Interest Expense	4.158.255	1.851.021	-	2.374.170	41.694	8.425.140
Interest Expense on Deposits	4.158.255	1.851.021	-	340.306	-	6.349.582
Interest Expense on Funds Borrowed	-	-	-	302.434	-	302.434
Interest Expense on Money Market Transactions	-	-	-	1.533.920	-	1.533.920
Interest Expense on Securities Issued	-	-	-	197.510	-	197.510
Other Interest Expense	-	-	-	-	41.694	41.694
Net Interest Income/Expense	103.614	3.052.305	2.508.516	1.905.872	4.199	7.574.506
Net Fees and Commission Income/Expense						
Fees and Commissions Received	598.234	388.826	49.821	(150.982)	40.420	926.319
Fees and Commissions Paid	598.234	388.826	49.821	4.633	138.395	1.179.909
	-	-	-	155.615	97.975	253.590
Dividend Income	-	-	-	195.655	-	195.655
Trading Income/Loss (Net)	-	-	-	(223.477)	-	(223.477)
Other Operating Income	18.204	133.212	36.713	2.668	807.990	998.787
Provision for Loans or Other Receivables Losses	317.389	564.831	222.734	1.862	2.149	1.108.965
Other Operating Expense	35.143	142.625	23.090	-	3.580.913	3.781.771
Income Before Tax	367.520	2.866.887	2.349.226	1.727.874	(2.730.453)	4.581.054
Tax Provision	-	-	-	-	(999.414)	(999.414)
Net Profit/Loss	-	-	-	-	3.581.640	3.581.640
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	1.005.631	-	1.005.631
Banks and Other Financial Institutions	-	-	-	3.869.022	-	3.869.022
Financial Assets Available for Sale (Net)	-	-	-	52.529.477	-	52.529.477
Loans	50.051.171	89.071.949	35.124.409	7.133.222	-	181.380.751
Held to Maturity Investments (Net)	-	-	-	10.287.998	-	10.287.998
Associates, Subsidiaries and Joint Ventures	-	-	-	2.639.225	-	2.639.225
Other Assets	-	-	-	-	47.371.906	47.371.906
Total Segment Assets	50.051.171	89.071.949	35.124.409	77.464.575	47.371.906	299.084.010
SEGMENT LIABILITIES						
Deposits	137.730.691	39.937.359	-	9.191.817	1.123.678	187.983.545
Derivative Financial Liabilities Held for Trading	-	-	-	397.232	-	397.232
Funds Borrowed	-	-	-	20.138.407	-	20.138.407
Money Market Funds	-	-	-	39.788.851	-	39.788.851
Securities Issued (Net)	-	-	-	5.056.991	-	5.056.991
Provisions	-	-	-	-	5.056.683	5.056.683
Other Liabilities	-	-	-	-	11.413.087	11,413,087
Shareholders' Equity	-	-	-	-	29.249.214	29,249,214
Total Segment Liabilities	137.730.691	39.937.359	-	74.573.298	46.842.662	299.084.010
OTHER SEGMENT ITEMS						
Capital Investment	-	-	-	-	-	-
Amortization Expense	-	-	-	-	228.817	228.817
Restructuring Costs	-	-	-	-	-	-

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VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

Table for Segment Reporting: (Continued)

Prior Period	Retail Banking	Corporate/ Entrepreneurial Banking	Specialized Banking	Treasury/ Investment Banking	Other /Undistributed	Total
OPERATING INCOME/EXPENSE						
30 September 2014						
Interest Income	3.781.638	3.390.421	1.810.750	4.359.180	12.241	13.354.230
Interest Income from Loans	3.781.638	3.390.421	1.810.750	286.344	-	9.269.153
Interest Income from Banks	-	-	-	43.788	-	43.788
Interest Income from Securities	-	-	-	4.027.191	-	4.027.191
Other Interest Income	-	-	-	1.857	12.241	14.098
Interest Expense	3.847.613	1.521.317	-	1.753.981	32.040	7.154.951
Interest Expense on Deposits	3.847.613	1.521.317	-	269.784	-	5.638.714
Interest Expense on Funds Borrowed	-	-	-	192.715	-	192.715
Interest Expense on Money Market Transactions	-	-	-	1.151.148	-	1.151.148
Interest Expense on Securities Issued	-	-	-	140.334	-	140.334
Other Interest Expense	-	-	-	-	32.040	32.040
Net Interest Income/Expense	(65.975)	1.869.104	1.810.750	2.605.199	(19.799)	6.199.279
Net Fees and Commission Income/Expense	496.762	302.437	40.997	(112.499)	54.541	782.238
Fees and Commissions Received	496.762	302.437	40.997	3.846	151.851	995.893
Fees and Commissions Paid	-	-	-	116.345	97.310	213.655
Dividend Income	-	-	-	186.285	-	186.285
Trading Income/Loss (Net)	-	-	-	(34.028)	-	(34.028)
Other Operating Income	21.461	58.625	78.181	2.060	558.241	718.568
Provision for Loans or Other Receivables Losses	279.736	363.490	175.350	18	230.426	1.049.020
Other Operating Expense	23.408	116.745	18.650	-	2.800.263	2.959.066
Income Before Tax	149.104	1.749.931	1.735.928	2.646.999	(2,437,706)	3,844,256
Tax Provision	-	-	-	-	(818.471)	(818.471)
Net Profit/Loss	-	-	-	-	3,025,785	3,025,785
SEGMENT ASSETS						
31 December 2014						
Financial Assets at FV Through P/L	-	-	-	310.742	-	310.742
Banks and Other Financial Institutions	-	-	-	2.191.041	-	2.191.041
Financial Assets Available for Sale (Net)	-	-	-	54.230.853	-	54.230.853
Loans	44.702.046	59.763.551	29.095.441	8.353.624	-	141.914.662
Held to Maturity Investments (Net)	-	-	-	10.021.056	-	10.021.056
Associates, Subsidiaries and Joint Ventures	-	-	-	1.631.285	-	1.631.285
Other Assets	-	-	-	-	37.300.672	37.300.672
Total Segment Assets	44.702.046	59.763.551	29.095.441	76.738.601	37.300.672	247.600.311
SEGMENT LIABILITIES						
31 December 2014						
Deposits	109.635.533	36.090.565	-	5.683.872	1.845.278	153.255.248
Derivative Financial Liabilities Held for Trading	-	-	-	395.584	-	395.584
Funds Borrowed	-	-	-	14.607.707	-	14.607.707
Money Market Funds	-	-	-	31.781.076	-	31.781.076
Securities Issued (Net)	-	-	-	4.218.806	-	4.218.806
Provisions	-	-	-	-	4.757.837	4.757.837
Other Liabilities	-	-	-	-	10.043.889	10,043,889
Shareholders' Equity	-	-	-	-	28.540.164	28,540,164
Total Segment Liabilities	109.635.533	36.090.565	-	56.687.045	45,187,168	247,600,311
OTHER SEGMENT ITEMS						
Capital Investment	-	-	-	-	-	-
Amortization Expense	-	-	-	-	182.482	182,482
Restructuring Costs	-	-	-	-	-	-

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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	1.271.865	880.655	1.162.327	614.925
Central Bank of the Republic of Turkey	2.809.737	33.680.248	1.611.393	26.753.700
Other	801	4.544	1	6.637
Total	4.082.403	34.565.447	2.773.721	27.375.262

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 2015/19. 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. 2015/19, 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 time 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 20%; for FC liabilities other than deposits up to 2-years maturity 14%; for FC liabilities other than deposits up to 3-years maturity 8%; for FC liabilities other than deposits up to 5-years maturity 7% and for FC liabilities other than deposits more than 5-years maturity 6%.

According to the press release of CBRT held on 21 October 2014, interest payment for Turkish Lira reserve requirement has been commenced from the November 2014 maintenance period. In addition, according to Press Release of CBRT on Remuneration of Foreign Currency Required and Free Reserves numbered 2015/35, the implementation of remuneration for US dollars denominated required reserves, reserve options and free reserves held at CBRT has been started as of 5 May 2015.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2.747.124	774.251	1.563.450	301.734
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves ⁽¹⁾⁽²⁾	62.613	32.905.997	47.943	26.451.966
Total	2.809.737	33.680.248	1.611.393	26.753.700

⁽¹⁾ Required reserve of branches abroad amounting to TL 82.001 is presented in this line (31 December 2014: TL 75.723).

⁽²⁾ TL 20.952.936 in FC required reserves is the part of TL required reserves kept as FC (31 December 2014: TL 18.822.279).

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	-	5.265
Total	-	5.265

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

Derivative Financial Assets Held-for-Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	52.186	50.952	5.949	6.583
Swap Transactions	718.543	152.766	259.596	24.420
Futures Transactions	-	-	-	-
Options	12	10	17	11
Other	-	-	-	-
Total	770.741	203.728	265.562	31.014

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	432.379	61.279	486.524	253.784
Foreign Banks	18.048	3.357.316	23.640	1.427.093
Foreign Head Office and Branches	-	-	-	-
Total	450.427	3.418.595	510.164	1.680.877

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	37.393.675	30.650.483
Assets Blocked/Given as Collateral	5.142.699	5.700.219
Total	42.536.374	36.350.702

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	54.099.549	53.925.141
Quoted in Stock Exchange	54.099.549	53.925.141
Not Quoted in Stock Exchange	-	-
Share Certificates	551.543	446.542
Quoted in Stock Exchange	366.707	274.474
Not Quoted in Stock Exchange	184.836	172.068
Provision for Impairment (-)	2.121.615	140.830
Total	52.529.477	54.230.853

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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:

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 ^{(1) (2)}	260.246	-	248.808	-
Total	260.246	-	248.808	-

(1) Interest rediscount and interest accrual amounting TL 2.158, are not included in the table above.

(2) Since the balance of overdraft accounts related to employees amounting TL 12.130, is showed under Table 5-c as overdraft accounts (real person), it is not included to the table above.

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	140.157.913	924.681	-	2.156.016	752.546	-
Commercial Loans	84.201.532	463.474	-	786.893	645.175	-
Export Loans	2.702.276	-	-	20.788	-	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	4.410.158	-	-	-	-	-
Consumer Loans	45.258.793	461.150	-	1.278.792	104.278	-
Credit Cards	2.826.762	57	-	63.754	3.093	-
Other ⁽²⁾	758.392	-	-	5.789	-	-
Specialized Lending ⁽³⁾⁽⁴⁾	30.313.413	1.719.110	-	758.246	192.876	-
Other Receivables	-	-	-	-	-	-
Interest Income Accruals	3.587.315	-	-	-	-	-
Total	174.058.641	2.643.791	-	2.914.262	945.422	-

(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 (*)	2.578.494	924.492
3.4 or 5 Times Extended	65.282	20.930
Over 5 Times Extended	15	-

(*) Number of modification made according to extent of payment plan of individual loans 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	348.759	140.822
6 - 12 Months	1.603.418	397.321
1 - 2 Years	438.588	133.083
2 - 5 Years	226.044	255.860
5 Years and Over	26.982	18.336
Total	2.643.791	945.422

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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	348.759	45.856.737	46.205.496
Real Estate Loans ⁽²⁾	6.746	21.499.465	21.506.211
Vehicle Loans	1.205	185.901	187.106
Consumer Loans ⁽²⁾	336.837	23.835.683	24.172.520
Abroad	3.971	335.688	339.659
Other	-	-	-
Consumer Loans- Indexed to FC	-	3	3
Real Estate Loans	-	3	3
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- FC	1.531	27.153	28.684
Real Estate Loans	-	95	95
Vehicle Loans	-	-	-
Consumer Loans	87	1.019	1.106
Abroad	1.444	26.039	27.483
Other	-	-	-
Individual Credit Cards-TL	2.527.587	3.029	2.530.616
With Installment	888.848	189	889.037
Without Installment	1.638.739	2.840	1.641.579
Individual Credit Cards-FC	254	-	254
With Installment	18	-	18
Without Installment	236	-	236
Personnel Loans-TL	8.016	175.803	183.819
Real Estate Loans	-	246	246
Vehicle Loans	-	-	-
Consumer Loans	7.924	173.843	181.767
Abroad	92	1.714	1.806
Other	-	-	-
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	76.254	155	76.409
With Installment	33.845	98	33.943
Without Installment	42.409	57	42.466
Personnel Credit Cards-FC	18	-	18
With Installment	-	-	-
Without Installment	18	-	18
Overdraft Accounts-TL (Real Person)	685.011	-	685.011
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	3.647.430	46.062.880	49.710.310

⁽¹⁾ TL 306.743 of interest income accrual is not included in the table above.

⁽²⁾ Consumer loans originated from funds amounting to TL 3.359.648 of are included in the table above.

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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	928.362	12.797.578	13.725.940
Business Loans	752	404.088	404.840
Vehicle Loans	32.155	748.529	780.684
Consumer Loans	895.455	11.644.961	12.540.416
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	6.457	17.910.487	17.916.944
Business Loans	-	3.497	3.497
Vehicle Loans	-	326	326
Consumer Loans	6.457	17.906.664	17.913.121
Other	-	-	-
Corporate Credit Cards-TL	286.294	66	286.360
With Installment	86.436	51	86.487
Without Installment	199.858	15	199.873
Corporate Credit Cards-FC	9	-	9
With Installment	-	-	-
Without Installment	9	-	9
Overdraft Account-TL (Legal Entity)	93.588	-	93.588
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	1.314.710	30.708.131	32.022.841

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

e) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	171.935.903	133.807.603
Foreign Loans	5.038.898	5.087.993
Interest Income Accruals of Loans	3.587.315	2.234.315
Total	180.562.116	141.129.911

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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)

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	864.228	748.123
Indirect loans granted to subsidiaries and associates	-	-
Total	864.228	748.123

g) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	95.768	88.537
Loans and other receivables with doubtful collectability	462.609	447.645
Uncollectible loans and other receivables	1.623.977	1.395.987
Total	2.182.354	1.932.169

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)	13.631	61.534	103.971
Loans and other receivables which are restructured	13.631	61.534	103.971
Rescheduled loans and other receivables	-	-	-
Prior period (Gross amounts before the specific provisions)	15.457	61.241	115.881
Loans and other receivables which are restructured	15.457	61.241	115.881
Rescheduled loans and other receivables	-	-	-

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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)

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	178.454	470.670	2.067.796
Additions (+)	953.985	127.195	253.903
Transfers from other categories of non-performing loans (+)	-	813.353	757.910
Transfers to other categories of non-performing loans (-)	813.353	757.910	-
Collections (-) ⁽¹⁾	127.455	171.039	752.520
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period End Balance ⁽²⁾	191.631	482.269	2.327.089
Specific Provision (-) ⁽³⁾	95.768	462.609	1.623.977
Net Balance on Balance Sheet ⁽²⁾	95.863	19.660	703.112

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

⁽²⁾ Includes the loans originated from funds amounting to TL 250.719 whose risk does not belong to the Bank.

⁽³⁾ As of 30 September 2015, Bank made 100% provision for the portion of TL 156.912 of the loans under follow-up which is TL 627.633 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	2.056	4.245	5.370
Specific Provision (-)	1.028	4.245	5.370
Net Balance on Balance Sheet	1.028	-	-
Prior Period:			
Period Ending Balance	84	2.713	4.296
Specific Provision (-)	42	2.713	4.296
Net Balance on Balance Sheet	42	-	-

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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: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period (Net)	95.863	19.660	703.112
Loans to Real Persons and Legal Entities (Gross)	191.631	416.596	2.327.089
Specific Provisions (-)	95.768	396.936	1.623.977
Loans to Real Persons and Legal Entities (Net)	95.863	19.660	703.112
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	65.673	-
Specific Provisions (-)	-	65.673	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	89.917	23.025	671.809
Loans to Real Persons and Legal Entities (Gross)	178.454	407.466	2.067.796
Specific Provisions (-)	88.537	384.441	1.395.987
Loans to Real Persons and Legal Entities (Net)	89.917	23.025	671.809
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	63.204	-
Specific Provisions (-)	-	63.204	-
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	1.206.871	4.082.206	466.841	3.910.057
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	1.206.871	4.082.206	466.841	3.910.057

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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	2.985.724	1.717.681	3.024.939	1.157.083
Other	-	-	-	-
Total	2.985.724	1.717.681	3.024.939	1.157.083

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

	Current Period	Prior Period
Government Bonds	10.242.146	10.009.309
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	10.242.146	10.009.309

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	10.287.998	10.021.056
Quoted in a Stock Exchange	10.242.146	10.009.309
Not Quoted in a Stock Exchange	45.852	11.747
Provision for Impairment (-)	-	-
Total	10.287.998	10.021.056

d) Movements of held-to-maturity investments:

	Current Period	Prior Period
Beginning Balance	10.021.056	15.660.350
Foreign Currency Differences on Monetary Assets	1.347.007	228.670
Purchases During the Year	147.367	182.093
Disposals through Sales and Redemptions	(1.227.432)	(6.050.057)
Provision for Impairment (-)	-	-
Period End Balance	10.287.998	10.021.056

Within the year 2008, the Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TL 23.630.115, EUR 717.616 thousand and USD 1.483.317 thousand to held-to-maturity portfolio with fair values of TL 22.971.669, EUR 702.950 thousand and USD 1.562.742 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 EUR 37.951 thousand and USD 45.501 thousand to held-to-maturity portfolio with fair values of EUR 37.178 thousand and USD 62.311 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 the Public Oversight Accounting and Auditing Standards Authority (“POA”).

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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 TL 68.984, 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 USD 12.197 thousand and EUR 2.852 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR 30.003 thousand and USD 67.008 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 TL 7.534 would have been recorded. As of 30 September 2015, the reclassification from held for trading securities to held to maturity investments has an income statement impact of TL (18.075).

7. Information about associates (net):

a) 1) Information about unconsolidated associates:

	Description	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	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	65.901	35.309	39.402	776	-	9.605	7.882	-
2	121.443	92.637	49.289	3.576	-	25.246	18.547	-

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

(2) Current period information of associates has been provided from reviewed financial statements as of 30 September 2015. Prior period profit/loss information of associates has been provided from reviewed financial statements as of 30 September 2014.

(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	3.974.635	573.674	22.072	84.396	16.633	41.824	60.284	-

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

(2) Current period information of ArapTürk Bankası A.Ş. has been provided from reviewed financial statements as of 30 September 2015 and prior period profit/loss information of ArapTürk Bankası A.Ş. has been provided from reviewed financial statements as of 30 September 2014.

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (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	88.846	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	88.846
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	88.846
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

4) Consolidated associates quoted to a stock exchange:

None (31 December 2014: None).

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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)

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	33.903	10.214	3.473	201	55	291	10.171	-

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

(2) Current period information of the subsidiaries has been provided from unreviewed financial statements as of 30 September 2015 and prior period profit/loss information has been provided from reviewed financial statements as of 30 September 2014.

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 shareholders' 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 Katılım Bankası A.Ş. ⁽¹⁾	Istanbul / TURKEY	100,00	100,00
7	Ziraat Bank International A.G.	Frankfurt / GERMANY	100,00	100,00
8	Ziraat Bank BH d.d.	Sarajevo / BOSNIA HERZEGOVINA	100,00	100,00
9	Ziraat Bank (Moscow) CJSC	Moscow / RUSSIA	100,00	100,00
10	Kazakhstan Ziraat Int. Bank	Almaty / KAZAKHSTAN	100,00	99,58
11	Ziraat Bank Azerbaycan ASC	Baku/ AZERBAIJAN	100,00	100,00
12	Ziraat Bank Montenegro AD ⁽²⁾	Podgorica / MONTENEGRO	100,00	100,00

(1) Ziraat Katılım Bankası A.Ş., which was established with the permission of BRSA numbered 6046, dated 10 October 2014 and was registered on 13 February 2015, started its operations by the consent of BRSA, dated 12 May 2015 numbered 6302, that was published by the Official Gazette, dated 14 May 2015, numbered 29355.

(2) Ziraat Bank Montenegro AD, which was established with the permission of the Montenegro Central Bank regarding setting up a subsidiary bank, dated 6 April 2015, started its operations on 27 July 2015.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

b) 1) Explanation regarding consolidated subsidiaries: (Continued)

	Total Assets ⁽³⁾	Shareholders' Equity ⁽³⁾	Total Non-Current Assets ⁽³⁾	Interest Income ⁽³⁾⁽⁴⁾	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	2.448.585	265.913	2.329	96.519	-	125.568	104.552	-	-
2	589.243	175.263	2.828	42.875	-	65.855	54.263	-	-
3	2.608.469	227.314	4.866	1.805	-	27.838	(9.872)	-	-
4	284.719	86.336	826	6.015	2.950.817	15.201	7.168	-	-
5	18.683	16.814	632	1.190	9.577	4.454	2.609	-	-
6	1.423.489	677.317	35.380	29.926	17.500	222	-	-	-
7	4.902.459	616.358	3.749	100.369	1.969	39.629	8.169	572.382	-
8	1.113.105	197.600	15.966	31.734	573	6.464	5.188	159.032	-
9	173.173	53.003	3.529	5.558	124	2.389	2.152	112.646	-
10	560.893	223.850	13.684	18.372	643	11.157	5.919	258.982	-
11	212.539	147.438	5.126	7.412	988	3.038	-	166.682	-
12	34.201	31.999	2.529	6	-	(1.660)	-	30.627	-

(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 unreviewed financial statements as of 30 September 2015, the prior period profit/loss balances have been provided from reviewed financial statements as of 30 September 2014.

(4) The amount related to Ziraat Katılım Bankası A.Ş. showed under interest income includes profit share income.

2) Information about consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	1.453.735	1.145.069
Movements During the Period	997.857	308.666
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾⁽²⁾	997.857	100.000
Bonus Shares Obtained	-	-
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	2.451.592	1.453.735
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

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

(2) Purchases include amounts of Ziraat Bank Azerbaijan ASC, Ziraat Katılım Bank A.Ş. and Ziraat Bank Montenegro AD established as subsidiaries of the Bank.

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

	Current Period	Prior Period
Banks	1.975.351	977.494
Insurance Companies	129.972	129.972
Factoring Companies	-	-
Leasing Companies	282.839	282.839
Financing Companies	-	-
Other Financial Subsidiaries	63.430	63.430

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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)

c) Subsidiaries which are quoted on a stock exchange:

None (31 December 2014: 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	38.353	38.353	340.784	13.141	10.293	51.169	32.896
UTbank JSC ⁽³⁾	37.552	37.567	235.432	3.487	1.886	17.494	11.806
Total	75.905	75.920	576.216	16.628	12.179	68.663	44.702

⁽¹⁾ Information on entities under common control is provided from the unreviewed financial statements as of 30 September 2015.

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

⁽³⁾ The title of Uzbekistan Turkish Bank, one of the entities under common control of the Bank, has been changed to UTbank JCS on 8 May 2015.

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:

The Bank has no finance lease receivables (31 December 2014: None).

11. Information on derivative financial assets for hedging purposes:

The Bank has no derivative financial assets for hedging purposes (31 December 2014: None).

12. Information on investment property:

None (31 December 2014: 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 TL 217.079 consisting of TL 13.934 on consumer loans, TL 160.349 on its commercial loans and TL 42.796 on its agricultural loans. Also, the sum of movables acquired from consumer loan amount to TL 1.447. Total depreciation expense is TL 2.096 for these held for sale assets. (31 December 2014: The Bank's immovables acquired amount to TL 175.260 consisting of TL 15.038 on consumer loan, TL 126.506 on its commercial loans and TL 33.716 on its agricultural loans. Also, the sum of movables acquired from consumer loan amount to TL 740. Total depreciation expense is TL 2.745 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	Operational Leasing Development Costs ⁽¹⁾	Other Tangibles	Total
Prior Period End:						
Cost	5.157.517	6.851	37.639	144.560	573.667	5.920.234
Accumulated Depreciation (-)	757.246	1.096	25.597	74.926	308.121	1.166.986
Net Book Value	4.400.271	5.755	12.042	69.634	265.546	4.753.248
Current Period End:						
Net Book Value at the Beginning of the Period	4.400.271	5.755	12.042	69.634	265.546	4.753.248
Change During the Period (Net)	77.685	-	11.995	38.507	156.762	284.949
Depreciation (Net) (-)	105.098	533	1.764	23.522	60.896	191.813
Impairment (-)	3.740	-	-	-	-	3.740
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-
Cost at Period End	5.231.462	6.851	49.634	183.067	730.429	6.201.443
Accumulated Depreciation at Period End (-)	862.344	1.629	27.361	98.448	369.017	1.358.799
Closing Net Book Value	4.369.118	5.222	22.273	84.619	361.412	4.842.644

⁽¹⁾ The Bank has began to classify the operational leasing development costs under tangible fixed assets in the financial statements dated 31 March 2015, which was previously being followed under intangible assets.

- a) The impairment provision set or cancelled in the current year 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	17.278.908	-	2.756.720	52.666.558	4.160.603	937.809	692.100	5.263	78.497.961
Foreign Currency Deposits	11.431.085	-	7.473.918	18.621.905	5.077.184	3.737.412	12.890.765	461	59.232.730
Residents in Turkey	10.312.749	-	7.276.794	16.593.311	4.579.283	3.078.195	10.447.816	461	52.288.609
Residents Abroad	1.118.336	-	197.124	2.028.594	497.901	659.217	2.442.949	-	6.944.121
Public Sector Deposits	6.499.190	-	4.011.516	4.238.328	1.323.396	2.274.156	13.902	-	18.360.488
Commercial Inst. Deposits	3.834.151	-	4.832.887	4.085.642	1.071.467	54.906	11.513	-	13.890.566
Other Inst. Deposits	1.415.962	-	1.469.579	2.537.389	1.247.709	702.453	313.213	-	7.686.305
Precious Metals	923.547	-	28.512	130.551	20.819	10.558	9.691	-	1.123.678
Interbank Deposits	489.601	-	5.534.590	1.531.822	437.291	1.160.700	37.813	-	9.191.817
CBRT	5.452	-	-	-	-	-	-	-	5.452
Domestic Banks	97.342	-	4.554.819	78.970	100.263	13.080	4.301	-	4.848.775
Foreign Banks	156.494	-	979.771	1.452.852	337.028	1.147.620	33.512	-	4.107.277
Participation Banks	230.313	-	-	-	-	-	-	-	230.313
Other	-	-	-	-	-	-	-	-	-
Total	41.872.444	-	26.107.722	83.812.195	13.338.469	8.877.994	13.968.997	5.724	187.983.545

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	11.772.551	-	2.403.145	48.839.380	3.673.378	787.318	643.760	5.053	68.124.585
Foreign Currency Deposits	7.483.733	-	4.111.868	14.169.966	3.513.131	2.285.406	9.946.464	380	41.510.948
Residents in Turkey	6.786.505	-	3.966.094	12.541.984	3.136.388	1.880.804	8.546.936	375	36.859.086
Residents Abroad	697.228	-	145.774	1.627.982	376.743	404.602	1.399.528	5	4.651.862
Public Sector Deposits	5.997.876	-	2.726.721	3.817.763	612.103	3.268.289	427.620	-	16.850.372
Commercial Inst. Deposits	3.459.392	-	4.550.777	3.975.324	79.367	58.430	6.357	-	12.129.647
Other Inst. Deposits	1.362.138	-	1.376.527	3.808.751	103.949	453.067	6.114	-	7.110.546
Precious Metals	1.553.092	-	42.462	213.553	17.807	8.436	9.928	-	1.845.278
Interbank Deposits	174.372	-	4.740.369	745.131	18.000	6.000	-	-	5.683.872
CBRT	3.824	-	-	-	-	-	-	-	3.824
Domestic Banks	15.294	-	4.319.857	299.942	18.000	6.000	-	-	4.659.093
Foreign Banks	46.786	-	420.512	445.189	-	-	-	-	912.487
Participation Banks	108.468	-	-	-	-	-	-	-	108.468
Other	-	-	-	-	-	-	-	-	-
Total	31.803.154	-	19.951.869	75.569.868	8.017.735	6.866.946	11.040.243	5.433	153.255.248

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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⁾	53.212.782	45.578.354	25.031.697	22.285.192
Foreign Currency Saving Deposits ⁽²⁾	19.551.661	16.414.992	24.878.702	16.534.145
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽¹⁾	555.523	507.656	53.616	44.686
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, TL 52.219 and TL 9.359 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2014: Bulgaria and Greece, respectively TL 27.725, TL 14.642).

⁽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, TL 1.595 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 TL 100 attributable to a real person is covered by the insurance, TL 464.696 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.

2) Information on saving deposits/real persons' private current and accession accounts not related to commercial transactions in a Turkish branch of the Bank whose head office is 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	62.279	51.132
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board, CEO, Executive Vice Presidents and Their Close Family Members	4.278	3.731
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	51.732	47.609	5.771	4.167
Swap Transactions	2.708	295.172	13.028	372.605
Futures Transactions	-	-	-	-
Options	5	6	7	6
Other	-	-	-	-
Total	54.445	342.787	18.806	376.778

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	289.950	376.587	205.241	225.314
Foreign Banks, Institutions and Funds	944.015	18.527.855	944.016	13.233.136
Total	1.233.965	18.904.442	1.149.257	13.458.450

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	269.368	6.408.407	180.844	9.960.659
Medium and Long-Term	964.597	12.496.035	968.413	3.497.791
Total	1.233.965	18.904.442	1.149.257	13.458.450

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

62,85% 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	23.963.142	-	16.310.776	-
Financial Institutions and Organizations	23.633.605	-	15.777.291	-
Other Institutions and Organizations	296.439	-	510.319	-
Real Person	33.098	-	23.166	-
From Overseas Operations	-	15.825.709	-	15.470.300
Financial Institutions and Organizations	-	15.825.709	-	15.470.300
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	23.963.142	15.825.709	16.310.776	15.470.300

e) Information on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1.888.416	735.741	1.563.102	783.430
Treasury Bills ⁽¹⁾	-	2.432.834	-	1.872.274
Total	1.888.416	3.168.575	1.563.102	2.655.704

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	4	-	1.424	1.388
1-4 Years	1	-	1	1
More than 4 Years	-	-	-	-
Total	5	-	1.425	1.389

6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes (31 December 2014: None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Explanations on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions	2.777.681	2.311.581
Provisions for First Group Loans and Receivables	2.396.162	2.023.810
Additional Provision for Loans and Receivables with Extended Maturities	91.512	69.814
Provisions for Second Group Loans and Receivables	145.416	126.642
Additional Provision for Loans and Receivables with Extended Maturities	25.520	18.471
Provisions for Non-Cash Loans	158.079	118.205
Other	78.024	42.924

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

Foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables amount to TL 670. (31 December 2014: TL 2.071)

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL 43.282. (31 December 2014: TL 58.774)

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 TL 1.255.400 (TL 64.600 of this provision amount was reversed from the income statement in the current year), 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 TL 14.050 and other provision of TL 9 exist for cash transfers made by Bank officials.

	Current Period	Prior Period
Free provisions for possible risks	1.269.459	1.334.053

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 TL 100 amounts to TL 58.140. Full provision has been provided in these financial statements for law suits ended against the Bank but not finalized yet, amounting to TL 34.309.

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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 TL 109.100 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.

As a result of the audit performed by the Ministry of Customs and Trade, as part of the law numbered 6502 and abrogated law terms numbered 4077, the fine valued at TL 110.110, which is fined to Paret Bank, was paid as TL 82.583, dated 7 September 2015, by making use of the prepayment discount towards the 17th item of the the Code of Misdemeanor Law, and the amount TL 82.600 charged in other provisions account was cancelled.

The Bank also provided provisions amounting to TL 43.282 for unindemnified non-cash loans (31 December 2014: TL 58.774), and TL 11.724 for other provisions. (31 December 2014: TL 12.006) As a result, in addition to the provisions mentioned above, the other provision balance on the Bank’s balance sheet amounts to TL 1.467.874 (31 December 2014: TL 1.629.692).

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 2015 unpaid vacation provision amounted to TL 168.000 (31 December 2014: TL 150.100) and employment termination benefits provision amounted to TL 643.128 (31 December 2014: TL 666.464) 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 2015, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 201.076 (31 December 2014: TL 525.976).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on tax liability: (Continued)

a) Information on current tax liability:

2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	201.076	525.976
Taxation on Income From Securities	204.557	155.999
Property Tax	1.986	1.847
Banking Insurance Transactions Tax (BITT)	95.745	85.838
Foreign Exchange Transactions Tax	29	20
Value Added Tax Payable	2.208	4.385
Other	45.861	50.438
Total	551.462	824.503

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	31	42
Social Security Premiums - Employer	43	58
Bank Social Aid Pension Fund Premium - Employee	8	148
Bank Social Aid Pension Fund Premium - Employer	18	287
Pension Fund Membership Fees and Provisions - Employee	10	9
Pension Fund Membership Fees and Provisions - Employer	17	26
Unemployment Insurance - Employee	523	420
Unemployment Insurance - Employer	1.048	843
Other	-	-
Total	1.698	1.833

a) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TL 484.231 (31 December 2014: TL 608.846) and this amount is net off against the deferred tax asset and accordingly deferred tax asset amounting to TL 468.476 (31 December 2014: TL 220.823) is presented in the financial statements.

9. Information on payables for assets held for sale and discontinued operations:

The Bank does not have any payables for assets held for sale and discontinued operations.

10. Explanations on subordinated debts:

The Bank does not have any subordinated debts.

11. Information on shareholders' equity:

a) Presentation on paid-in capital:

	Current Period	Prior Period
Common stock	5.000.000	2.500.000
Preferred stock	-	-

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

11. Information on shareholders’ equity: (Continued)

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:

In accordance with the decision taken at the Extraordinary General Assembly, carried out on 11 February 2015, the paid-in capital of the bank which was TL 2.500.000 has been increased by TL 1.825.000 from internal sources, and TL 675.000 cash to TL 5.000.000 and the capital increase has been registered to Trade Registry Gazette No. 8761 dated 18 February 2015.

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

There is TL 543.482 capital reserves in the current period.

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

The Bank has no capital commitments.

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

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

g) Information on preferred shares:

The Bank has no preferred shares.

h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	202.072	214.546	202.072	214.546
Revaluation Difference	-	214.546	-	214.546
Foreign Exchange Difference	202.072	-	202.072	-
From Available for Sale Marketable Securities	(1.751.216)	277.348	858.173	903.342
Revaluation Difference	(2.223.183)	277.348	1.216.142	903.342
Deferred Tax Effect	471.967	-	(357.969)	-
Foreign Exchange Difference	-	-	-	-
Total	(1.549.144)	491.894	1.060.245	1.117.888

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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
Commitments for Credit Card Expenditure Limits	7.204.595	7.160.308
Asset Purchase Commitments	4.771.406	3.978.344
Other Irrevocable Commitments	3.018.277	2.737.371
Payment Commitments for Cheques	2.627.055	2.266.952
Loan Granting Commitments	1.447.426	4.525.136
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	20.801	17.011
Total	19.089.560	20.685.122

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

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

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

	Current Period	Prior Period
Guarantee Letters	46.396.706	31.861.188
Letter of Credits	6.764.893	5.589.227
Bank Acceptances	4.523.447	3.587.084
Total	57.685.046	41.037.499

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

	Current Period	Prior Period
Letter of Certain Guarantees	28.826.956	21.454.330
Letters of Advance Guarantees	12.699.117	7.792.444
Letter of Temporary Guarantees	3.315.245	1.639.412
Other Letters of Guarantees	941.468	884.875
Letters of Guarantees given to Customs Offices	613.920	90.127
Total	46.396.706	31.861.188

c) Total non-cash loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	794.890	864.826
With Original Maturity of One Year or Less	303	24.845
With Original Maturity of More than One Year	794.587	839.981
Other Non-Cash Loans	56.890.156	40.172.673
Total	57.685.046	41.037.499

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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⁾	10.583.103	1.495.935	8.365.606	903.547
Short Term Loans	2.847.635	61.813	2.933.380	76.295
Medium and Long Term Loans	7.614.893	1.434.102	5.330.112	827.231
Interest on Non-Performing Loans	120.575	20	102.114	21
Premiums from Resource Utilization Support Fund	-	-	-	-

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

b) Information on interest received from the banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	608	-	-	-
Domestic Banks	25.273	236	23.998	2.338
Foreign Banks	1.065	21.667	1.471	15.981
Head Office and Branches	-	-	-	-
Total	26.946	21.903	25.469	18.319

c) Information on interest income from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Held for Trading	749	199	1.490	593
Financial Assets at Fair Value through Profit and Loss	-	-	-	-
Financial Assets Available-for-Sale	2.862.010	365.142	2.938.226	258.000
Investments Held-to-Maturity	285.143	279.905	586.081	242.801
Total	3.147.902	645.246	3.525.797	501.394

d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	11.402	21.065

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	76.220	226.214	68.262	124.453
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	13.346	2.831	7.796	2.901
Foreign Banks	62.874	223.383	60.466	121.552
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	76.220	226.214	68.262	124.453

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

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

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	18.098	13.493

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Securities Issued	116.864	80.646	122.515	17.819

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	-	309.793	-	-	-	-	-	309.793
Saving deposits	-	132.022	3.216.816	226.467	48.327	33.377	1.237	3.658.246
Public sector deposits	113	188.685	311.623	39.420	229.829	1.721	-	771.391
Commercial deposits	116	309.178	301.163	48.856	18.331	617	-	678.261
Other deposits	11	68.686	236.729	37.320	39.757	18.864	-	401.367
7 days call accounts	-	-	-	-	-	-	-	-
Total	240	1.008.364	4.066.331	352.063	336.244	54.579	1.237	5.819.058
FC								
Foreign currency deposits	1.227	57.228	189.429	44.932	38.389	167.738	8	498.951
Bank deposits	30.513	-	-	-	-	-	-	30.513
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	105	769	83	49	54	-	1.060
Total	31.740	57.333	190.198	45.015	38.438	167.792	8	530.524
Grand Total	31.980	1.065.697	4.256.529	397.078	374.682	222.371	1.245	6.349.582

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

	Current Period	Prior Period
Profit	28.107.355	12.800.156
Foreign Exchange Gains	25.244.611	11.375.045
Profit on Derivative Financial Instruments	2.792.346	1.368.037
Profit from the Capital Market Transactions	70.398	57.074
Loss (-)	28.330.832	12.834.184
Foreign Exchange Loss	24.626.163	10.513.363
Loss on Derivative Financial Instruments	3.703.174	2.318.757
Loss from the Capital Market Transactions	1.495	2.064

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

	Current Period	Prior Period
Effect of the Change in Exchange Rates on Profit/Loss	571.394	(428.167)
Effect of the Change in Interest Rates on Profit/Loss	(1.482.222)	(522.553)
Total	(910.828)	(950.720)

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

5. Information on other operating income:

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

There are no significant matters covering the recent developments which have significant effect on the Bank’s income. Main component of the Bank’s other operating income consists of reversals from prior period provisions amounting to TL 620.468 (30 September 2014: TL 326.511) and income from sales of assets amounting to TL 73.101 (30 September 2014: TL 60.152).

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables ⁽¹⁾	642.701	578.543
Group III Loans and Receivables	97.688	110.215
Group IV Loans and Receivables	383.597	361.027
Group V Loans and Receivables	161.416	107.301
General Provision Expenses ⁽²⁾	462.252	240.033
Provision Expenses for the Possible Losses	1.500	178.500
Marketable Securities Impairment Expense	1.861	18
Financial Assets at Fair Value through Profit and Loss	33	-
Financial Assets Available for Sale	1.828	18
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	651	51.926
Total	1.108.965	1.049.020

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL 408.008 are presented in other operating income (30 September 2014: TL 333.245).

⁽²⁾ The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL 481 are presented in other operating income.

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

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	1.554.643	1.371.291
Reserve for Employee Termination Benefits	22.077	36.698
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	191.813	147.433
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	37.004	35.049
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	836.252	581.732
Operational Leasing Expenses	133.728	105.561
Maintenance Expenses	59.669	42.505
Advertisement Expenses	35.528	24.660
Other Expenses	607.327	409.006
Loss on Sales of Assets	197	626
Other ⁽¹⁾	1.139.785	786.237
Total	3.781.771	2.959.066

⁽¹⁾ TL 298.555 of the relevant balance is Savings Deposit Insurance Fund expense accrual (30 September 2014: TL 242.262), TL 291.201 is taxes, fees and tolls expenses (30 September 2014: TL 226.162), TL 82.583 is T.R. Ministry of Customs and Trade, which consists of the amounts paid in penalty as a result of the audit conducted within the scope of Regulation numbered 6502 and Regulation abrogated numbered 4077.

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

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

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

	Current Period	Prior Period
Net Interest Income	7.574.506	6.199.279
Other Operating Income	998.787	718.568
Net Fees and Commissions Income	926.319	782.238
Dividend Income	195.655	186.285
Trading Income/Expense (Net)	(223.477)	(34.028)
Provision for Loan or Other Receivables Losses (-)	1.108.965	1.049.020
Other Operating Expenses (-)	3.781.771	2.959.066
Income/(Loss) from Continuing Operations	4.581.054	3.844.256

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

As of 30 September 2015, the Bank's total tax provision expense amounting to TL 999.414 (30 September 2014: TL 818.471) consists of TL 420.897 (30 September 2014: 1.104.283) of current tax expense and TL 578.517 (30 September 2014: TL 285.812 deferred tax income) of deferred tax expense.

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

The Bank's net operating income after tax amounts to TL 3.581.640 (30 September 2014: TL 3.025.785).

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. (30 September 2014: None)

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:

	Current Period	Prior Period
Fees of Account Operations, Money Transfer and Other Commissions Income	426.695	385.794
Fees and Commission Income from Credit Cards	313.786	282.684
Commission Income from Insurances	170.218	142.183
Income from Expertise Fees	95.482	65.342
Total	1.006.181	876.003

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015

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

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	3.320.000	1.612.751	-	-	-	-
Closing Balance	4.777.919	2.197.235	-	-	-	-
Interest and Commissions Income	11.402	-	-	-	-	-

(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 1.274.473 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	2.819.175	907.299	-	-	-	-
Closing Balance	3.320.000	1.612.751	-	-	-	-
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 940.591 are included in the cash loans.

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	411.176	261.957	-	-	-	-
Closing Balance	625.998	411.176	-	-	-	-
Interest Expense on Deposits	18.098	13.493	-	-	-	-

(1) The prior period balance of the accrued interest expense of the deposit is the balance as of 30 September 2014.

**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 2015

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

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:

	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
Financial Operations at Fair Value Through Profit and Loss						
Opening Balance	-	-	-	-	-	-
Closing Balance	45.186	-	-	-	-	-
Total Income/ Loss ⁽¹⁾	3.243	-	-	-	-	-
Operations for Hedging Purposes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Income/ Loss ⁽¹⁾	-	-	-	-	-	-

⁽¹⁾ The prior period balance of the accrued interest expense of the deposit is the balance as of 30 September 2014.

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

Fees paid to the Bank’s key management total amount are TL 20.913 (30 September 2014: TL 18.344).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

- 1) For the first stage of the third airport in Istanbul, which is stated that the cost will reach approximately EUR 6 billion, the Bank has been involved with EUR 1.448.500 thousand to EUR 4.480.000 thousand financing package agreement which includes 6 banks.
- 2) The permission is received from Banking Regulation and Supervision Agency to open a banking branch in Georgia, Marneuli.

**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 2015

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

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON REVIEW REPORT

I. EXPLANATIONS ON REVIEW REPORT

As of 30 September 2015, 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 Review Report dated 4 November 2015 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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