

# “With Turkey, for Turkey”

2010 Annual Report

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T.C. ZİRAAT BANKASI A.Ş.

# Report on Compliance of Annual Report

## ZİRAAT BANK'S SHAREHOLDING STRUCTURE

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

## AMENDMENTS TO THE ARTICLES OF INCORPORATION DURING THE REPORTING PERIOD

No amendments were made to the Bank's Articles of Incorporation during the 2010 reporting period.

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

We have audited the compliance and consistency of the financial information included in the annual report of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") as of 31 December 2010 with the audited financial statements and explanatory notes. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on compliance and consistency of the financial information included in the annual report with the audited financial statements and explanatory notes.

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

In our opinion, the financial information included in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 31 December 2010 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law No.5411 and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements and explanatory notes originally issued in Turkish.

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



Alper Önder, SMMM

Istanbul, 24 February 2011

**“With Turkey, for Turkey”**  
**Value-adding**  
**Job-creating**  
**Industrious**  
**Thrifty**

These are the qualities of the people that we serve as a bank: The qualities of people whose productivity is rooted in the very soil of this country, of people who look forward to a secure future in this country, and of people who want to grow along with this country.

## Our Vision

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

## Our Mission

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

## Corporate Profile

### With Turkey, for Turkey

Having made its debut 147 years ago, Ziraat Bank ("the Bank") is headquartered in Ankara.

With total assets worth TL 151.2 billion (USD 98.2 billion) at the end of 2010, the Bank commands a 15% share in the Turkish banking industry.

Ziraat Bank serves its customers in the corporate, commercial, agricultural and retail banking segments with:

- 1,379 branches nationwide,
- 2,919 ATMs,
- 32 Video Teller Machines,
- Widely used internet branch,
- Ziraat Mobile Phone branch for mobile phones,
- Call center, and
- 22,708 employees.

A bank for everyone, Ziraat Bank remained the single provider of banking services at 420 locations across the country in 2010. The number of the Bank's daily transactions reached 3.5 million last year.

Ziraat Bank's strategies, which at the same time cater to the risk-reward balance and profitability, allow the Bank to uninterruptedly transfer resources to its customers under the toughest market conjunctures, while also contributing to economic development.

As Turkey's most profitable bank for the past seven years, Ziraat Bank posted a net profit of more than TL 3.7 billion for the period and controlled a 17% share in the market.

Ziraat Bank ranked first in Western Europe and sixth in the world in the "Best Return on Average Capital" category in the "Top 1000 World Banks 2010" listing of The Banker Magazine that is based on year-end 2009 data.

### Ziraat Bank possesses the most extensive reach of any Turkish bank in the world.

Boasting Turkey's largest banking service network, Ziraat Bank also offers service to its customers all over the world with the service network it established at 74 locations in 16 countries. Moreover, the Bank has a wide portfolio of subsidiaries in Turkey offering services in financial leasing, pensions, insurance, banking, investment banking, portfolio management, and information technology. This strong organization is the most valuable element of Ziraat Bank defining its ability to offer integrated financial services.

### Ziraat Bank sets a banking model for our country.

Standing for efficiency, productivity, quality, commitment to ethics, and confidence, the Ziraat brand positions the Bank as the prestigious and most preferred business partner in Turkey and in international markets.

Ziraat Bank will remain a bank that is able to compete in tomorrow's markets and continue to enjoy high levels of reputation thanks to the high-quality service it offers, while producing added value to the community, employing the unique wealth of knowledge it has accumulated over the last 147 years.

Ziraat Bank is committed to be a true example of sustainability in Turkey and the world, and to keep producing added value for all of its stakeholders.

## Financial Indicators

(TL million)	2010	2009	Change (%)
Total Assets	151,160	124,529	21
Liquid Assets and Banks	14,907	14,604	2
Securities Portfolio	76,352	70,988	8
Loans	57,443	36,725	56
Deposits	125,796	98,529	28
Shareholders' Equity	13,458	10,354	30
Interest Income	12,392	14,203	-13
Interest Expense	7,036	8,134	-13
Pretax Profit	4,469	4,417	1
Net Profit	3,713	3,511	6

Total assets of Ziraat Bank reached TL 151 billion in 2010 with an increase of 21.4%.

# 3,713

## TL million

Ziraat Bank's net profit rose by 5.7% in 2010 and reached TL 3,713 million.

# 57.4

## TL billion

Total loan portfolio of Ziraat Bank reached TL 57.4 billion in 2010 and took a market share of 10.6%.

# 125.8

## TL billion

With its total deposits rising to TL 125.8 billion in 2010, Ziraat Bank's market share increased from 18.4% to 19.4%.

Total Assets  
TL million



Loans  
TL million



Deposits  
TL million



Shareholders' Equity  
TL million



Ziraat Bank further leveraged its position at the top of the banking sector with its successful financial and operational performance in 2010.

## Highlights from Ziraat Bank's History

The founder of national banking industry, as well as the engine and the power source of the Turkish economy, Ziraat Bank has also been the pioneer and the leader of change for 147 years.

### 1863: A giant is born in the town of Pirot...

The "Homeland Coffers" established in the town of Pirot in 1863 planted the seeds from which Ziraat Bank grew. The organization, known as "Homeland Coffers", set up by Mithat Pasha and with resources provided by farmers, was established by and under the auspices of the state and went down in history as the initial example of National Banking.

Mithat Pasha was inspired by the tradition of collective work, based on the principle of helping each other, which was already a Turkish tradition while setting up the "Homeland Coffers" organization, established in the town of Pirot in 1863.

A set of regulations governing such funds known as "Regulations for Homeland Coffers", which was enacted in 1867, became the legal framework for the first regulated credit system in the Ottoman Empire. With these regulations, "Homeland Coffers" became operational, serving successfully for many years.

In 1883, the Homeland Coffers were replaced by Benefit Funds.

On August 15, 1888, Ziraat Bank was officially established, and was to undertake the functions of the "Homeland Coffers" as a modern financial institution. On August 28, 1888, the governing statute of Ziraat Bank was enacted, and the Bank's headquarters was opened on September 17th. While Benefit Funds were turned into bank branches, a new era began in our organized agricultural loan history.

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

When the Grand National Assembly of Turkey met in Ankara on April 23, 1920, the Ankara Branch of Ziraat Bank was put in charge of all the branches and assistance funds in territories subject to the assembly's jurisdiction. Subsequently, control of the Bank's İzmir and İstanbul organizations was taken over by the Ankara Branch. Ziraat Bank's national unity was completely restored as of October 23, 1922.



### The Republic: Transformation starts...

With the establishment of the Turkish Republic in 1923, Ziraat Bank embarked upon a period of rapid growth and development, expanding its branch and service network, first reaching farmers and the whole of Turkish society. Ziraat Bank's mission was no longer confined to agriculture. Ziraat Bank served as the engine of Turkey's economic recovery and development.

### 1980s: Towards a global institution...

Ziraat Bank continued to grow, ultimately becoming the truly global banking institution that it is today. In 1983, the Bank's New York representative's office was turned into a branch while other offices entered service in Duisburg, Berlin, Munich, Stuttgart, and Rotterdam. Ziraat Bank ranked 452nd in the Euromoney magazine's 1988 list of the "World's Five Hundred Biggest Banks in terms of Equity".

During this period, Ziraat Bank publicly opened Turkey's first banking museum in its head office building in the Ulus district of Ankara and it also launched the country's first banking school. Ziraat Bank Moscow, Kazkommerts Ziraat International Bank (KZI Bank), Turkmen Turkish Commercial Bank (TTC Bank), and Uzbekistan Turkish Bank (UT Bank) were all founded and entered operation in 1993.

In the same year, the Euromoney survey of the "World's Top 500 Banks" placed Ziraat Bank in 202nd place overall, in 41st place on the basis of net profit, and in 1st place worldwide in terms of return on equity.

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

### 2000s: In keeping with the requirements of modern banking and international competition

Statute 4603 passed by Parliament in 2000 transformed Ziraat Bank into a joint-stock company. This change was a milestone in Ziraat Bank's journey towards becoming a stronger, more effective, and profitable financial institution. In 2001, Ziraat Bank embarked upon a thorough transformation in which the Bank's organizational structure was completely overhauled to bring it into line with the needs of modern banking and international competition. In this process, Emlak Bank, another state-owned bank, was merged into Ziraat Bank.

In 2001, a board of directors had been set up and given responsibility for the administration of all state-owned banks while Can Akin Çağlar became the general manager of Ziraat Bank in 2003. Having successfully completed its mission, the joint board of directors was disbanded in 2005.

### As a result of the deeply rooted and robust transformation that the Bank has undergone over the past eight years, Ziraat Bank sets forth solidly once again that it is a bank for everyone and every segment.

The sector's unchanged leader, Ziraat Bank was Turkey's most profitable bank in 2004, 2005, 2006, 2007, 2008, 2009 and 2010.

Successfully continuing forward with its journey toward its 150th year, Ziraat Bank continues to contribute to Turkey's sustainable development and to offer service to millions of customers from any segment.

## Chairman's Message



Having continued to struggle with the devotion to serve Turkey for 147 years irrespective of the market conditions, Ziraat Bank will carry on in the future to allocate the resource and support the Turkish economy will need.

2010 was mainly characterized by the decoupling that got more pronounced between the growth rates of emerging and developed country economies.

Developments in 2010 indicate a continued recovery in the wake of the global crisis. Both the world and the Turkish economies got back on growth track in 2010.

2010 was mainly characterized by the decoupling that got more pronounced between the growth rates of emerging and developed country economies. Exhibiting weak growth and negative employment conditions, developed countries signaled that their struggle against the effects of the crisis would continue for a little longer. Emerging countries, on the other hand, displayed that they are the driving force of the world economy in general, with their solid rates of growth, although they presented individual differences.

The recuperation of the global economy in 2010 led to increased inflation forecasts. However, public deficit issues that arose particularly in Greece and Ireland, as well as in certain European countries, and the deceleration in the economic indicators of US gave rise to lower inflation forecasts than those at the start of the year. While continuation of expansionary monetary policies in the USA, Euro area and Japan is a development that can increase inflationist pressure, it has been observed that the rise in inflation rates remained restricted at the onset of 2011.

The Turkish economy strongly readopted a sustainable growth trend in 2010. Our country was differentiated from many developed and emerging economies during the global crisis with her sound banking system, solid real economy, and households with relatively low borrowing, while drawing attention as an element of stability. The economic growth performance attained in 2010 is also a successful result of the accurate fiscal and monetary policies the regulatory authority harmoniously implemented and strictly adhered to, and set a worldwide example.

The Medium Term Program announced by early October proved to be vital in terms of confirming the determined stance of the regulatory authority with respect to macro policies. The Program's targets for stable interest, inflation and exchange rates that closely concern the financial services system served as reference, that set the expectations of the banking industry.

Having a strong growth potential, the national banking industry, with the solid attitude displayed during the crisis, played a big, historic role in the speedy elimination of hesitations regarding the stability of the Turkish economy and markets.

By giving pace to lending activities in 2010, our industry has been the greatest supporter of the sustainable growth of national economy. Rapid development of the lending portfolio from the second quarter of 2010, decreased weight of securities investments in assets, and the decline in the NPL ratios were the concrete indicators that the negative impacts of the crisis on the banking industry had been eliminated.

During 2010, Turkish banks displayed a voluntary approach and attitude on the center of the theme that "stability can be quickly re-established by supporting real economy" and realized their strategies. The industry's approach in 2010 brought about profitable results for all actors in the macroeconomy from households to millions of companies that constitute the real industry, while profitability and productivity of banks increased.

Revised practices announced by the Central Bank of the Republic of Turkey (CBRT) within the frame of crisis exit strategies will pose even tougher competitive conditions to be handled by the banking industry in 2011. In order to counter the reduced income that will result from the new arrangements introduced, our banks will try and increase product and service diversity, and will give pace to tapping new sources of fees and commissions.

The key role banks play in the sustainable development of a country is a fact we always underline. This has gained even more significance and prominence recently. In post-crisis growth periods, the banking industry is supposed to fulfill its function as the driver and energizer of economic activity. The most important responsibility and duty that falls upon us, banking professionals, is to stand by entrepreneurs, investors, exports, in short the business world, while strictly adhering to a risk-focused and cautious perspective, and to offer them our uninterrupted support. As banks perform their principal duties, it will be possible to minimize loss of production, put a brake on the decrease in employment, and rebuild consumer confidence with greater ease.

**During 2010, Ziraat Bank sustained its development, displaying a stance aligned with its "leader" character.**

Ziraat Bank further leveraged its position at the top of the banking sector with its successful financial and operational performance in 2010.

Succeeding in being Turkey's most profitable bank for the past seven years, our Bank once again exhibited its power to produce added value in its 2010 financial results. Our Bank continued to correctly manage its balance sheet and captured, once again, the highest values in its history.

So long as we keep managing and executing our strategy correctly, Ziraat Bank will continue uninterruptedly to hike new summits. I would like to take this opportunity to extend my deepest gratitude to our Board of Directors for always leading us to the Bank's continual success. I would also like to express my heartfelt thanks to our Bank's employees who produce an excellent value with their commitment to turn our goals into reality, as well as our executive team that supremely managed the change Ziraat Bank underwent with their corporate and professional competencies.

Ziraat Bank's healthy balance sheet structure gives us the necessary basis and energy to grow. Having continued to struggle with the devotion to serve Turkey for 147 years irrespective of the market conditions, Ziraat Bank will carry on in the future to allocate the resource and support the Turkish economy will need.

Summing up its philosophy of being in the motto "With Turkey, for Turkey", our Bank will always be there for our farmers, tradesmen, businessmen and people, and will sustain its existence to continually serve its customers with its unique service network that extends from the smallest residential area in our country to all over the world.

## Relocation of the Bank's Head Office to İstanbul represents a project that we are determined to realize in the near future.

We anticipate that in the medium and long term Turkey will be attaining a growth that will set an example for the whole world. Ziraat Bank will safely navigate this process and remain the leader and pioneer of the sector with exemplary practices of modern banking.

Relocation of the Bank's Head Office to İstanbul represents a project that we are determined to realize in the near future. This project gets all the more important for us by the fact that İstanbul is quickly becoming a financial center housing a great majority of the banking industry that we lead.

### Ranking first in Western Europe and sixth in the World

According to The Banker magazine's "Top 1000 World Banks 2010" list based on year-end 2009 data, Ziraat Bank ranked first in Western Europe and sixth in the World in the "Best Return on Average Capital" category.

Always taking place in top ranks in listings of independent organizations, our Bank endorses that it is the sustainable leader of the industry with respect to profitability and productivity, as well as total assets.

Our Bank will continue to author achievements that transcend its set targets for 2011 and thereafter. Our primary goal is to offer banking products and services in accessible and easily consumable formats to our millions of customers countrywide. In other words, we aim to provide financial accessibility to our customers. To the extent we succeed in this, Ziraat Bank will continue to show that it exists for Turkey and with Turkey, and keep contributing to the national economy that is considered a "rising value".

As long as our customers, correspondent banks and employees choose and trust us, Ziraat Bank will continue to report numerous achievements.

Yours sincerely,



Muharrem Karşlı  
Chairman of the Board of Directors

## General Manager's Message



With most of our economic performance indicators pointing at our leadership by a large margin, 2010 also marked the seventh consecutive year in which the Bank attained the highest profit in the industry.

Outperforming the sector by 23 basis points in the growth attained in loans, our Bank's weekly lending averaged TL 1.6 billion during 2010.

Esteemed customers, domestic and foreign business partners, and colleagues,

We are sharing the joy of having completed 2010 that marked our 147th year of service as a leading bank that creates added value for Turkey.

The strategic and structural change we have realized at Ziraat Bank over the last eight years further strengthened the Bank's position in the sector.

With most of our economic performance indicators pointing at our leadership by a large margin, 2010 also marked the seventh consecutive year in which the Bank attained the highest profit in the industry.

Our service scale and business volumes endorse that we are the greatest in every aspect. At year-end 2010, Ziraat Bank remained the bank with the broadest domestic service network in the sector with its 1,379 branches in total. The Bank is the sole provider of banking services at 420 points in Turkey. Guided by the principle of being present in every location Turkish businessmen penetrate along with or before them and targeting to expand in foreign countries, Ziraat Bank delivers service at 74 locations in 16 countries.

Ziraat Bank pursues operations with 22,708 employees, 1,881 of whom were recruited in 2010, and takes unprecedented steps towards modern and efficient deployment of its human resource. Besides the high quality training offered at Turkey's first ever Banking School, 2010 also saw the launch of a collaborative project with The University of Manchester - Manchester Business School (MBS), one of the world's leading universities, for post-graduate studies of its employees.

Our financial performance

In 2010, Ziraat Bank booked a pretax profit of TL 4,469 million and a net profit of TL 3,713 million.

Ziraat Bank's return on assets was 2.8%, and return on equity was 31.8%. Up 6% in 2010, the Bank's net profit took 17% share of the market.

At year-end 2010, the Bank's total assets corresponded to 15% of the total assets available to the overall sector. Ziraat Bank's total assets grew 21% in 2010 and reached TL 151.2 billion.

With this strong growth that paralleled the sector's average, the Bank achieved the highest figure in total assets ever attained in the Turkish banking sector on non-consolidated balance sheet basis in 2010, as it did in 2009.

Weekly lending averaging TL 1.6 billion

In the twelve months to end 2010, total lending of Ziraat Bank expanded by 56% to TL 57.4 billion. Outperforming the sector by 23 basis points in the growth attained in loans, our Bank's weekly lending averaged TL 1.6 billion during 2010.

The rates of increase in our lending reached 39% in retail loans, 77% in agricultural loans, and 93% in commercial loans; Ziraat Bank remained the bank that issued more TL denominated loans than any other bank in 2010. While the share of non-performing loans to total lending was 3.6% in the overall sector, the same maintained its low level for Ziraat Bank and was realized at 1.2%.

Retail loans made up 44% of our total lending in 2010; we increased the share we take from the sector to 13.6% in this segment and further improved our sectoral leadership with new customer acquisition.

### 71% of the loans channeled to Anatolia

Ziraat Bank extended 71% of its total lending to its customers in Anatolia. In a market populated by banks allocating approximately 50% of their credits to the Marmara Region and big cities, Ziraat Bank continued to be there for the farmers, SMEs, merchants, and businessmen all over Anatolia.

### We continue to be the primary bank of the agricultural sector in keeping with our mission.

The greatest supporter of the agricultural sector and the most dependable business partner of the farmers in Turkey for nearly one hundred and fifty years, Ziraat Bank contributes to the reinforcement of the agricultural added value with the modern product and service range it has developed, and supports activities geared towards furthering the competitive strength and productivity of the national agricultural sector.

The volume of agricultural loans that Ziraat Bank issued from its own resources augmented by 59 fold in the past eight years. Up 77% in 2010, the Bank's agricultural loans reached TL 13.6 billion. Including the loans from funds, total support made available to the agricultural sector amounted to TL 15.7 billion.

In 2010, we expanded our agricultural banking branch network with new centers that went into service in five cities, and increased the share of investment loans within agricultural loans to 41%, 11 percentage points higher on a year-to-year basis. These figures confirm the importance we attach to mechanization and modern agriculture. In 2010, Ziraat Bank launched Interest-Free Animal Breeding Loans in an effort to promote the development of livestock breeding and increasing animal production, as well as agricultural production, and extended TL 3.6 billion in total loans to nearly 50 thousand farmers. On the other hand, Ziraat Bank granted maturity extension to credits worth TL 3.1 billion of 224,000 producers in 2010, for the purpose of mitigating the adverse effects of the global crisis on the agricultural sector and Turkish farmers.

### We continue to make an increasing amount of our resources available to SMEs.

Ziraat Bank continued to be the most effective supporter of the SMEs in the sector in 2010.

In line with our strategic decision adopted in the recent years to increase our presence and market share in SME banking, the Bank's cash loans to SMEs hiked by 91% on a year-to-year basis. Ziraat Bank extended an average of TL 166 million of loans per week to SMEs during 2010.

We keep strengthening our synergetic cooperation with chambers of trade, industry, merchants and craftsmen, within the frame of SME banking, and we reach an increasing number of SMEs making use of these channels.

Ziraat Bank's primary activities addressing the SMEs include the special loan packages tailored for SME occupational groups, KOSGEB (Small and Medium Enterprises Development Organization) Compensation Loan, the support programs seeking to provide regional funding, and joint programs co-developed with KOSGEB.

Within the frame of our policy to diversify our support to the SMEs, we secured funds worth USD 200 million from the World Bank in 2010 under the "Enhancing SME Access to Finance Project II". The Bank started allocating this fund for the financing of the fixed investment and working capital needs of the SMEs.

Based on the fact that we are a bank for everyone, we are determined to grow our share in SME banking that made our focal point in the recent years, and to reach a higher number of customers. To this end, Ziraat Bank will maintain its focus on growing in SME banking in 2011, just as in 2010.



Ziraat Bank has stood for “trust” on this territory for 147 years. In brief, our Bank that exists with Turkey is, and will be, here for serving this country and its people.

**We are managing Turkey’s largest deposit volume.**

The Bank’s total deposits increased 28% in 2010 to TL 125.8 billion. 18.4% at year-end 2009, the Bank’s share in total deposits in the sector went up by 1 percentage point to 19.4% at the end of 2010. While the share of deposits to the Bank’s total liabilities was 83%, we have further improved our deposit structure that weighs more heavily on the side of Turkish lira deposits in line with our lending policies and asset composition.

**Ziraat Bank is a role model for stability and sustainability in the national banking industry.**

Ziraat Bank is a bank for everyone and every segment from retirees to employees, from students to housewives, and from farmers to workers and businessmen. Most importantly, Ziraat Bank has stood for “trust” on this territory for 147 years. In brief, our Bank that exists with Turkey is, and will be, here for serving this country and its people.

In a conjuncture of rapidly changing global market conditions and redefined balances between the world’s economic powers, our Bank;

- possesses the competence to instantly respond to the market conditions and the evolving demands of its millions of customers from any segment;
- enhances its servicing capabilities on the back of comprehensive projects conducted in different branches of banking;
- intensely works on strengthening its presence in international markets;
- accurately manages risks, and carefully observes institutionalization, transparency, and ethical values;
- regards its human resource as its most valuable intangible asset and constantly works for its further development;
- reduces its cost base in every fiscal year by employing technology extensively, and authors exemplary achievements in terms of efficiency and productivity.

**We move forward, aware of the responsibility that falls upon us.**

Ziraat Bank recognizes the meaning of the huge amount of material assets under its management and the responsibility this imposes upon the Bank.

In the period ahead, our Bank will target the best for its customers, its employees and Turkey, and continue to attain solid results that make a difference along this line. Drawing on its unpeered position in the market, Ziraat Bank is focused on being a bank that will keep making optimum use of the unique growth potential presented by the banking industry and that will author best practices.

Its rich variety of products and services, the synergetic structuring created with its subsidiaries, unrivalled market information and experience, human resource, and solid financial structure will continue to lend uninterrupted energy and motivation that Ziraat Bank will need in its continual growth process.

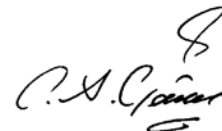
**The success belongs to us all...**

We are building the current and future achievements of Ziraat Bank hand in hand with all of our employees.

We are sure-footedly heading towards our 150th year in line with our targets, resolutely and undauntedly drawing on the power derived from our deep-rooted past, by keeping a close eye on the developments across the world, and constantly challenging ourselves to achieve the better.

I would like to extend my heartfelt thanks to our Board of Directors, employees and all of our customers.

Yours sincerely,



Can Akın ÇAĞLAR  
Board Member and General Manager

## Global Economy

As the emerging economies that captured fast growth rates proved to be the engine of recovery, economic activity and rates of growth of developed economies failed to match the expectations.

### Recuperation continues in the global economy.

While economies strived to get back on growth track in the crisis exit period, 2010 also unveiled the existence of important structural issues. As the emerging economies that captured fast growth rates proved to be the engine of recovery, economic activity and rates of growth of developed economies failed to match the expectations.

Comprehensive financial incentive packages introduced by reason of the global economic crisis, public supports extended in particular to the financial services sector and the public revenues that dwindled in parallel with the decelerated economic activity resulted in deteriorated public finances on the part of developed countries, giving rise to increased concerns about the refinancing of these countries' debts. The debt crisis especially in Europe still remains a major item on the economy agenda of the world.

In the Euro area, Greece, which was on the verge of bankruptcy due to the huge debt and budget distress, followed by Ireland, accepted the rescue packages of the EU and the International Monetary Fund (IMF). International rating agencies downgraded the ratings of the so-called PIIGS, namely Portugal, Ireland, Italy, Greece and Spain that were shaken by the financial debt crisis.

While loose fiscal and expansionary monetary policies enforced in developed countries failed to reach the desired result in eliminating the unemployment problem, the deflation risk continues to exist, as well as high rates of unemployment.

As opposed to developed countries, emerging countries maintained the positive course in the public debt stock and budget performance in 2010.

According to data from the International Labor Organization (ILO), global unemployment rates remained unchanged in 2010 despite the rapid economic recovery in many countries across the world, and the official rate of unemployment maintained its level in 2009. The ongoing slow growth in developed countries points that the high unemployment rates will continue at high levels.

As opposed to developed countries, emerging countries maintained the positive course in the public debt stock and budget performance. However, the inflationist pressure increases in these countries in view of the vibrant economic activities, and an excessive capital flow arises.

According to the IMF World Economic Outlook; it is estimated that in 2010, the world economy grew 5%, developed economies 3%, the Euro area 1.8%, and the emerging countries 7.1%. The forecasts for 2011 are 4.4%, 2.5%, 1.5% and 6.5% respectively.

High growth in emerging countries, coupled with the low interest rates in developed countries, initiated the strong capital flows to Latin America and Asia. While these capital flows reduced the borrowing costs of emerging economies, they might lead to overheating and bubbles in the economy. Increased inflow of capital to emerging countries led to strengthening of the currencies of these countries, resulting in intervention on foreign currency markets, finally giving rise to "currency wars". Attempts at preventing the appreciation of the currencies of emerging countries in view of the major devaluation of the dollar became an agenda item from the last quarter of 2010.

Increased demand for oil particularly in emerging economies in conjunction with the global economic recovery in 2010 put the oil prices back on the rise, and the upward pressure in commodity prices is expected to continue in 2011.

## Turkish Economy

A resurgence in domestic demand and a general recovery in economic activity made it possible for the Turkish economy to perform strongly in 2010.

The Turkish economy displays a rapid recovery backed by the increased domestic demand.

GDP increased by 12% and 10.3% in the first and second quarters of 2010 on an annual basis, respectively, and attained 5.2% growth in the third quarter despite the declined rate of growth. The increase in the fourth quarter was 9.2%. Thus, the downsizing in 2009 was followed by a return to the rapid growth track. It is observed that the growth in GDP was contributed particularly by the final domestic demand.

The industrial production went up by 16.9% in 2010 and the average capacity utilization rate rose from 65.2% in 2009 to 72.6% in 2010. The rate of growth in 2010 was 8.9%; on the basis of sectors, the construction sector attained the highest growth with 17.1% in the same period. While agricultural output increased by 1.2%, there was 13.6% increase in the manufacturing industry and 13.3% in trade.

### GDP Growth Rate

Year	Quarter	%
	I	-14.7
	II	-7.8
	III	-2.8
	IV	5.9
2009	Annual	-4.8
	I	12.0
	II	10.3
	III	5.2
	IV	9.2
2010	Annual	8.9

Source: TurkStat

Based on the trust reinstated in the financial markets, the Turkish lira preserved its valuable position against foreign currencies.

#### The target in inflation was very nearly reached.

At 6.4% at year-end 2010, the CPI homed in on the CBRT's year-end target of 6.5%. 2010 was the year in which the announced CPI rates came closest to the inflation target since 2006, when the Central Bank launched open inflation targeting, to date. The decline in inflation was driven mainly by the sharp downturn in unprocessed food prices.

#### Revival in economic activity brought along increased current deficit.

Growth relying on domestic demand, and the need for imported raw materials and energy, combined with the appreciation of the Turkish lira and the recovery in production lead to increased foreign trade deficit and current deficit.

In 2010, the foreign trade deficit surged up by 84.5% as compared with 2009 and rose to USD 71.6 billion. The ratio of exports to imports slumped to 61.4% in the same period.

The current account deficit increased from USD 14 billion at year-end 2009 to 48.6 billion at year-end 2010. The current deficit/GDP ratio for 2010 that was registered 6.6% percent is expected to remain at a high level.

The accelerated capital inflow in the aftermath of the global crisis was driven mainly by the increase in other liabilities in connection with the overseas debts of the banks in particular; direct investments, which contribute positively to the financing of the current deficit and covering long-term capital inflows, sustained a gradually decreasing weight in capital inflow.

Capital inflows that reached USD 42.8 billion in 2010 were made up of other liabilities worth USD 19.4 billion, and portfolio investments worth USD 16.1 billion, while direct investments totaled just USD 7.3 billion.

#### Turkish lira continues to gain value.

While liquidity conditions improved with the capital inflows that increased in connection with the trust reinstated in the financial markets, the Turkish lira preserved its valuable position against foreign currencies in 2010. As the real exchange rates indicated the Turkish lira's trend to grow stronger, the national currency gained value by 8.1% according to the CPI-based index and by 9.5% according to the PPI-based index at year-end 2010.

#### CBRT policies

In the last quarter of 2010, the monetary policies of developed countries embarked upon a second quantitative expansion process, which led to strengthened capital flows into emerging countries. In view of these facts, the CBRT started employing alternative tools including liquidity management and required provisions along with short-term interests.

Based on a decision passed at its last meeting in 2010, the CBRT decreased the one-week repo rate, i.e. the policy rate, from 7% to 6.5%, while pulling the overnight borrowing rate which was 6.5% at the beginning of 2010 down to 1.50% in an effort to encourage longer terms in TL market transactions. Interest rate on lending, on the other hand, was increased to 9% once again.

In November 2010, TL required reserve ratio was increased from 5.5% to 6%; December 2010, however, saw another increase in the required reserve ratios, and a practice was launched whereby reserve ratios were decreased as longer terms were given to liabilities subject to reserves. It is stated that the target of this policy tool is to put a brake on the credit expansion and at the same time to decrease the maturity mismatch between assets and liabilities on the balance sheets of banks.

## The Banking Sector

The banking sector performed solidly in 2010. At year-end 2010, the share of loans rose to 53% in total assets, with an annual rate of increase of 34%. Total lending volume was worth TL 532 billion at the end of the year. The ratio of deposits to loans was 82.2% in the same period.

The banking sector lived one of its brightest years of the recent past.

The banking sector performed solidly in 2010.

There was a marked revival in the lending volume that paralleled the economic recuperation. The lending activities that were stagnated during the course of the global crisis picked up rapidly particularly from the second quarter of 2010 in parallel with the increased demand from households.

At year-end 2010, the share of loans rose to 53% in total assets, with an annual rate of increase of 34%. Total lending volume was worth TL 532 billion at the end of the year. The ratio of deposits to loans was 82.2% in the same period.

The expanded lending observed during the crisis exit period was contributed to heavily by the SMEs, which sustained the highest damage by the global crisis and presented significantly contracted credit demand. SME and retail loans increased their shares in the portfolio in 2010, taking a combined share of 56% at the end of the reporting period, corresponding to a year-on rise by 2.4 percentage points.

Turkish banks kept supporting the real sector under any market condition, drawing on their solid financial structures, high capital adequacies, and strong liquidities.

The developments in the credit stock also hint at the points the Turkish banking sector differentiates from the banking systems in developed countries. During 2010, economic recovery was weak in developed countries, which continued to negatively impact banking systems. As the growth in lending volumes remained slim, majority of the banks in developed countries continued to struggle against concerns hovering over their financial health. In the same process, Turkish banks kept supporting the real sector under any market condition, drawing on their solid financial structures, high capital adequacies, and strong liquidities.

At the end of 2010, the ratio of NPL to total lending was down by 1.6 percentage points year-to-year to 3.6%. SME loans made up the loan type that featured the fastest decrease in the NPL ratio.

Based on year-end 2010 data, the capital adequacy of the sector materialized as 19%. The net profit for the period for the overall industry was up 10% as compared with year-end 2009 and rose to TL 22.1 billion.

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# Productive...

Making use of its unrivalled scale and competencies, Ziraat Bank supports the real sector with a focus on agriculture while efficiently delivering a broad range of the most suitably-priced products to customers through an extensive branch network. Standing by everyone who creates added value, our bank supports sustainable economic development wherever it takes place.



Ziraat Bank enhanced operational efficiency in 2010 and broke the sector's transaction record of all time, with a daily transaction number of 3.5 million.

Ziraat Bank enjoys a privileged and dominant position in the Turkish banking sector with its total assets, equity structure, extensive domestic and overseas organization, and diverse products, services and delivery channels.

Basing its operations on the sense of responsibility called for by the assets under its management, Ziraat Bank continued to contribute to the national economy and to support all economic elements uninterruptedly in 2010.

#### Ziraat: A bank for everyone, every segment

Ziraat Bank offers services with an approach focused on quality and customer satisfaction to a wide range of customers from multinational or international large-scale corporate firms to medium or small-sized businesses, from individuals to farmers and small tradesmen.

Aiming not only product and service sales, but also establishing and maintaining long-lived and extensive relations with its customers, Ziraat Bank kept working relentlessly to solve its customers' financing needs in 2010, and proved with its activities that it is a bank for everyone and every segment.

#### Ziraat Bank displayed solid financial and operational performance also in 2010.

Outdoing the sector's average, Ziraat Bank, at year-end 2010, attained 21.4% increase in total assets worth TL 151 billion, and brought its total lending up to TL 57.4 billion. In 2010, loans extended by Ziraat Bank accounted for 10.6% of the sector's total credits.

Commanding 24% share in the market in savings deposits, Ziraat Bank retained its leadership by a large margin in total deposits also in 2010. The Bank increased its total deposits

by 27.7% year-on from TL 98.5 billion in 2009 to TL 125.8 billion in 2010, and the Bank's share in deposits rose from 18.4% to 19.4% in the sector.

Ziraat Bank enhanced operational efficiency in 2010 and broke the sector's transaction record of all time, with a daily transaction number of 3.5 million.

#### Net profit amounting to TL 3,713 million

The most profitable enterprise not only among banks, but also among all economic enterprises in 2009, Ziraat Bank increased its net profit by 5.7% in 2010, from TL 3,511 million to TL 3,713 million. Thus, the Bank was once again the profit leader of the sector. Ziraat Bank booked a pretax profit of TL 4,469 million.

Ziraat Bank's return on assets (ROA) was 2.8% and return on equity (ROE) was 31.8% in 2010. These ratios surpass the sector's average figures of 2.5% and 18.1%, respectively.

#### 75 new branches in 2010

Ziraat Bank continued with its efforts to expand its service network in the reporting period. The Bank opened 75 new branches during the year, renamed five branches, converted four bureaus and 17 special transaction centers (STC) into branches, and closed down one change bureau. At the end of 2010, Ziraat Bank had reached a total of 1,379 points of service in Turkey that consisted of:

- 1,299 domestic branches,
- 53 special transaction centers,
- 25 bureaus,
- 2 mobile vehicles.

## An Assessment of 2010: Strategies and Developments

Ziraat Bank is the only provider of banking services at 420 points across Turkey. Boasting the industry's largest domestic service network, Ziraat Bank continued to be the Turkish bank with the most extensive reach also in the international arena in 2010.

Ziraat Bank operates at 74 points in 16 countries through:

- 13 overseas branches and 7 overseas sub-branches,
- 1 overseas representative office,
- 8 international banking subsidiaries and 53 branches.

In line with its strategy of expanding its global service network and being a regional power, Ziraat Bank will play a more active role in increasing the depth and volume of foreign trade between Turkey and all countries in which it provides services through its overseas branches, representative offices and banking subsidiaries.

### The biggest deposit volume in the entire sector

The effective balance sheet and deposit management implemented by Ziraat Bank was a major contributor to the high profitability attained in 2010.

Remaining the guard of stability in the sector in 2010, Ziraat Bank increased its share in the sector from 18.4% to 19.4% on the back of its total deposits figure that reached TL 125.8 billion, which corresponds to a significant year-on rise by 27.7%.

Ziraat Bank, observing its credit policies and asset composition, maintained its TL-weighted deposit structure in 2010, while the share of Turkish lira deposits in total deposits went up from 80.7% to 82.2%.

### Continually improving share in savings deposits

Ziraat Bank continued to strengthen its extensive and durable deposit base by growing the volume of its savings deposits in 2010. The share of savings deposits at Ziraat Bank materialized as 47%, while TL savings deposits maintained their weight in total deposits.

In our country that stepped into a rapid recovery process following the global crisis, Ziraat Bank expanded its customer base, and kept acting as a responsible economic actor by offering credit opportunities, new products and services that will add to the financial strengths of businesses and individuals in the current conjuncture.

### Lending results that confirm the Bank's magnitude within the financial system

Ziraat Bank's loan book outgrew the sector's average as of year-end 2010 and expanded by 56.4%, with total loans amounting to TL 57.4 billion.

Ziraat Bank pursues a balanced distribution strategy in retail, agricultural, and commercial loans. The Bank attained expansion by 92.8% in commercial loans, 39.2% in retail loans, and 76.5% in agricultural loans.

Ziraat Bank averaged TL 1.6 billion of credit per week throughout 2010.

### 50% increase in TL loans

The supplier of the highest amount of TL loans in the Turkish banking industry in 2009, Ziraat Bank retained this title in 2010, and increased its TL credit balance by 49.9% to TL 52 billion.

Possessing a credit extension culture that can be described as cautious, solution-oriented and selective, Ziraat Bank funded the real sector and commercial markets at an increasing extent, and also contributed to the stable course of interest rates by extending cost-efficient loans in 2010.

In 2010, agricultural, commercial and retail loans that make up the loan portfolio of Ziraat Bank had respective shares of 26%, 30% and 44% in total lending.

Looking at the breakdown of loans on a regional basis, Marmara Region accounted for 29% share, while the other regions combined had 71% share.

#### Restructuring opportunity for borrowers

Continuing at full speed to make loans available to all sectors during the economic crisis of the past several years, Ziraat Bank offers ease of payment for borrowers of commercial, agricultural and retail loans, as well as for credit card debtors.

The Bank restructured a total of TL 3.5 billion in loan receivables from 238,000 people who benefited from the easy payment package in this frame.

#### Declining NPL ratio

As it did last year, Ziraat Bank was able to keep its non-performing loans ratio below the sector's average of 3.6%; the Bank's NPL ratio declined to 1.2% excluding the loans originating from funds, for which the Bank does not allocate any provisions and other receivables, owing to its cautious credit extension policy.

#### The greatest supporter of the real sector

Ziraat Bank serves a broad range of customers in the commercial banking business line ranging from large-scale, multinational and national firms to small and medium-sized enterprises.

Its extensive domestic and overseas organization, combined with the low-cost funding and liquidity advantage available to it, enables Ziraat Bank to fully meet all kinds of financing needs of its customers.

Possessing a credit extension culture that can be described as cautious, solution-oriented and selective, Ziraat Bank funded the real sector and commercial markets at an increasing extent, and also contributed to the stable course of interest rates by extending cost-efficient loans in 2010.

In 2010, Ziraat Bank increased the share it takes from the total loans made available by the sector, and captured a performance that highly outdid that of the sector in this respect. This has also been a period during which the Bank's dominance in commercial markets was felt more clearly.

The Bank's commercial cash loans excluding SME loans amounted to TL 10.6 billion in 2010, representing a surge of 93% year-on from the TL 5.5 billion figure in 2009.

TL 5.2 billion in 2009, commercial non-cash loans rose to TL 7 billion in 2010, up 35% on an annual basis.

#### Effective and efficient cash management practices

Ziraat Bank's target in its commercial banking products and services is to render them competitive and capable of meeting customer needs, and the Bank creates no-cost funding and cross-selling opportunities in its commercial banking activities.

Ziraat Bank continued at full pace with its customer-focused, effective and efficient cash management practices in 2010, and increased the number of collection-payment-general banking protocols with corporations/organizations to 368.

In the periods ahead, Ziraat Bank will keep working to improve its relations with its commercial and corporate customers by offering high-quality services and modern products within the framework of cash management modules.

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# Job-creating...

In Ziraat Bank's view, employment is foremost among the most precious elements of sustainable economic development. In every investment project that it supports in line with its mission, our bank gives special importance to the contributions that are made to overall employment in Turkey by the businesses that we supply resources to.

Ziraat Bank remained the greatest supporter of the SMEs in 2010, and as a result, upped SME cash loans by 91% as compared with 2009.

#### New solutions in commercial banking

Ziraat Bank continued in 2010 to work on a number of projects aimed at improving the service provided to its commercial banking customers and/or offering new solutions.

Highlights from these activities are as follows:

- An arrangement was made on the project "One SME in Every Village" within the frame of the guarantee agreement signed by and between the Credit Guarantee Fund (CGF) with the European Investment Fund in relation to the Credit Guarantee Fund suretyship.
- An arrangement was introduced concerning the loans to be extended against the Treasury-backed CGF suretyship.
- Implementation principles have been set for the suretyship to be provided by CGF for the loans to be extended within the frame of the project "Micro Loans to Micro SMEs" under the Greater Anatolia SME Loans program based on the guarantee agreement concluded by and between the European Investment Fund (EIF) and the Credit Guarantee Fund.
- Under the Turkish Armed Forces (TSK) project, the pilot project has been finalized for the Project Smart Card for Troops, which is now launched.

#### Uninterrupted financing support to SMEs

Following suit of previous years, Ziraat Bank remained the greatest supporter of the SMEs in 2010, and as a result, upped SME cash loans by 91% as compared with 2009. This rise represents a growth that is well above the rate of increase in the sector.

Its loans extended to the SMEs averaging TL 166 million per week during 2010, Ziraat Bank reached TL 9.3 billion in total loans to SMEs in the past one year.

#### Cooperation with the Chambers of Commerce, Industry, and Tradesmen and Artisans

Ziraat Bank further built on its long-lasting close cooperation with chambers of commerce, industry, and tradesmen and artisans, and provided TL 1.1 billion worth of credit support to 51,500 SMEs in 2010 through this channel.

Furthermore, the financial support was diversified through low interest rate credit facilities provided to those SMEs, which are members of respective chambers, within the framework of specific protocols signed to transfer the funds of the chambers of commerce and industry to the Bank.

#### Special credit packages to SME occupational groups

Credit campaigns specific to sectoral/occupational groups launched for the SMEs in 2009 continued in 2010 with the addition of new loan packages. As such, SMEs that were introduced to new products were able to easily perform their transactions through Ziraat Bank.

These packages, which provide repayment schedule options aligned with the customers' cash flows and also allowing application of interest rates linked to product use, are listed below:

- Tourist Establishments SME Loan Package
- SME Business Place Purchasing Loan Package
- Educator SME Loan Package
- Registration Plate Loans Campaign
- KOSGEB Compensation Loan

Unprecedented in the sector, the "KOSGEB Compensation Loan" campaign is carried out to give financial support to SMEs that did not benefit from the "KOSGEB Growth Support Linked to Scale" Program to which KOSGEB provided interest rate support in 2010. Within this frame, loans were extended to a total of 32,000 SMEs in one month.

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### Regional financing supports

Ziraat Bank stands by the SMEs at every corner of Anatolia with its regional financing supports covering special and flexible solutions targeted towards regional requirements. Looking at the regional breakdown of loans extended within the frame of SME loans, it is observed that Turkey's three big cities account for 30% of these loans, while other provinces make up the remaining 70%.

During 2010, agreements were made with corporate companies and support was given to SMEs in an effort to facilitate fixed asset (vehicles, machinery and equipment, etc.) purchases for the SMEs.

### Joint programs with KOSGEB

Ziraat Bank continued to offer financial support to SMEs by intermediating in the following programs, which are conducted in cooperation with KOSGEB and in which KOSGEB provides interest support:

- Province of Diyarbakır Operating Capital Support Loan
- GAP (Southeastern Anatolia Project) Region Machinery & Equipment Investment Support Loan
- Emergency Support Loan
- Growth Support Linked to Scale Loan
- KOSGEB Export Support Loan 2010

### Ranking second in KOSGEB Growth Support Linked to Scale Loan

Ziraat Bank always strives to be there for the SMEs, and to maintain a healthy and proper contact with them. As a result of these efforts, Ziraat Bank ranked second among the 17 banks that intermediated for this loan with 17,751 applications under the Growth Support Linked to Scale Loan Program which is extended interest support by KOSGEB in 2010.

### Special cooperation with SME professional organizations

In 2010, Ziraat Bank established special cooperation with various chambers of industry and professional unions, and provided financing on special terms and conditions to SMEs that are members of these associations/organizations.

### Long-term borrowing opportunity for the SMEs

As a result of Ziraat Bank's efforts to give SMEs increased access to financing, a fund worth USD 200 million was secured from the World Bank under the "Enhancing SME Access to Finance Project II". This fund is made available to the SMEs for the financing of their fixed investment and/or working capital requirements.

### Continually growing support to the agricultural sector

The volume of agricultural loans that Ziraat Bank, which stands by the Turkish farmers for 147 years, issued from its own resources augmented by 59 folds over the past eight years.

The volume of agricultural loans provided by the Bank increased by 77% year-to-year in 2010 to reach TL 13.6 billion. Including loans originating from the funds worth TL 2.1 billion, the total amount of resources that the Bank provided to the agricultural sector in the reporting period reached TL 15.7 billion.

The average weekly volume of agricultural loans extended by the Bank in 2010 was TL 265 million.

Launched in 2004, subsidized loan implementation was sustained in 2010. As of year-end 2010, 93% of total agricultural loans issued by the Bank was made up of subsidized loans.

Ziraat Bank gives priority to the channeling of the agricultural loans it issues to activities that will contribute to the agricultural sector and that will increase agricultural added value.

#### The increasing share of agricultural investment loans

Ziraat Bank gives priority to the channeling of the agricultural loans it issues to activities that will contribute to the agricultural sector and that will increase agricultural added value.

Along this line, the share of investment loans in the agricultural loans portfolio went up from 29% in 2009 to 41% in 2010.

#### "Easy Terms of Payment Package" for agricultural loans

Within the framework of the "Easy Terms of Payment Package" that was introduced to minimize the negative impacts of the economic crisis on Turkish farmers, an opportunity was provided to postpone the maturity of agricultural loan debts for 1 year and maturity extension was granted to credit debts amounting to TL 3.1 billion of 224,000 agricultural producers.

During 2010, one year extension was granted to agricultural loan debts with a total worth of TL 288.6 million of 20,851 producers who have sustained losses due to natural disasters and who are recorded under the ÇKS (Farmer Registration System).

In 2010, the ratio of agricultural loans under follow-up accounts to total agricultural loans issued by the Bank stood at 1.6%.

#### Interest-free agricultural irrigation loan

Introduced in 2007 to promote water saving, interest-free loans for modern pressurized irrigation systems continued to be allocated in 2010. With loans amounting to TL 295.9 million to 18,691 producers, significant contribution was made to the widespread use of dripping/sprinkling irrigation systems.

#### Standing by the producers in livestock breeding

In an attempt to help develop national livestock breeding and increase animal production, Ziraat Bank introduced Zero-Interest Livestock Breeding Loans in August 2010. In this frame, the Bank extended TL 3.6 billion in loans to 48,644 producers.

Furthermore, a project titled "Our Enterprise Grows with Ziraat" was launched in 2010 for producers wishing to increase their dairy cattle breeding establishment capacity to 10 animals and above, whereby loans worth TL 42 million were allocated to 526 producers that are members of 26 unions with which there are protocols.

#### Başakkart eases the financial burden.

217,289 producers using the agricultural credit line of TL 860 million with Başakkart in 2010 purchased agricultural inputs and services from 10,115 member merchants with interest-free repayment terms of up to six months, and thus eased the financial burden on their production processes.

#### Agricultural mechanization loan

Introduced in 2005 to contribute to increasing agricultural mechanization, Fixed-Interest Tractor Loan continued in 2010. In this frame, 11,965 producers were extended a total amount of TL 356 million in loans, thereby supporting the producers in upgrading their agricultural equipment pools.

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# Industrious...

Ziraat Bank stands by people in every walk of life while seeking to make their everyday lives easier through the accessible and modern banking products and services that it offers them. An extensive product lineup that includes everything from salary payments to individual portfolio management and private pension services defines the role that Ziraat Bank plays in its customers' lives.



## In 2010, Ziraat Bank continued to increase the diversity in agricultural loan products and the prevalence of its Agricultural Banking Branches.

### Increasing diversity in agricultural loan products

Seeking to diversify the loan products offered to producers and further sharpen its competitive edge, Ziraat Bank;

- introduced the Second Hand Tractor Loan product, under which the Bank offered the chance to take out a loan for second hand tractors up to five years old, with equal installment repayments every 3, 6 or 12 months, or variable interest, flexible repayment option with a maximum term of 48 months.
- broadened the scope of agricultural investment loans that can be allocated for cold storage, packaging and packaging building/facility construction/alteration costs to be incurred by real or legal person producers engaged in agricultural production, taking into account their planned future production quantities.
- started extending agricultural loan against receipt issued by the Turkish Grain Board (TMO) for wheat, barley, corn and paddy produced in the 2010 crop year.

### Agricultural banking and MBAE branch implementations continue.

In addition to the MBAE (medium and big-scale agricultural enterprises) branches in Adana, Antalya, İzmir and the Agricultural Banking Branch in Aksaray that handle regular banking transactions, as well as fulfilling agricultural loan demands of agricultural customers, Agricultural Banking Branches were opened in Bursa, Manisa, Balıkesir, Konya and Karaman in 2010.

Efforts will be ongoing to increase the prevalence of Agricultural Banking Branches, which are established to provide service to all agricultural customers in the jurisdiction of the province and district they are located in.

### Contract Production Model

Ziraat Bank continued to extend agricultural loans in 2010 under the protocols signed with firms within the framework of the Contract Production Model.

### Rural Development Element program

A protocol has been signed by and between the Agriculture and Rural Development Agency (TKDK) and Ziraat Bank concerning the loans to be allocated by the Bank to real and legal persons wishing to benefit from the support to be provided by TKDK within the frame of the IPARD (Instrument for Pre-Accession Assistance for Rural Development) program and to fund the investment amount by means of a loan; the Bank extended credits in this scope.

### Daily Hospitalization Insurance

In 2010, Ziraat Bank offered its real person agricultural customers the chance to be indemnified for maximum 60 full days of hospitalization, in addition to life insurance, via its insurance company subsidiaries.

### Farmer Training Project

Launched with the objective of raising the level of farmers' knowledge, enabling them to carry out high value-added production aligned with the market conditions, upgrading their competitive strength, and improving their business management culture, the Farmer Training Project was carried out in Burdur, Sivas, and Kelkit, Gümüşhane in 2010, whereby training was given to farmers.

The activities conducted under the project will be carried on in 2011.

## An Assessment of 2010: Strategies and Developments

### In the GAP Region...

The Bank took an active role in the GAP Action Plan, which aims to make sure that our citizens in the Southeastern Anatolia Region live in greater prosperity, peace and happiness by supporting economic growth, social development and increased employment in the region. In this frame, quarterly reports covering our activities in the GAP region provinces are drawn up and submitted to the GAP Administration.

### Single-digit interest rates on agricultural loans

After three decades, the interest rate on agricultural loans is back to single-digit numbers. In the region of 9.5% in 1979, the interest rate was reduced to 9.75%-5.20% as of 2010.

### Growth in retail loans

Ziraat Bank continued to increase its market share in retail loans in 2010. With a loan book comprised of retail loans by 44%, the Bank captured 13.6% market share in this business line in 2010.

At year-end 2010, the Bank's retail loans amounted to TL 23.5 billion, up 39.2% year-on. Looking at the breakdown of retail loans, home-finance lending rose by 31.1% to TL 7 billion, vehicle loans by 25.4% to TL 242 million, and general-purpose loans by 44.3% to TL 14.7 billion, while credit cards went up by 34.7% to reach TL 1.2 billion. The said loans had respective shares of 11.5%, 4.3%, 32%, and 2.7% of the sector.

Having recorded an approximately 40-fold increase in total retail loans over the past eight years, Ziraat Bank increased its weekly average of retail loans to TL 480 million in 2010.

The leader in 78 out of the 81 provinces in consumer loans, Ziraat Bank is the supplier of the general-purpose loan for one in every four people across the country.

### Competitive rates in consumer loan interests

Ziraat Bank continued to service its customers and the sector by offering the most competitive interest rates on consumer loans. In the light of the market developments in 2010 and of the Bank's funding costs, retail loan fees and interest rates have been revised at optimum rates and amounts.

### Ongoing attractive opportunities for customers

In 2010, Ziraat Bank continued to organize credit campaigns targeting all of its customers and specific customer segments, in an effort to build on its market share and revive consumer demand.

Ziraat Bank gained 98,000 new customers through the retail loan campaigns held in 2010, while making loans available to 248,000 people for the first time. Under the campaigns, approximately 617,000 credit cards were issued, 405,000 Salary Advance Loans and 136,000 Overdraft Accounts were allocated, while the Bank received 108,000 automated bill payment orders, 30,000 regular payment instructions and 56,000 internet banking instructions.

At the Active Academy Finance Summit held in December 2010, Ziraat Bank was honored with the Retail Banking Award.

### Enriched product portfolio

In an attempt to build on its product portfolio and increase its market share, Ziraat Bank introduced new retail loans:

- Buy to Let Home-Financing Loan
- Joint Home Loan
- Limit Complementation Consumer Loan
- Vehicle Refinancing Loan

Servicing a broad retail customer base across the country, Ziraat Bank effectively reaches its customers via electronic service channels, as well as its branches.

#### A first in the banking industry: Deposit Advance

2010 saw the introduction of a new retail banking product with minimum maturity, interest, and credit risk levels. This new product presented to the sector reached over 43,000 customers quickly and deposit advances amounted to TL 102 million.

#### Salary Advance Loan

The Salary Advance product continued to attract a great deal of interest, which is allocated to retirees and public sector workers whose salaries/wages are paid through Ziraat Bank and to the Bank's and its subsidiaries' personnel who are paid through Ziraat Bank, and aims to cover their short-term cash needs.

The number of configured customers for this product reached 1.1 million and the amount of salary advances issued exceeded TL 700 million.

#### Conveniences for retail customers

In 2010, Ziraat Bank carried on with arrangements that will minimize the negative impact of the economic crisis in the global markets on individuals and alleviate the adversities the crisis had on people.

To this end, work was carried out on legislation in order to relieve the terms of payment for customers that took out retail loans from the Bank and to ensure reducing the number of credit accounts that are likely to fall under legal follow-up. Contracts incorporating revised terms and conditions, as well as extended maturities, were made for retail loan receivables from customers likely to fall into default/are late in their repayments, although currently fulfilling their repayment undertakings timely, and for customers possessing other qualities set out in the legislation. In the twelve months to end 2010, loans worth TL 37 million for 1,975 individuals were restructured.

#### Housing finance to retail customers

Ziraat Bank has been instrumental in getting 237,000 people to buy their own homes in the past five years through its home-financing loans.

A total of 23,809 homes with a combined sales price of TL 2.2 billion were sold under the TOKİ projects, for the sale of which Ziraat Bank acts as an intermediary.

#### Active role in Ziraat Yatırım transactions

During 2010, Ziraat Yatırım A.Ş. (Ziraat Investment) participated in the public offering transactions of the shares of Koza Altın, TSKB GYO, Akfen, Aksa, Anel İhlas Gazetecilik, Martı GYO, Reysaş GYO, Torunlar GYO, İhlas Yayın Holding A.Ş., Katmerciler A.Ş., Emlak GYO and Uyum Gıda A.Ş. Branches of Ziraat Bank, acting as agencies, collected the public offering participation demands of domestic individual investors.

#### New products in insurance transactions

The Bank branches started selling the personal accident insurance product "My Dear Teacher" specifically introduced on the Teachers' Day within the frame of Personal Accident Insurance General Conditions by the Bank's subsidiaries, Ziraat Hayat ve Emeklilik A.Ş. life insurance and pension company, and "My Family Under Protection by Ziraat" product within the scope of the Personal Accident Insurance General Conditions introduced by Ziraat Sigorta A.Ş. non-life insurance company.

#### Efficient use of alternative channels

Servicing a broad retail customer base across the country, Ziraat Bank effectively reaches its customers via electronic service channels, as well as its branches. The Bank continued to employ innovative and pioneering practices aimed at raising the utilization rate and effectiveness of alternative channels in 2010.

Ziraat Bank considered the competition in the sector and the customer/branch expectations, and set up a structure that enables the collection and processing of customers' applications for retail loans, vehicle loans, home-financing loans and credit cards via alternative delivery channels.

An Assessment of 2010: Strategies and Developments

# Thrifty...

Ziraat Bank believes in the importance of capital accumulation and it regards individual and corporate saving as the essential driving force of economic development. As the unchallenged leader of deposit-taking in Turkey, Ziraat Bank is the place that millions of economic actors ranging from pensioners to laborers and from businesspeople to farmers trust the most as a safe haven in which to keep their hard-earned savings.

In 2010, Ziraat Bank's credit card turnover rose by a significant 37%, a figure well above the sector average of 15%.

Under the new structure, consumer loan and credit card applications are started to be collected via:

- Telephone Banking (Call Center - 444 00 00)
- Video Teller Machines (VTM)
- Internet Branch
- WEB (www.ziraatbank.com.tr)
- ATMs
- Mobile Phones (text messages).

Similarly, vehicle loan and home-financing loan applications are received through:

- Telephone Banking (Call Center - 444 00 00)
- Video Teller Machines (VTM)
- WEB (www.ziraatbank.com.tr).

#### Outperforming the sector's average in credit cards

In 2010, Ziraat Bank's credit card turnover rose by a significant 37%, a figure well above the sector average of 15%. The number of credit cards issued by the Bank was also up by 18% to 3.1 million, whereas the sector's overall growth remained at 6%.

Remaining the sector's leader with 13.96 million debit cards for a 20% market share, Ziraat Bank attained 18% growth in the debit card turnover. 21% market share captured indicates at leadership in this segment, as well.

#### Growing number of ATMs

The number of Ziraat Bank's ATMs in operation increased by 12% in 2010 to reach 2,919, and the transactions handled via the ATMs accounted for 36% of all transactions.

#### VTM

A video service point bringing a brand new initiative to the banking service channels in Turkey, VTMs (Video Teller Machines) are the first unmanned electronic branch in our country. 32 VTMs in operation during 2010 were accountable for 350,063 transactions with a total worth of TL 30.3 million.

#### POS

During 2010, the number of Ziraat Bank's POS equipment installed in the field grew by 40% and its POS turnover expanded by 42% to TL 3.4 billion.

#### Expanded scope of internet banking

Ziraat Bank broadened the range of services offered via its internet branch, by adding numerous new applications to the set of internet banking transactions, which included retail loan and credit card applications, University Scholarships and Dormitories Institution (Yurtkur) payments, SMS Reminder Service and so on.

The number of customers using the internet branch rose by 50% to 607,390 in 2010 and the number of transactions performed through the internet branch rose by 35% to 15.7 million. The transaction volume, on the other hand, grew by 33% and reached TL 29 billion.

#### Call Center and Telephone Banking

Up 47% year-on, calls received by the IVR rose to 11 million, while the calls connected to the agents rose by 29% to 4.2 million. The number of Telephone Banking customers grew 58% and went up to 257,854.

The Bank continued to employ innovative and pioneering practices aimed at raising the utilization rate and effectiveness of alternative channels in 2010. In this frame, iZiraat application specially designed for iPhone and iPad devices was developed and put in service; iZiraat application gives our customers the chance to access the Internet Branch and the Mobile Phone Branch by a single touch.

#### Alternative delivery channels at overseas branches and subsidiaries

Giving support to its overseas branches and subsidiaries in card-based payment systems and alternative delivery channels, Ziraat Bank's subsidiary in Macedonia and Sofia Branch started offering debit card and ATM service to the customers.

## An Assessment of 2010: Strategies and Developments

### Hardware and system software enhancing operational efficiency

During 2010, Ziraat Bank continued to upgrade its information technology infrastructure and to increase their efficiency. In this frame;

- The Corporate Content Management System has been purchased to counter the constantly growing volume, traffic and complexity of information and contents as a result of banking operations, and to render information and their contents intelligible, available, manageable and actively sharable.
- Purchasing agreement has been signed for 1,200 bank queue management machines to eliminate the lines in and out of bank branches and to offer the customers with service at modern banking standards. The first set of machines has been installed.

### Dynamic and effective fund management

Ziraat Bank Fund Management Group manages the Bank's liquidity and balance sheet risks, determines interest and exchange rate policies, and fulfills centralized pricing function for fund management and investment instruments for branches.

The targets in fund management activities are to monitor and manage the financial risk exposure of the Bank's balance sheet, offer product diversity and high-quality service by capitalizing on the advantages of its extensive branch network, and to maximize profit in this way.

During 2010, Ziraat Bank pursued a dynamic and efficient fund management policy and continued to be an active player in the exchange and capital markets. Within the frame of Fund Management activities, the Turkish lira and foreign currency liquidity, marketable securities portfolio, and exchange position were actively managed, while contributing to the Bank's profitability and stable growth keeping an eye on the risk-reward balance.

### Infrastructure for new derivative financial products

Aiming to more efficiently manage the financial risks in its assets-liabilities and balance sheet, and to offer alternative banking products to its customers, Ziraat Bank set up the infrastructure for carrying out the trading of new derivative financial products. To this end, the ISDA (International Swaps and Derivatives Association) agreement has been signed with banks.

Furthermore, the Bank;

- successfully maintains its position as the Turkish Domestic Borrowing Instruments Market Maker since the inception of the Market Making system in 2002 by the Turkish Treasury;
- preserved its high market share in bonds and bills primary market transactions, and included a major portion of the marketable securities issued in its portfolio;
- participated as a co-manager in the eurobond issue of the Turkish Treasury denominated in US dollar, maturing in 2040.

### Product diversity aligned with customer needs

Within the frame of enhancing customer satisfaction and effectively meeting customer needs, the Bank designed new products resulting in product diversity and attained high customer trading volumes in treasury products by way of competitive pricing through constantly improved alternative delivery channels.

In 2010, Ziraat Bank customers started trading on the TurkDEX via the Bank's internet branch. Within the frame of the customers' hedging and return enhancement needs, efforts are ongoing in relation to products traded on the organized and over-the-counter derivative markets.

## Ziraat Bank's goal is to be the leading financial service provider in the nearby region as it is in Turkey.

Aiming to respond to the needs of customers with different risk-reward profiles in the most efficient manner, Ziraat Bank set up the Protected Umbrella Fund in order to issue Type B Gold Fund and principal protected funds and funds linked to financial assets such as various indices, precious metals and foreign currencies. The work has been completed for the establishment of Type B 100% Principal Protected First Sub-Fund (linked to the rise of gold prices) affiliated to the Protected Umbrella Fund, and it was offered to the public in January 2011. Work is underway in relation to the trading of gold in grams.

### Expanding international organization

Ziraat Bank enjoys an efficient, strong and prestigious position in the international banking arena, thanks to its constantly expanding global service network, strong correspondent relations, and sound funding base. Robust international funding facilities provide the Bank with an unrivalled advantage in terms of performing its customers' transactions of any type and volume with ease and under the best circumstances.

Ziraat Bank maintains and further reinforces its position as the most extensive Turkish bank in the international arena with its branches, representative offices and subsidiaries at 74 locations in 16 countries:

The Bank's expanding international organization is composed of the following global service points:

- New York Branch in the USA,
- London Branch in the UK,
- Tbilisi Branch in Georgia,
- Sofia Branch, and Plovdiv, Kardzhali and Varna sub-branches in Bulgaria,
- Athens, Komotini and Xanthi branches in Greece,
- Baghdad Branch in Iraq,
- Lefkoşa, Girne, Gazimağusa, Güzelyurt and Gönyeli branches, and Paşaköy, Near East University, Çatalköy and Karaoğlanoğlu sub-branches in the Turkish Republic of Northern Cyprus (TRNC),
- Tehran Representative Office in Iran.

In addition to the above, Ziraat Bank has international banking subsidiaries in Germany, Azerbaijan, Bosnia-Herzegovina, Kazakhstan, Uzbekistan, Russia, Turkmenistan and Macedonia.

### Projects for increased penetration in nearby geographies

Molding its operations with the goal of being the largest bank in the region as it is in Turkey, Ziraat Bank keeps working in line with the basic strategy of being present in every location Turkish businessmen penetrate along with or before them.

Within the frame of analyses and activities aimed at capitalizing on the balances to result from global changes and developments, as well as on opportunities to materialize, Ziraat Bank;

- carries on with its expansion strategy starting from nearby geographies first and realizes projects seeking to increase and expand its presence and efficiency in all countries where it operates;
- also formulates policies that will give the Bank a more active role in the development of foreign trade relations between Turkey and all countries where Ziraat Bank's global service points are active, and increase the depth and volume of these relations;
- keeps working on projects to penetrate new geographies and markets, for the purpose of intermediating in banking transactions of customers who could potentially work with our country, and mainly with Turkish citizens and entrepreneurs, a policy that has been long-pursued.

## An Assessment of 2010: Strategies and Developments

### Ziraat Bank in Bulgaria

In line with the strategy of strengthening its presence and efficiency in the Balkans, Ziraat Bank presses ahead steadfastly and in greater intensity with extending its branch network and services throughout Bulgaria.

Along this line, the Plovdiv Sub-Branch went into service on January 4, 2010, followed by the Kardzhali Sub-Branch on April 6, 2010 and lastly by the Varna Sub-Branch on October 25, 2010. The Bank plans to complete its efforts to set up sub-branches in Razgrad and Burgas in 2011, thereby increasing the number of its branches to six.

On another front, the Bank kept working towards the introduction of modern banking products and services within the frame of alternative delivery channels to its customers in this country, concurrently with its efforts to expand its branch network. As a result of these activities, debit cards were started to be distributed and one ATM in each branch has been set up for use by customers. With the installation efforts in progress, internet banking, telephone banking, credit card and POS device products are slated for introduction during 2011.

### Ziraat Bank in Greece

In Greece, another Balkan country, Athens and Komotini branches went into service in November and December 2008, respectively. Considering the intense interest in its branches and their potential during its operations in this country, the Bank decided to open a branch in Xanthi, which started its operations on October 22, 2010.

On the other hand, the Bank intends to launch its debit card, ATM service and internet banking facility during the course of 2011.

### Ziraat Bank in TRNC

Offering corporate, commercial and retail banking, treasury and foreign trade services in the Turkish Republic of Northern Cyprus (TRNC) since 1974, Ziraat Bank gave weight to its activities to expand its product line and enhance its service quality in parallel with its recent steady growth trend.

Within the frame of branch network expansion project that marks the first link of these activities, the Bank opened the Near East University Sub-Branch on January 4, 2010, Gönyeli Branch on June 30, 2010, and Çatalköy and Karaoğlanoğlu sub-branches on July 1, 2010, thus increasing the number of its branches to 9. In addition, the Bank significantly increased its lending and reached the USD 150 million mark in the volume of its loans, while rapidly making its alternative delivery channels and modern banking products available to its customers and raised the number of ATMs to 24.

In 2011, the Bank intends to continue with new branch openings in locations that are deemed fit with respect to the potential presented and that show a need for new service points; in this frame, the Bank plans to open the İskele Sub-Branch affiliated to the Gazimağusa Branch during the first half of 2011, as a first step. The Bank will start extending agricultural loans in TRNC in the year ahead.

### In other countries...

#### In Georgia

Taking into consideration the fact that Turkey is one of Georgia's major trading partners and the physical proximity of the city of Batumi, efforts are initiated to set up a branch in Batumi, Georgia. Batumi Sub-Branch is slated for becoming operational during the course of 2011. The Bank has also pressed ahead with its efforts to offer internet banking facility, in addition to card services in Georgia so as



A network of strong international relationships endows Ziraat Bank with unrivalled service abilities and with an unmatched competitive edge in the conduct of foreign trade finance.

to be able to compete with the other banks in this country. Further plans include reorganizing the Tbilisi Branch into an international banking subsidiary so as to expand the Bank's operations.

#### In Saudi Arabia

Decided to be opened to tap the volume of trading and investment/contracting activities between the two countries, the Jeddah Branch is planned to start providing service in the first months of 2011. The primary objectives behind the establishment of this branch include fulfillment of the needs of Turkish export and contracting firms, and provision of banking service principally to Turkish citizens visiting Saudi Arabia for Hajj/Umrah purposes.

#### In Iraq

When the relations between Iraq and Turkey are analyzed from the standpoint of trade and investments, the city that stands out along with Baghdad is Arbil, which hosts a substantial portion of the existing trading volume as well as the operations of a significant number of Turkish companies. It has been decided to open a branch with a capital of USD 7 million in Arbil, in an attempt to extend the Bank's activities in Iraq across the entire country. Arbil Branch is slated for becoming operational in February 2011.

#### Strong international relations network

Enjoying high brand awareness and prestige in the international financial services markets, Ziraat Bank was cooperating with over 1,000 correspondent banks in 85 countries at year-end 2010. The Bank's extensive correspondent bank network continually evolves and improves in keeping with customer demands and the current conjuncture and trends in the global economy.

#### Unrivalled experience in foreign trade transactions

Ziraat Bank handles its customers' foreign trade (import, export, letters of guarantee) transactions through four international operation centers located in Ankara, İstanbul, İzmir and Bursa, supported by its broad network of correspondents, qualified staff as well as its years of experience and knowledge.

Foreign trade transactions are also carried out via the corporate banking branches in Ankara, İstanbul and İzmir, and free zone branches in Antalya and Mersin.

Ziraat Bank set up a system under the name DTR (Foreign Currency Transfer), for use in inbound foreign currency transfers, which was launched in 2010. Having six member banks as of December 31, 2010, the system enables fast and efficient intermediation of transfer transactions of resident banks in Turkey with vostro accounts before the Bank, without engaging the correspondent banks abroad.

#### Ziraat Bank's subsidiary policy and 2010 activities

Ziraat Bank's policy in relation to its subsidiaries is spelled out as follows:

- Provide customers both in Turkey and abroad with contemporary financial services in the best and the most profitable way,
- Establish new subsidiaries that will provide synergies for the Bank, enter into partnerships with existing companies and ensure that current subsidiaries provide effective service to derive cost advantages and guarantee competitive superiority through product diversification,
- Promote domestic subsidiaries, which are parent companies wherein the Bank has control, to leadership position in their relevant sectors.

## An Assessment of 2010: Strategies and Developments

In 2010;

- Upon commencement of operations in life insurance, Ziraat Hayat ve Emeklilik A.Ş. successfully completed all necessary phases to get an operating license in pensions and filed a license application with the Turkish Treasury; the company is all set to be engaged in the Private Pension System with its physical infrastructure and computer systems, and also with its operational processes;
- A decision was passed under which the Bank will participate by 1% in the Specialized Product Exchange (Ürün İhtisas Borsası) which is targeted to be established under the coordination of the Ministry of Industry and Trade;
- Within the frame of the activities to liquidate Gelişen Bilgi Teknolojileri A.Ş., one of the Bank's subsidiaries, first the said company's capital was decreased from TL 10,000,000 to TL 50,000, and from out of the capital to be returned to the shareholders, the Bank received the amount that corresponded to its share in that company;
- Capital increases were realized in the amount of TL 16.8 million in the Bank's domestic subsidiaries and of USD 11.7 million, EUR 1.5 million and MKD (Macedonian Denar) 106 million in its international subsidiaries to raise the profitability and operational volumes of its subsidiaries;
- The Old Turkish Bazaar Branch affiliated to Ziraat Banka A.D. Skopje, one of the international subsidiaries, went into operation while the Zelenih Beretki Office affiliated to the Sarajevo Branch of Turkish Ziraat Bank Bosnia dd was relocated to its new address and renamed Titova Office as of December 30, 2010. Azer-Turk Bank ASC relocated its Head Office to a new address, and set up Customer Services Department, thereby increasing the number of its service units to 5.

As of December 31, 2010, Ziraat Bank's subsidiaries had invested a total of TL 896 million, TL 285 million (net) of which was by its domestic subsidiaries and TL 611 million (net) by its international subsidiaries.

In 2010, the Bank's dividend income amounted to TL 33.6 million, with TL 25 million from its domestic subsidiaries and TL 8.6 million from international subsidiaries.

Detailed information on Ziraat Bank's subsidiaries is provided on page 44 of this report.

### Contribution to the fight against Legalization of Proceeds of Crime and Financing of Terrorism

The SIRON AML software has been fully installed, which was purchased to prevent the products and services offered by the Bank from being used for legalization of proceeds of crime and financing of terrorism. In this scope, the Bank began conducting detailed analysis of transactions executed thereby on a daily basis.

The remote training module on the Prevention of the Laundering of Proceeds of Crime and Financing of Terrorism, a basic reference guide developed by Ziraat Bank on behalf of the Banks Association of Turkey (BAT), was updated and made available for the whole Turkish banking sector.

### Internal communication

Set up to promote employee satisfaction, motivation and in-house communication, the Employee Relations Management Department launched in 2010 the "Ziraat Employees Support Line" that acts on the premise of providing free-of-charge assistance 24/7 to employees and their households in an effort to support the Bank's employees in their extracurricular lives.

The Bank also started "In-Branch Communication Meetings" in order to systematically communicate the decisions adopted at the Head Office, the strategies pursued, goals and the messages wished to be conveyed to branch employees and share the feedbacks received from branches to the Head Office units, so as to strengthen in-house communication.

Set up to promote employee satisfaction, motivation and in-house communication, the “Ziraat Employees Support Line” that acts on the premise of providing free-of-charge assistance 24/7 to employees and their households in an effort to support the Bank’s employees in their extracurricular lives was launched in 2010.

Taking part in activities targeting inter-company communication, in addition to in-house activities, Ziraat Bank participated in “İstanbul Corporate Games 2010” organization in 6 sports disciplines with its 57 employees. At the organization, in which 101 companies competed with nearly 3,500 employees, the Bank claimed the Medalist award for the second time, which is given to the enterprise winning the highest number of medals.

#### Training programs that will add to the knowledge and skills of the Bank’s human resource

Ziraat Bank’s highly qualified human resource that makes a difference with its high educational level, professional experience, and competence and experience in doing business in global markets represents the Bank’s key competitive edge.

The Bank carries out training activities that are designed to equip its employees with the necessary technical background in banking, and familiarize them with international literate and practices, in an effort to help them be knowledgeable and visionary individuals. Furthering these activities every year, the Bank conducted various training projects also in 2010.

During 2010, a total of 12,297 employees participated in professional training programs organized to enhance and standardize the service quality of the Bank’s employees at all service points. The number of people that took part in the legally required trainings, on the other hand, was 22,417.

#### Banking School

Having started its 18th Term on December 1, 2009, Ziraat Bank Banking School completed the term with 183 graduates on June 11, 2010.

The 19th term of the Banking School started on December 1, 2010 and is in progress with a total of 138 students, 95 in Ankara and 43 in Silivri (4 from international subsidiaries, 1 from a domestic subsidiary).

#### International Graduate Program

With a view to enabling its employees to follow-up the international developments in banking and finance, and to furthering their personal development, Ziraat Bank authored yet another first in 2010 and launched a project that gives its employees the opportunity to pursue an international graduate program (master’s degree).

The Bank established cooperation with The University of Manchester, one of the world’s leading universities, in graduate studies, and a protocol has been signed between the authorities of the Manchester Business School and the Bank.

Co-developed with the Manchester University (Manchester Business School), which has become a brand name in its field, the first edition of the program covering 2010-2011 academic year started in Ankara on September 29, 2010.

Representing a first in that a bank initiates a joint graduate program in cooperation with an international university in Turkey, the project stands for a major achievement.

#### Online Test System

The Bank undersigned an unprecedented initiative in recruitment tests and administered an online exam, which is a low-cost, practical, transparent, reliable and fast method, for recruitment of personnel from outside the Bank.

#### Mystery Shopper Survey

In 2008, the Bank initiated the “Mystery Shopper” survey to observe the Bank’s different functions through the “eyes of the customer” and to enhance service performance and maximize quality. The 2010 leg of the survey was carried out at 503 branches in May-June and November-December 2010.

## Promotional, Cultural and Artistic Activities in 2010

Continuing to take the mission it has undertaken in terms of social responsibility one step further every year, the Bank takes pains to author projects that will contribute particularly to the cultural wealth of the society.

Acting on a sense of social responsibility and spirit of social sharing, Ziraat Bank steadfastly supports culture, arts, healthcare, education and sports.

Continuing to take the mission it has undertaken in terms of social responsibility one step further every year, the Bank takes pains to author projects that will contribute particularly to the cultural wealth of the society.

### Promotional activities

During 2010, Ziraat Bank conducted promotional campaigns for the new products it has included in its portfolio.

In the 2010/2011 football season, the Bank once again sponsored and obtained the royalties for the Turkish Cup, whose broadcasting rights are held by TRT, as it did in the 2009/2010 season, and gave the organization the title "Ziraat Türkiye Kupası".

### "Supporting the Arts is a Ziraat Tradition"

The great importance it attaches to art and artists since its foundation expressed in the motto "Supporting the Arts is a Ziraat Tradition", Ziraat Bank continues to carry out various activities in all artistic disciplines.

Since the 1990s, new links are constantly being added to Ziraat Bank's chain of support for the arts. The Bank presented Mithatpaşa, Kuşulu, Tünel and Kızıltan Ulukavak Art Galleries and Ömer Nafi Güvenli Exhibition Hall for the use of art-lovers.

As the only cinema running for the public benefit in Turkey, the Ziraat Bank cinema presented 18 films for art-lovers during the year, which were viewed by approximately sixty thousand people in total.

In the 2009/2010 exhibition season, 45 exhibitions were organized at Ankara Kuğulu, Ankara Mithatpaşa and İstanbul Tünel Art Galleries, which were visited by more than 110,000 art-lovers. Having reached 2,706 works of art with the 50 paintings obtained from these exhibitions, Ziraat Bank's original painting collection remained one of the richest painting collections in our country this year.

Furthermore, an exhibition was inaugurated at Ankara Cer Museum of Modern Arts in order to bring art lovers together with 170 select works of art hand-picked from the Bank's painting collection as the Exhibition of the Century.

Ziraat Bank's contribution to the arts is further expressed in the cinema housed in Mithatpaşa Show Center. The Bank's cinema continued to offer service to moviegoers in its renovated format in 2010.

As the only cinema running for the public benefit in Turkey, the Ziraat Bank cinema presented 18 films for art-lovers during the year, which were viewed by approximately sixty thousand people in total.

#### Turkey's first banking museum from Ziraat

Opened on November 20, 1981, the Ziraat Bank Museum is located in the Ceremonial Hall of the Bank's Original Head Office building in Ankara's Ulus district.

The first banking museum opened in Turkey, the museum showcases the deep-rooted history that spans over 147 years of the Bank, which was witness to almost every phase of the Republic of Turkey. The Ziraat Bank Museum offers a view of the commercial, economic, political, cultural, artistic and educational transformations that the Turkish banking industry has undergone since its beginning right up to the present day. On display in this historic setting are many antiquated objects and materials highlighting the progress and development of banking in Turkey.

#### Other activities

Ziraat Bank organized relief campaigns for the Pakistani people that sustained great damages resulting from natural disasters in 2010.

In addition, the Bank sponsored projects for a large number of fairs taking place in Turkey as well as in other countries during 2010.

## Ziraat Bank's Subsidiaries in 2010

Ziraat Bank possesses an international and domestic subsidiaries portfolio, which has been organized in a wide spectrum and built on the principles of efficiency and productivity.

Through its subsidiaries portfolio concentrated in the finance sector, the Bank offers its customers products and solutions in every field of financial services.

### International Subsidiaries

#### The most prevalent Turkish bank in the world

Pursuing the goal of servicing its customers at every place possible, Ziraat Bank has banking subsidiaries operating in 8 foreign countries.

Providing fully-integrated and synergetic services to Turkish and international customers, Ziraat Bank's international banking subsidiaries are active in all business lines of banking with a particular emphasis on global trade finance as well as on corporate, commercial, and retail banking.

#### ZİRAAT BANK INTERNATIONAL AG

Ziraat Bank's largest subsidiary abroad, Ziraat Bank International AG stands among the higher ranks of the banks backed by Turkish capital operating in the European Union.

Active in the areas of corporate, commercial, and retail banking, Ziraat Bank International AG's corporate and commercial banking services are comprised mainly of cash and non-cash credit transactions related to financing foreign trade between Turkey and the EU countries.

Ziraat Bank International AG has broadened its activities in retail banking in recent years. Making use of internet as an effective delivery channel, the Bank offers its customers comprehensive internet banking services. "Ingenious Account", one of the Bank's internet banking products, has been rated "Constantly Good" for the fourth consecutive time by "Stiftung Warentest/Finanztest", the most respectable independent consumer foundation in Germany.

The Bank has a total of ten branches operating in Frankfurt, Hamburg, Cologne, Hannover, Berlin, Duisburg, Stuttgart, Munich, Nurnberg and Essen.

#### KAZAKHSTAN-ZİRAAT INTERNATIONAL BANK

Headquartered in Almaty and incorporated as the first foreign capital-owned bank in Kazakhstan in 1993, Kazakhstan-Ziraat International Bank provides services through three branches located in Almaty, Astana and Shymkent.

**UZBEKISTAN-TURKISH BANK (UTBANK)**

Uzbekistan Turkish Bank (UTBANK) was founded in 1993 in Tashkent as a joint venture between Ziraat Bank and Agrobank (Uzbekistan), with each controlling an equal stake. The Bank provides service to its customers in all business lines of banking.

**ZIRAAT BANK (MOSCOW) CJSC**

Seeking to meet all the banking needs of its Turkish and Russian customers and adopting a customer-focused approach to service in the conduct of its activities, Ziraat Bank (Moscow) CJSC started operations in 1993 in Moscow.

The Bank offers modern banking services to Russian companies, as well as to the Turkish capital-owned companies operating in Russia, in areas of corporate and commercial banking and non-cash loans. The quality and speed of the service rendered have been further enhanced thanks to the upgraded technology and the internet banking facility that went live during 2010.

**TURKMEN TURKISH JOINT STOCK COMMERCIAL BANK (TTJSC BANK)**

Operating in Turkmenistan as a subsidiary of Ziraat Bank since 1993, Turkmen Turkish Joint Stock Commercial Bank has the capability to provide full-scale banking service.

Having taken on a significant role in the advancement of economic, commercial and social links between Turkmenistan and Turkey since its foundation, the Bank, with its 5 exchange offices, is one of the most active banks in foreign currency transactions in the country. In addition, one of the three Western Union points owned by the Bank has ranked among the top 500 points responsible for the highest number of transactions in the world.

**AZER-TÜRK BANK ASC**

Incorporated as a joint venture of Ziraat Bank and Agrarkredit QSC (Republic of Azerbaijan), Azer-Türk Bank started operations in 1995. The Bank currently provides services through five different units, with four branches in Baku City Center, Baku, Ganca and Nakhchivan and the Customer Services Department under the Head Office organization.

**TURKISH ZİRAAT BANK BOSNIA d.d.**

The first foreign bank established in Bosnia & Herzegovina, Turkish Ziraat Bank Bosnia d.d. started operating in 1997. Currently the bank provides the entire suite of banking products and services to its corporate, commercial, and retail banking customers through 31 ATMs, 26,000 credit cards, 9,000 debit cards, and 800 POS devices and 152 employees, as well as at a total of 21 service units across the Federation.

Sustaining its stable growth and profitability in the country that has been heavily affected by the global crisis since 2009, Turkish Ziraat Bank Bosnia d.d. has been the recipient of the "Bank of the Year" and "Executive of the Year" awards given by the "Directorate for the Selection of Managers of Bosnia & Herzegovina, South East and Central Europe".

**ZİRAAT BANKA AD SKOPJE**

Ziraat Bank converted the Skopje Branch, which was opened for service in 1999, into a banking subsidiary operating under the company name Ziraat Banka AD Skopje in March 2008.

Contributing to the strengthening of economic, commercial and social relations between Turkey and Macedonia, the Bank increased the number of its branches in Macedonia to 5 with 3 in Skopje including the Old Turkish Bazaar Branch opened in 2010, and 2 branches in Tetovo and Gostivar.

## Ziraat Bank's Subsidiaries in 2010

### Domestic Subsidiaries

#### A portfolio of equity stakes increasing cross-sales opportunities

Backed in their operations by Ziraat Bank's extensive service network, strong capitalization and the "Ziraat" brand that stands for trust, the Bank's domestic subsidiaries rank among the strongest and leading players in the country's financial markets by virtue of their high-quality, effective, and customer-focused approach to service.

The domestic subsidiaries, which are active across a broad range of fields from banking to leasing and from investment banking and brokerage services to asset management and technology, give Ziraat Bank the capability to increase its cross-sales opportunities and to reach a customer base that expands by the year.

#### ZİRAAT SİGORTA A.Ş.

Founded on May 11, 2009, Ziraat Sigorta formulated its first year goals based on the production results its principal shareholder Ziraat Bank had achieved functioning as an agency, and set its production target for 2010 as TL 127 million.

Active in non-life branches, Ziraat Sigorta significantly surpassed its target at the end of 2010, although non-Bank delivery channels had not been employed, and its premiums amounted to TL 172 million. This production amount represents 125% growth as compared with the insurance premium production registered by the Bank before the establishment of Ziraat Sigorta.

Ziraat Sigorta remained unwavering from its profitability principle while achieving its production targets by developing innovative products, in addition to its existing insurance products.

During 2010, two new products have been introduced via Ziraat Bank, namely Daily Hospitalization Insurance and My Family Under Protection By Ziraat.

#### ZİRAAT HAYAT VE EMEKLİLİK A.Ş.

Founded on May 11, 2009, Ziraat Hayat ve Emeklilik A.Ş. became operational in the life insurance branch as of January 1, 2010.

Currently offering life insurance and personal accident insurance products to its customers, the Company obtained its operating license from the Turkish Treasury during 2010. The Company will start selling pension plans following the permission to be obtained from the Capital Markets Board of Turkey for setting up the Pension Investment Funds, upon which the Pension Plans will be approved by the Turkish Treasury, and after the registration of the Pension Investment Funds.

During 2010 that marked its first year in operation, the Company was the sector's leader in life branch with a premium production of TL 550.8 million that corresponded to a market share of 27.92%, based on the end-November premium production data published by the Association of the Insurance and Reinsurance Companies of Turkey (TSRŞB).

#### ZİRAAT FİNANSAL KİRALAMA A.Ş.

Ziraat Leasing, established in 1991 with the vision of being the "investors' and employees' first choice leasing company", is a stable, deep-rooted and powerful company in the sector.

Since its incorporation, Ziraat Leasing provided financing worth more than USD 1 billion for nearly 9,000 projects mainly in agriculture, as well as in construction, healthcare, and manufacturing industries. Over the last eight years, the Company successfully augmented its total assets by 6 folds, and its market share by 48 and 84 folds in transaction volume and number of transactions, respectively.

#### ZİRAAT YATIRIM MENKUL DEĞERLER A.Ş.

Ziraat Yatırım Menkul Değerler became operational in 1997. The Company is an active participant in the capital markets with its professional team of 95 people and its infrastructure and superstructure focusing on providing customers with efficient service.



Holding authorization certificates for Trade Brokerage, Public Offering Brokerage, Portfolio Management, Investment Consultancy, Trade on Credit, Short Sale and Borrowing-Lending, Options and Derivatives Transactions, the Company provides services through 5 branches and 21 investment centers, as well as its internet branch and full-service call center on 444 00 00. All branches of Ziraat Bank function as agencies of Ziraat Yatırım Menkul Değerler.

Ziraat Yatırım makes active use of alternative delivery channels. The Company's comprehensive delivery channels include the Company's internet branch at [www.ziraatyatirim.com.tr](http://www.ziraatyatirim.com.tr); "Ziraat Mobile", a mobile phone application that provides access to market information and allows orders to be placed; "Ziraat Ekspres", which allows orders to be placed via a data screen; and the Bank's full-service call center on 444 00 00.

#### ZİRAAT PORTFÖY YÖNETİMİ A.Ş.

Founded in 2002, Ziraat Portföy Yönetimi is an asset management company that manages its clients' investment portfolios of capital market instruments. Having a capital of TL 1.5 million, Ziraat Portföy Yönetimi manages seven mutual funds that are owned by the Bank, four mutual funds that are owned by Ziraat Yatırım, and nine private pension funds that are owned by Groupama Emeklilik, as well as a number of institutional customers' portfolios.

#### ARAP TÜRK BANKASI A.Ş.

Arap Türk Bankası A.Ş. was founded in 1977 as a joint venture between a number of Arab and Turkish financial institutions. The Bank offers its customers a full range of banking products and services through its six branches.

#### FİNTEK FİNANSAL TEKNOLOJİ HİZMETLERİ A.Ş.

Fintek Finansal Teknoloji Hizmetleri A.Ş. was founded in 2001 to provide information technology services to Ziraat Bank and Halkbank. The Company offers service to domestic & foreign customers and public institutions in the financial services sector with its 559 employees at Ankara and Istanbul offices.

Having implemented the Finart project, which allowed Ziraat Bank to switch from distributed computer architecture to a centralized system, Fintek provides information technology services in the areas of infrastructure, support & operations,

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

The information technology service provider, information technology investment consultancy, and software application development and maintenance services provided by Fintek are all in compliance with the requirements of TSE EN ISO 9001:2000. On May 21, 2010, Fintek earned TS ISO/IEC 27001 Information Security Management System certification, which is valid worldwide.

According to "Top 500 Information Technology Companies – Turkey 2010" research, Fintek ranked once again among the top 100 information technology companies.

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

Having started operations in 1998, Bileşim A.Ş. provides alternative delivery channel and payment system services to Ziraat Bank.

Bileşim A.Ş. has successfully passed audit for compliance with the security standards set by major international payment card organizations such as Visa and MasterCard. The Company was the fourth firm in the service provider category to be awarded PCI DSS (Payment Card Industry Data Security Standards) certification in Europe and the first in Turkey. The Company continues to fulfill all the requirements of the certification and successfully passed the relevant annual audit with international standards in 2010.

Servicing one of Turkey's biggest ATM networks, Bileşim A.Ş. climbed up one level and ranked second in the "Income from Outsourced Services" category in the "Top 500 Information Technology Companies - Turkey 2010" listing. The Company also appeared for the second time in the second Turkey edition of the Deloitte Technology Fast 50, recognizing Turkey's fastest-growing technology companies, and was nominated among the 500 fastest-growing companies of Europe, Middle East and Africa.

## Ziraat Bank Board of Directors



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### 1- MUHARREM KARSLI Chairman

Muharrem Karslı graduated from İstanbul University (Faculty of Economics, Department of Business Administration and Finance) in 1959, where he later got his master's degree in money and banking. As he worked as an assistant inspector and inspector at İşbank from 1965 until 1974, he also pursued one-year research studies in banking in UK and France. In 1974, he set up the Securities Department at the same bank, a first in the Turkish banking industry, and managed the same for 11 years until 1985. In 1985, he assumed the duty of establishing İstanbul Stock Exchange and served as its chairman for 5 years. He subsequently established his own brokerage firm, which he transferred 10 years later in 2001. On 3 November 2002, he was elected as a member of the Parliament representing İstanbul during the 22nd term. During his employment with İşbank, he was a board member with Tofaş Türk Otomobil Fabrikaları A.Ş., the bank's subsidiary, for 5 years and for Dışbank A.Ş. (Fortis Bank) for 1.5 years, and as a statutory auditor for T. Şişe ve Cam Fabrikaları A.Ş. and Takasbank. During his term of office as a member of the Parliament, he was a member on the Turkey-EU Joint Parliamentary Commission for 2.5 years and on the NATO Parliamentary Assembly for 2.5 years. Mr. Karslı has been serving as the Chairman of the Bank since May 2010.

### 2- MEHMET MUMCUOĞLU Deputy Chairman

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

### 3- CAN AKIN ÇAĞLAR General Manager and Member of the Board

Can Akın Çağlar is a graduate of İstanbul University (Faculty of Economics) and completed the money and banking master's program at the same school. He also holds a master's degree in banking and finance from Boston University. In 1985 he became a certified bank auditor for

the Treasury Undersecretariat, assistant general manager of Egebank in 1997, and subsequently general manager of Ege Yatırım Menkul Değerler, a brokerage house of the same bank. Beginning in 1998, he served as a general manager of a private finance house. Mr. Çağlar speaks English. He has been a member of the Board of Directors and the Bank's General Manager since 2003.

### 4- BURHANETTİN AKTAŞ Member of the Board

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

### 5- OĞUZ KAYHAN Member of the Board Member of the Audit Committee

Oğuz Kayhan graduated from Ankara University (Faculty of Political Sciences, Department of Economics) in 1986. He began his career in 1987 as an assistant certified bank auditor for the Treasury Undersecretariat of the Prime Ministry. Mr. Kayhan was vice president of the Board of Certified Bank Auditors in 1998-2001, during which time he served as deputy president for a period of nine months. From February 2001 to November 2006 he headed a number of offices at the Banking Regulation and Supervision Agency. He was promoted to the position of a senior certified bank auditor in November 2006. Oğuz Kayhan has held a seat on the Ziraat Bank Board of Directors as a Member of the Bank's Audit Committee since June 2007.

### 6- HİKMET AYDIN SİMİT Member of the Board

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



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#### 7- Dr. ÜMRAN DEMİRÖRS Member of the Board

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

#### 8- HALİL ÇELİK Member of the Board Member of the Audit Committee

Halil Çelik graduated from Anadolu University (Faculty of Economics) and started his career as an assistant inspector with Ziraat Bank in 1982, and later functioned as an inspector, chief inspector, regional manager with Ziraat Bank, and as an inspector with İller Bank. He was a Deputy General Manager for Halkbank from July 2003 until May 2010. He has been serving as a member of Ziraat Bank Board of Directors and a member of the Audit Committee since May 2010.

#### 9- HAYRETTİN KAPLAN Member of the Board

Hayrettin Kaplan graduated from Marmara University (Faculty of Economic and Administrative Sciences, Department of Economics) and received his master's degree in economics from the Northeastern University in Boston. He got his Ph.D. from the Institute of Banking and Insurance from Marmara University. After working as an auditor and chief auditor on the Board of Certified Bank Auditors with the Treasury Undersecretariat from 1987 until 2000, he functioned as an Executive Vice President for Türkiye Finans Participation Bank (2000-2006) and the President of the Black Sea Trade and Development Bank (2006-2010). He became a member of Ziraat Bank Board of Directors in August 2010.

#### 10- ABDULLAH YALÇIN Statutory Auditor

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

#### 11- MAHMUT GÜRSES Statutory Auditor

Mahmut Gürses graduated from the Ankara University Faculty of Political Sciences in 1986. He worked as a financial inspector on the Board of Inspectors of the Ministry of Finance. He got his MBA from the University of Exeter in 1995-1996. Upon returning to Turkey, he served as the Vice President of the then newly established MASAK (Financial Crimes Investigation Board) under the Ministry of Finance. He resigned from the organization in 2000 when he was a Vice President on the Board of Inspectors, and joined the private sector. Working as a sworn financial advisor since 2001, Mr. Gürses has been functioning as a statutory auditor of Ziraat Bank since May 2010.

## Ziraat Bank Senior Management



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**1- CAN AKIN ÇAĞLAR**  
General Manager and Member of the Board

**2- SELİM GÜRAY ÇELİK**  
Chief Assistant General Manager (Banking)

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

**3- SENİH BOYACIGİL**  
Chief Assistant General Manager (Strategy and Operations)

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

**4- ERCÜMENT GÜLER**  
Assistant General Manager for Resource Management

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

**5- ALİ RIZA AKBAŞ**  
Assistant General Manager for Commercial Banking

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

**6- ALPASLAN ÇAKAR**  
Assistant General Manager for Retail Banking

Alpaslan Çakar graduated from Ankara University (Faculty of Political Sciences, Department of Public Administration). He joined Ziraat Bank in 1996 as an assistant inspector, and later functioned as an inspector and branch manager. He was appointed a regional head in 2005. Named a Department Head in August 2007, Çakar was appointed an Assistant General Manager in July 2010.

**7- HÜSAMETTİN GÜLHAN**  
Assistant General Manager for Agricultural Banking

Hüsamettin Gülhan is a graduate of Çukurova University (Faculty of Economic and Administrative Sciences). He joined Ziraat Bank in 1984 as an assistant inspector, subsequently serving as an inspector, assistant manager, branch manager, and regional manager both in Turkey and abroad. He became an assistant general manager in 2005 and was appointed to the position of group head in 2008. Mr. Gülhan has been assistant general manager for agricultural banking since August 2009.

**8- ERTUĞRUL İSPAHA**  
Assistant General Manager for Loans and Overdue Loans

Ertuğrul İspaha graduated from Ankara University (Faculty of Political Sciences, Department of Labor Economics and Industrial Relations). After undertaking positions as inspector and manager at a number of privately-owned banks and financial institutions, he joined Ziraat Bank and served as a corporate banking branch manager and as a regional head. Mr. İspaha has been an assistant general manager since December 2009.

**9- CELAL REYHAN**  
Assistant General Manager for Treasury

Celal Reyhan graduated from Ankara University (Faculty of Political Sciences, Department of International Relations) in 1989 and earned a scholarship to attend the master program in financial management at the University of Exeter in the UK. He started his career at the Risk Assessment Department at Ziraat Bank Head Office. After holding various positions at the Bank, Reyhan served as the General Manager of Ziraat Portföy Yönetimi A.Ş. from 2006 until 2010. He has been serving as the Assistant General Manager for Treasury at Ziraat Bank since July 2010.



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**10- NUMAN BEK**

**Assistant General Manager for Foreign Relations and Subsidiaries**  
Numan Bek graduated from Çukurova University (Faculty of Economic and Administrative Sciences, Department of Economics) in 1991 and then Ziraat Bank Banking School. He started his career at Ziraat Bank Head Office, Securities Department. He worked as an inspector, treasury manager and General Director of the New York Branch at VakıfBank. After holding the positions of General Manager and Chairman of the Board of VakıfBank International AG from 2004, he joined Ziraat Bank in November 2010 as the Assistant General Manager for Foreign Relations and Subsidiaries.

**11- İ. ERDAL MAZLUM**

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

**12- Dr. SONER CANKÖ**

**Assistant General Manager for Banking Operations**  
Soner Cankö graduated from İstanbul University (Faculty of Political Sciences) after which he received a master's degree and doctorate from the Faculty of Economics of the same school. He began his career in the Information Technologies Department of Dışbank and subsequently undertook management positions in a number of private sector firms and banks. In addition to holding general manager and board member positions at Bileşim A.Ş. between 2003-2007, he was also elected as a member and the chairman of the Board of Directors of the Interbank Card Center. He served as an incorporating general manager representing Turkish interests in a privately-owned firm in 2007-2009. He has been an assistant general manager at Ziraat Bank since December 2009. Dr. Cankö speaks English.

**13- ELİF ZEYNEP ERÜL**

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

**14- SEYFETTİN SAĞLAM**

**Assistant General Manager for Human Resources**  
Seyfettin Sağlam is a graduate of Middle East Technical University (Faculty of Sciences & Literature, Department of Sociology). He holds a master's degree from Marmara University (Faculty of Business Administration, Department of International Quality Management) and also completed the Management of People Program at the European Institute of Business Administration (INSEAD). He worked as an HR and Organization Manager in banking, food, retail, packaging and IT industries. Mr. Sağlam has been serving as an Assistant General Manager since September 2008. He speaks English.

**15- MUSTAFA ŞAHİN**

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

**16- ALİ ARAS**

**Head of the Board of Inspectors**  
Ali Aras graduated from Ankara University (Faculty of Political Sciences). He began his career at Ziraat Bank as an assistant bank inspector in 1991 and subsequently served as an inspector, a branch manager, regional manager, and department head. Mr. Aras has been head of the Ziraat Bank Board of Inspectors since September 2008.

**17- BÜLENT YALIM**

**Internal Control Group Head**  
Bülent Yalim graduated from Ankara University (Faculty of Political Sciences). He joined Ziraat Bank as an assistant inspector in 1987 and subsequently served as an inspector, assistant manager, branch manager, department head, and assistant general manager from 2005 until 2010. Mr. Yalim has been serving as the Internal Control Group Head since July 2010.

**18- MEHMET AYHAN ALTINTAŞ**

**Risk Management Group Head**  
Mehmet Ayhan Altıntaş graduated from Hacettepe University (Department of Business Administration) and holds a master's degree from University of Westminster. He began his career in 1985 as a certified bank auditor. He also worked at the Treasury Undersecretariat, Banking Directorate, London Office of the Economic Counselor and the Banking Regulation and Supervision Agency SDIF Financing, Monitoring, and Research Office. He was appointed head of the Ziraat Bank Risk Management Group in August 2007.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Board of Directors Report

### Ziraat Bank in 2010

In 2010, Ziraat Bank continued to strengthen its financial and organizational structure on the back of its operational activities and sustained the superior performance of the recent years. While the Bank's total assets rose to TL 151 billion as of year-end, Ziraat Bank commanded 15% share in total assets in the overall banking industry. Ziraat Bank is the sector's leader in deposits and holds nearly one-fifth of all deposits available to the entire sector; the deposits entrusted to the Bank rose by 28% year-on in 2010 to reach TL 126 billion.

Ziraat Bank strictly adhered to its activities focused on supporting the real sector. Offering a rich array of products and services to its customers, the Bank's weekly lending averaged TL 1.6 billion during 2010. The Bank's total lending grew 56% in 2010. With this rise, Ziraat Bank's total lending exceeded TL 57 billion, and its share went up from 9% at year-end 2009 to 11% at year-end 2010.

In 2010, Ziraat Bank increased its agricultural loans by 77% to TL 13.6 billion and remained the greatest supporter of the agricultural industry. While weekly average of agricultural loans extended by the bank was TL 155 million in 2009, this figure rose to TL 265 million in 2010.

Ziraat Bank sustained its recent breakthrough in retail lending in 2010. Making up a large part of the Bank's lending portfolio, retail loans increased 39% year-to-year and reached TL 23.5 billion. The Bank rose its share in the retail lending sector to 14%, thereby remaining the leader of the sector in this department.

With its general purpose loans up to TL 14.7 billion at year-end 2010, the Bank remained the leader of the sector by a large margin. Ziraat Bank continued to fulfill the individual financing needs of a large number of customers with its specially designed products and interest rate policies adhered to. There was 44% growth in general purpose loans in the past one year bringing the Bank's share in the sector to 32%.

A significant indicator of the Bank's support to the real sector, commercial loans showed a record 93% increase in 2010 and commercial loans extended by the Bank topped TL 15.9 billion at the end of the year. One of the greatest supporters of the SMEs, the Bank grew its lending to SMEs by 91% to TL 5.3 billion. Thanks to sound lending policies and watchful credit-monitoring practices, the Bank was able to maintain its ratio of non-performing loans to total lending at 1.2%, well below the sector average of 3.6%, despite the 56% year-on increase in total loans.

In 2010, the Bank once again defended its position as the Bank possessing the most extensive service network in the sector with 1,379 service points. Ziraat Bank's 22,708 personnel represent 12% of the sector's employment while the number of its branches makes up 14% of the sector's total. Ziraat Bank has a presence in 420 counties and townships in Turkey that are served by no other bank.

Ziraat Bank is the most extensive Turkish bank in the international arena with its 13 branches, 7 sub-branches, 9 subsidiaries and 1 representative office at 74 locations in 16 countries: In addition to its 5 branches and 4 sub-branches in the Turkish Republic of Northern Cyprus, Ziraat Bank has New York Branch in the USA, London Branch in the UK, Sofia Branch and Plovdiv, Kardzhali and Varna sub-branches in Bulgaria, Tbilisi Branch in Georgia, Athens, Komotini and Xanthi branches in Greece, Baghdad Branch in Iraq, Tehran representative office in Iran, and international banking subsidiaries and their branches, sub-branches and offices in Germany, Macedonia, Azerbaijan, Bosnia-Herzegovina, Kazakhstan, Uzbekistan, Russia, and Turkmenistan.

### Conclusion

In 2010, Ziraat Bank generated a pretax profit of TL 4,469 million and a net profit of TL 3,713 million. Having posted the highest profits of any bank in Turkey in the six-year period from 2004 through 2009, Ziraat Bank repeated that performance in 2010 that marked the seventh consecutive year in which the Bank remained the sector's leader in terms of profit. The Bank's return on assets was 2.8% in the reporting period, while its return on equity was 31.8%.

Ziraat Bank successfully completed 2010 attaining increased market share, combined with high profitability and growth rates and achieved its targets set for the year. Realizing a healthy and solid growth and expanding its service network, the Bank rapidly closes in on its target of being a regional power.

### TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.



**Can Akın ÇAĞLAR**  
General Manager



**Muharrem KARŞLI**  
Chairman of the Board

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Human Resources Practices

Remaining the leader of the banking sector in 2010, Ziraat Bank recognizes that its most important capital is its human resource and maintains the modern human resources management system it has adopted in line with the principles of transparency, participation, productivity and compliance with banking ethics.

Aiming to fulfill the requirements of banking and international competition and to provide modern and reliable banking service, Ziraat Bank had 22,708 employees on its payroll at the end of 2010. While 12% of our employees work at the head office units, 88% are assigned at regional offices and branches. 77% of the employee body holds graduate degrees; average age of employees is 38 and average tenure is 15 years.

Adopting a transparent approach to career management and offering young people the chance to advance in their banking careers, Ziraat Bank continued to provide employment to numerous new graduates in 2010 following suit of previous years.

The Bank expanded the scope of the online recruitment test for inexperienced employees, which was implemented for the first time last year in Turkey, to cover service clerk positions; a total of 59,570 people took these exams.

In addition, Ziraat Bank created employment opportunity for experienced work force in the industry to fulfill its experienced personnel need arising from its growing business volume, and added banking professionals specialized in commercial banking, financial analysis and intelligence to the Ziraat Family in 2010.

In this frame, the Ziraat Bank Family grew by a total of 1,881 new staff members in 2010 in order to respond to the developing business volume and to support the manning needs that arose during the year.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Information on the Activities of the Committees

### INFORMATION ON THE ACTIVITIES OF THE CREDIT COMMITTEE

As required by the Bank's "Regulation of Management Bodies", the Credit Committee engages in such activities as examining credit risk strategies and lending policies on a regular basis and, based on the results of such examinations, making recommendations to the Board of Directors concerning changes that need to be made in policies and strategies; taking proposed lendings under consideration if they are in compliance with the Banking Law and applicable legislation; approving those that fall within its authority and presenting those which exceed that authority and which are deemed appropriate to the Board of Directors with its favorable opinion; assessing credit-related regulations and presenting those that it regards suitable to the Board of Directors for its approval; taking into consideration lending policies and presenting those that are deemed appropriate to the Board of Directors for approval; coming to decisions related to lending proposals on such credit restructuring issues as new allocations, term extensions, increases, changes in conditions, and interest reductions. The Credit Committee met 33 times during 2010 and took 377 decisions.

#### Chairman

Can Akın ÇAĞLAR, General Manager and Member of the Board

#### Members

Mehmet MUMCUOĞLU, Deputy Chairman of the Board

Hikmet Aydın SİMİT, Member of the Board

### INFORMATION ON THE ACTIVITIES OF THE AUDIT COMMITTEE

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

#### Members

Oğuz KAYHAN, Member of the Board

Halil ÇELİK, Member of the Board

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

### Board of Directors

The Board of Directors meets regularly at least once a month upon summons by the chairman, deputy chairman or any member of the Board. The Board met 25 times during 2010 and passed 389 resolutions.

### Audit Committee

The Audit Committee meets regularly at least once a month with the attendance of all members. The committee met 25 times during 2010 and passed 72 resolutions.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Related Party Transactions

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

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

Details of the amounts and reasons for the transactions that Ziraat Bank engaged in with members of its own risk group in 2010 are presented in footnote VII of section five of the year-end financial report that is included in this annual report.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Activities for Which Support Services are Outsourced in Accordance with the “Regulation Concerning the Outsourcing of Support Services by Banks and the Authorization of Organizations Providing Such Services” and the Persons and Organizations from Which They are Obtained

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

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

The alternative delivery channel and payment system services and operations that Bileşim provides are concerned with Ziraat Bank’s credit cards, debit cards, ATMs, VTMs, merchant partners (POS), bridge and highway toll systems and call center. As of end-2010, it was delivering service to 3.1 million credit cards and 14 million debit cards on Ziraat Bank’s behalf and managing the operations of 898,371 OGS (automated toll system), 67,934 POS and 2,919 ATM terminals.

Providing service to our Bank’s customers and branches, the Customer Communication Center on 444 00 00 and 444 0 434 handled 13.3 million calls in 2010. As of 2010, the Customer Communication Center began offering service 24/7 to Ziraat Yatırım A.Ş. (Ziraat Investment), Ziraat Sigorta A.Ş. (Ziraat Non-life Insurance) and Ziraat Hayat Emeklilik A.Ş. (Ziraat Life and Pension).

Maintaining the same service quality and customer-focused approach in fulfilling significant volumes in its areas of service in 2010, Bileşim successfully brought to finalization various projects in the reporting period. Major projects completed in 2010 by Bileşim A.Ş. include credit card limit increase through SMS, cardless transactions enabled for ATMs, KOBİKart (SMECard) project, POS installations to enable cash advance withdrawals from branches, accepting loan and credit card applications through Alternative Delivery Channels, and inception of the use of Republic of Turkey Identification Number on the Interactive Voice Response system on 444 00 00.

### 2. FİNTEK FİNANSAL TEKNOLOJİ HİZMETLERİ A.Ş.

Providing information technology service to Ziraat Bank and its domestic/international subsidiaries, Fintek Finansal Teknoloji Hizmetleri A.Ş. was established in 2001. Fintek offers application development services on a variety of platforms as well as systems operation and management services, operational services, communication network and infrastructure installation services, project management services, and consultancy services.

Not just a provider of services and products in information technologies, the company contributes to the enhancement of enterprises’ competitive strength by helping them use information technologies more effectively through its research and development and product development services offered. Fintek ensures that Ziraat Bank’s management information and decision support systems remain in operation and make increasingly more effective and productive use of information that is constantly being updated and consolidated by continuing to develop its Fin@rt basic banking software.

Fintek continued to provide IT services in the fields of infrastructure, support/operation, application development and technical consultancy to Ziraat Bank in 2010. During the reporting period, the company realized a number of projects in line with the Bank’s needs and demands, including the Project MATİR (Financial Analysis and Intelligence Reports), Banksoft-Fin@rt Customer Matching and Customer Data Completion, Collective Customer and Product Description Project, Corporate Expense Management Implementation Project, Establishment of Treasury Dealer Limit Structure, TurkDEX Transactions Project, Outbound Project, Deposit Advance Loan, Cardless Cash Withdrawal from ATMs, and CCTV Infrastructure Expansion Project.

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Statutory Auditors' Report

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

In the assessment relating to the accounts and transactions of T.C. Ziraat Bankası A.Ş. for the period 1 January 2010 to 31 December 2010 within the context of the provisions of applicable legislation, it was observed that:

1. Legally required books and records are kept in accordance with the requirements of the law, and records and supporting documents are maintained in an organized manner,
2. The balance sheet and the profit & loss statement dated 31 December 2010 appended to the Ziraat Bank Board of Directors report and the statements made in that report conform to accounting records,
3. Decisions concerning the Bank's management were duly entered into the Resolution Book.

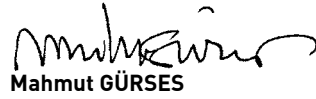
We have reached the opinion that the independently audited balance sheet and profit/loss statement for the period 1 January 2010 and 31 December 2010 attached accurately reflect the true financial standing of the Bank and the true results of its activities for that year, and we hereby submit it for the approval of the General Assembly that the Bank's balance sheet and profit/loss statement be ratified and the Board of Directors be released.

Ankara, 16.02.2011

### Statutory Auditors



Abdulkah YALÇIN



Mahmut GÜRSES

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems

Set up within the frame of the provisions of the Regulation on Banks' Internal Systems enforced pursuant to the Banking Law no. 5411 and consisting of banks' audit, control and risk management units, internal systems is organized in line with the diversity of our Bank's activities and in a manner to respond to changing circumstances.

This organization aims to ensure complete and secure pursuance of banking activities in accordance with the strategies and targets set by the executive management, realization of long-term profit targets, reliable financial and administrative reporting, and minimization of unexpected risks that might negatively affect the Bank's reputation and financial structure.

### **OPERATION OF THE INTERNAL AUDIT SYSTEM**

In 2010, Ziraat Bank Board of Auditors molded its activities with a modern approach to auditing that went beyond merely focusing on the identification of erroneous transactions or those involving malversation, and also analyzed the extent of adoption and implementation of the Bank's targets and strategies by the employees. The Board of Auditors successfully performed within the frame of the ISO 9001:2008 Quality Management System and International Internal Audit Standards.

In addition to the audits conducted across the Bank that covered domestic/international branches and banking subsidiaries and the head office units, audits were carried out on commercial, agricultural and retail loans, payment systems, accounting and financial reporting, alternative delivery channels, debit and credit cards, and deposit processes.

Through its 248 members, the Board of Inspectors constantly monitored the changes in the risk composition and kept the Bank's senior management informed regarding the actions to be taken; to this end, the Board of Inspectors works in a manner to ensure production of information and data that will support the decision-making processes of the senior management.

As required by this perspective, the Bank's inspectors strive to build up the personnel's practical knowledge through on-the-job trainings given in branches, while also seeking to contribute to the Bank's marketing vision through their periodic determinations and suggestions. In addition, the Inspectors provide training in Rules of Banking Ethics, Disciplinary Regulation, and Information Security to all the new hires.

Operating under the Board of Inspectors and producing a dissuasive effect in terms of preventing possible irregularities with the scenario analyses implemented, the Centralized Audit Team constantly increases its contributions to the internal audit system.

Devised to establish incidences of malversation and to minimize the Bank's losses arising from irregularities by taking into account all of the HR data of the Bank, the Branch Risk Study was repeated in 2010, which uses Individual Risk Analysis to focus on high-risk potential branches with an approach based on quantifiable risks built on objective data; the results from the study are used both in Centralized Audits and Audit Planning.

While our inspectors have the opportunity to quickly build on their professional experience through conducting audits in an extensive scope, the Board of Inspectors attaches special importance to their theoretical training. In this frame, the training catalogue was formulated upon identification of standard and optional training programs to be received by the members of the Board in any seniority, and then enforced in 2010. In addition, the Bank's inspectors were provided with the chance to take part in numerous extramural professional meetings and workshops throughout the year, and the annual training time per person reached 27 days in average.

2010 also saw the completion of the software for the new Inspection Report Format designed to effectively incorporate performance, as well as risk, and pilot inspections were initiated in the last quarter. The purpose of the application is to standardize the tasks and transactions involved in audit activities; quantify risk; conduct a proactive audit; render audited branches comparable with other branches with respect to risk and performance; enable detailed reporting to the Bank's management and related units, and cut down on audit times and costs.

With a view to obtaining feedback on the satisfaction level of our inspectors with the activities of the Board of Inspectors and of our branches with the audit activities conducted, a satisfaction survey was carried out by an independent research firm among the managers of audited branches and among our inspectors in 2010 as was the case in the last two years; based on the results of both surveys, the overall satisfaction level was found to be above 90%.

In the period ahead, the Board of Inspectors will continue to be guided by a high sense of responsibility and duty in its efforts, and to create high added value for the Bank and its stakeholders capitalizing on all technological facilities, and particularly on internationally accepted modern audit techniques.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems

### OPERATION OF THE INTERNAL CONTROL SYSTEM

Internal control activities at the Bank are organized so as to cover all of the Bank's domestic and international branches and head office units and all of the Bank's activities under the Regulation on Banks' Internal Systems issued by the BRSA.

Control programs for branches are devised based on the principle of periodic control of all branches, and as a result of the controls, processes related to findings that pose generality and significance are reviewed, and systematic and other deficiencies are determined, upon which process improvement recommendations are made. Internal controllers working at all branches and units systematically carry out on-site and centralized controls, making optimum use of information technologies and web-based applications, and giving weight to risky areas.

Findings from the control activities are shared reliably and quickly with the controlled units, head office units and senior management through electronically produced reports, and actions taken are also followed up.

Determinations are broken down according to risk categories and an error score for each branch is calculated based on these data according to the number and amount of erroneous transactions, etc.; all the statistical data obtained contributed significantly to the preparation and realization of control programs with a risk-focused approach. As a result of these calculations, less frequent controls are scheduled for branches with low error scores and time saved in this way has been allocated to branches with higher error scores, thus ensuring a risk-focused control.

It is targeted to perform centralized controls for all transactions except for document control and accordingly, various analysis programs were used to analyze the system-produced data, findings therefrom are forwarded directly to the related units for necessary corrections and/or actions, or are shared online with the Internal Controllers to be used in the control activities of Internal Controllers assigned to branches. Such execution allows Internal Controllers to focus on selected transactions considered to be posing risks in lieu of a large number of transactions, thereby targeting to achieve increased efficiency in control activities.

Within the scope of internal control activities, internal controllers assigned to the site conducted detailed examinations on the transactions about which there were doubts or hesitations on the basis of established practices. The preliminary examination reports issued helped the Bank take action/adopt measures swiftly in relation to such transactions. Out of these preliminary examination reports so issued, those that are concerned with transactions involving possible malversation are referred to the Board of Inspectors to ensure that necessary review/investigation are carried out.

As per article 18 of the Regulation on Banks' Internal Systems, the Compliance Division set up under the Internal Control Department performs compliance controls to ensure that all of the performed and planned activities of the Bank, as well as new transactions and products, are in compliance with the Law and other applicable legislation, and the Bank's own policies and rules, and established banking practices.

In addition to performing the control activities that make up the primary duty of the Internal Control Department, Internal Controllers have given training to the Bank personnel in "Information Security" and "Prevention of Laundering of Proceeds from Crime and Financing of Terrorism".

Furthermore, in order to speed up the process through on-site sharing of the internal control findings and possible actions to be taken in relation thereto, assessment meetings were held at the Regional Offices with the participation of Internal Control and Regional Office authorities and the Internal Controllers assigned to the Region.

In 2010, Assistant Internal Controllers have been recruited from outside the Bank, thus reinforcing the staffing of the Internal Control Department. In the same period, some Internal Controllers have been appointed to administrative positions; the Department thus carries on with its function to provide qualified human resource to the Bank's administrative personnel positions.

The controls carried out at branches and headquarters units are aligned with the Bank's objectives in terms of period, scope and methodology, and are swift, up-to-date and proactive. They are constantly reviewed and revised in parallel with the changing needs, risks, technological developments, and circumstances. In this frame, significant contributions are made to the sound operation of the Bank's activities and enhancement of service quality by way of activities and recommendations developed for increasing the effectiveness of control activities on processes, proper operation of self-control mechanisms and reducing risk exposure, and determination of erroneous implementations that can be prevented by the system.

All these efforts and actions have been effective in reducing the findings established, and therefore, in preventing operational losses.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems

### OPERATION OF THE RISK MANAGEMENT SYSTEM

The Risk Management Department effectively carried out its activities with 19 risk analysts and assistant risk analysts in 2010. The fundamental approach to risk management activities carried out at the Bank is to achieve the best possible practices in risk management functions by inculcating a culture of risk-awareness throughout the Bank and by continuously improving both the system and the human resources. Maximum attention is given to ensuring that the risk management activities that take place are conducted with the coordinated participation of all units that are involved in every activity associated with each category of risk.

Risk management activities cover the main headings of credit risk, market risk, operational risk and balance sheet risks (structural interest rate risk and liquidity risk), and have the ultimate objective of achieving compliance with international best practices.

In relation to credit risk, work is undertaken for measuring, analyzing, reporting and monitoring credit risk, employing methods that are in alignment with Basel II. In this context, the credit risk is measured using the standardized method, which is to be used in internal reporting, and calculations are supported by scenario analyses. The Bank took part in the Quantitative Impact Study (QIS-TR3) conducted by the BRSA since March 2010, and offered consultancy to six banks in relation to the study. Efforts are ongoing to achieve alignment with the draft regulations issued by the BRSA in parallel with the European Union Capital Requirements Directive.

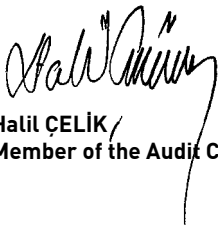
Regarding operational risk, operational risks are defined, classified and analyzed. Basic Indicator Approach is employed in calculating operational risk base amount, and activities are underway in relation to Advanced Measurement Methods. Self-assessments are used to ensure that operational risks are identified on-site by competent personnel. Operational risk loss database in Fin@rt environment allows tracking incidents of operational risk.

In relation to market and balance sheet risks; market, liquidity, and structural interest rate risks are measured, analyzed, limited, scenario analysis is conducted thereon, and they are stress-tested, reported and monitored.

Within the scope of risk management activities, global and national developments are also monitored via time-series, and projections are made on economic and financial indicators used in risk management, employing econometric models, while work is carried out on "Economic Capital" projections that cover basic risks, as part of the internal capital adequacy assessment process.

Results of risk analyses and risk indicators are reported in different levels of content to the Board of Directors, the Audit Committee, executive units and internal system units at semi-annual, monthly, weekly and daily intervals.

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



**Halil ÇELİK**  
Member of the Audit Committee



**Oğuz KAYHAN**  
Member of the Audit Committee

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. The Independent Auditor's Report for the Period January 1- December 31, 2010

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

We have audited the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") at 31 December 2010 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

### **Disclosure for the Responsibility of the Authorized Audit Firm:**

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

### **Independent Auditor's Opinion:**

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as of 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

### **Other Matter:**

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2009 were audited by another auditor whose report dated 1 March 2010 expressed an unqualified opinion.

### **Additional Paragraph for Convenience Translation:**

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

Başaran Nas Bağımsız Denetim ve

Serbest Muhasebeci Mali Müşavirlik A.Ş.

a member of

PricewaterhouseCoopers



Z. Alper Önder, SMMM

İstanbul, 15 February 2011



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. The Unconsolidated Financial Report of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as of 31 December 2010

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

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

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

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



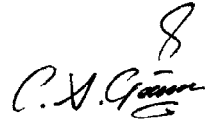
Muharrem KARSLI  
Chairman of the Board of  
Directors



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



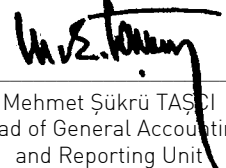
Halil ÇELİK  
Member of the Board of  
Directors  
(Member of the Audit  
Committee)



Can Akın ÇAĞLAR  
General Manager



İsmail Erdal MAZLUM  
Assistant General Manager  
responsible for Financial  
Reporting



Mehmet Şükrü TAŞCI  
Head of General Accounting  
and Reporting Unit

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

Name/Title : Atakan BEKTAŞ / Financial Statements Unit Manager  
Telephone Number : 0312 584 70 97 – 70 98  
Fax Number : 0312 584 71 61

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# Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

(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 Under Secretariat of Treasury of the Turkish Republic.

#### 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 Under Secretariat of Treasury of the Turkish Republic.

#### III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS

Name	Administrative Function
<b>Members of the Board of Directors</b>	
Muharrem KARSLI	Chairman
Mehmet MUMCUOĞLU	Deputy Chairman
Can Akın CAĞLAR	General Manager and Board Member
Burhanettin AKTAŞ	Member
Halil ÇELİK	Member
Hayrettin KAPLAN	Member
Hikmet Aydın SİMİT	Member
Oğuz KAYHAN	Member
Dr. Ümran DEMİRÖRS	Member
<b>Members of the Audit Committee</b>	
Halil ÇELİK	Member
Oğuz KAYHAN	Member
<b>Chief Assistant General Managers</b>	
Selim Güray ÇELİK	Banking
Senih BOYACIGİL	Strategy and Financial Management
<b>Assistant General Managers</b>	
Ali Rıza AKBAŞ	Commercial Banking
Alpaslan ÇAKAR	Retail Banking
Celal REYHAN	Fund Management
Elif Zeynep ERÜL	Corporate Communication
Ercüment GÜLER	Resource Management
Ertuğrul İSPAHA	Credit Monitoring and Workout
Hüsamettin GÜLHAN	Agricultural Banking
İsmail Erdal MAZLUM	Accounting and Financial Management
Mustafa ŞAHİN	Support Services
Numan BEK	External Relations and Associates
Seyfettin SAĞLAM	Human Resources
Dr. Soner CANKO	Banking Operations
<b>Group Heads</b>	
Bülent YALIM	Internal Control
M. Ayhan ALTINTAŞ	Risk Management
<b>Chairman of the Internal Audit</b>	
Ali ARAS	Chairman of the Internal Audit

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

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

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

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

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

As of 31 December 2010, Bank carries its activities with a grand total of 1,399 branches; 1,379 domestic branches including 1,299 branches, 25 bureaus, 53 private operation centers, 2 mobile branches (2009: 1,305 domestic branches including 1,203 branches, 29 bureaus, 70 private operation centers, 1 charge bureau, 2 mobile branches) and abroad branches each in United States (New York), England (London), Georgia (Tbilisi) and Iraq (Baghdad), 3 branches in Greece (Athens, Komotini, Xanthi), 1 branch (Sofia) and 3 sub branches (Filibe/Plovdiv, Kardzhali, Varna) in Bulgaria, 5 branches (Lefkoşa, Girne, Güzelyurt, Gazimağusa and Gönyeli) and 4 sub branches (Paşaköy, Near East University, Karaoğlanoğlu and Çatalköy) in Turkish Republic of Northern Cyprus. Also, Bank has 1 representative office in Iran (Tehran). Moreover, preparations for opening a branch in Saudi Arabia (Jeddah), Iraq (Arbil) and a sub-branch in Georgia (Batumi) are still continuing.

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

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

### SECTION TWO

#### The Bank's Unconsolidated Financial Statements

- I. Balance sheet
- II. Statement of off-balance sheet commitments
- III. Statement of income
- IV. Statement of profit and loss items accounted under shareholders' equity
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flow
- VII. Statement of profit appropriation

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Unconsolidated Financial Statements at 31 December 2010 and 2009

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

I. BALANCE SHEET	Note (Section Five I)	Current Period (31/12/2010)			Prior Period (31/12/2009)		
		TL	FC	Total	TL	FC	Total
<b>ASSETS</b>							
<b>I. CASH BALANCES WITH THE CENTRAL BANK OF TURKEY</b>	<b>(1)</b>	<b>7,652,000</b>	<b>2,613,064</b>	<b>10,265,064</b>	<b>7,368,394</b>	<b>1,805,868</b>	<b>9,174,262</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>	<b>(2)</b>	<b>211,577</b>	<b>28,012</b>	<b>239,589</b>	<b>445,106</b>	<b>49,138</b>	<b>494,244</b>
2.1 Financial Assets Held for Trading		211,577	28,012	239,589	445,106	49,138	494,244
2.1.1 Public Sector Debt Securities		183,889	26,229	210,118	444,972	48,226	493,198
2.1.2 Securities Representing a Share in Capital		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading		27,688	1,783	29,471	133	912	1,045
2.1.4 Other Marketable Securities		-	-	-	1	-	1
2.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Securities Representing a Share in Capital		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
<b>III. BANKS</b>	<b>(3)</b>	<b>44,514</b>	<b>4,597,596</b>	<b>4,642,110</b>	<b>6,695</b>	<b>5,422,914</b>	<b>5,429,609</b>
<b>IV. MONEY MARKET PLACEMENTS</b>							
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 İstanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables From Reverse Repurchase Agreements		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>(4)</b>	<b>35,943,019</b>	<b>3,781,486</b>	<b>39,724,505</b>	<b>20,885,249</b>	<b>4,764,572</b>	<b>25,649,821</b>
5.1 Securities Representing a Share in Capital		118,312	46,394	164,706	24,028	6	24,034
5.2 Public Sector Debt Securities		35,618,082	3,695,037	39,313,119	20,826,981	3,206,994	24,033,975
5.3 Other Marketable Securities		206,625	40,055	246,680	34,240	1,557,572	1,591,812
<b>VI. LOANS AND RECEIVABLES</b>	<b>(5)</b>	<b>51,982,988</b>	<b>5,460,465</b>	<b>57,443,453</b>	<b>34,667,230</b>	<b>2,057,337</b>	<b>36,724,567</b>
6.1 Loans and Receivables		51,700,885	5,460,465	57,161,350	34,495,155	2,057,337	36,552,492
6.1.1 Loans Granted to Risk Group of The Bank		-	206,449	206,449	-	35,001	35,001
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		51,700,885	5,254,016	56,954,901	34,495,155	2,022,336	36,517,491
6.2 Loans under Follow-up		844,746	10,324	855,070	845,315	9,594	854,909
6.3 Specific Provisions (-)		562,643	10,324	572,967	673,240	9,594	682,834
<b>VII. FACTORING RECEIVABLES</b>							
<b>VIII. INVESTMENTS HELD TO MATURITY (Net)</b>	<b>(6)</b>	<b>32,331,551</b>	<b>4,056,500</b>	<b>36,388,051</b>	<b>40,120,714</b>	<b>4,723,082</b>	<b>44,843,796</b>
8.1 Public Sector Debt Securities		32,325,607	4,056,071	36,381,678	40,116,200	4,722,654	44,838,854
8.2 Other Marketable Securities		5,944	429	6,373	4,514	428	4,942
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(7)</b>	<b>52,177</b>	<b>-</b>	<b>52,177</b>	<b>121,963</b>	<b>-</b>	<b>121,963</b>
9.1 Accounted with Equity Method		-	-	-	74,147	-	74,147
9.2 Unconsolidated Associates		52,177	-	52,177	47,816	-	47,816
9.2.1 Financial Associates		47,123	-	47,123	43,516	-	43,516
9.2.2 Non-financial Associates		5,054	-	5,054	4,300	-	4,300
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	<b>(8)</b>	<b>114,700</b>	<b>520,976</b>	<b>635,676</b>	<b>112,041</b>	<b>455,182</b>	<b>567,223</b>
10.1 Unconsolidated Financial Subsidiaries		108,979	520,976	629,955	107,662	455,182	562,844
10.2 Unconsolidated Non-Financial Subsidiaries		5,721	-	5,721	4,379	-	4,379
<b>XI. ENTITIES UNDER COMMON CONTROL (Net)</b>	<b>(9)</b>	<b>-</b>	<b>43,231</b>	<b>43,231</b>	<b>-</b>	<b>25,966</b>	<b>25,966</b>
11.1 Accounted with Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Entities Under Common Control		-	43,231	43,231	-	25,966	25,966
11.2.1 Financial Entities Under Common Control		-	43,231	43,231	-	25,966	25,966
11.2.2 Non Financial Entities Under Common Control		-	-	-	-	-	-
<b>XII. RECEIVABLES FROM LEASING TRANSACTIONS</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Finance Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Fair Value Hedges		-	-	-	-	-	-
13.2 Cash Flow Hedges		-	-	-	-	-	-
13.3 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	<b>(14)</b>	<b>821,178</b>	<b>4,864</b>	<b>826,042</b>	<b>811,492</b>	<b>4,522</b>	<b>816,014</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	<b>(15)</b>	<b>33,736</b>	<b>1,688</b>	<b>35,424</b>	<b>15,664</b>	<b>1,974</b>	<b>17,638</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		33,736	1,688	35,424	15,664	1,974	17,638
<b>XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>		<b>316,340</b>	<b>-</b>	<b>316,340</b>	<b>347,201</b>	<b>-</b>	<b>347,201</b>
17.1 Current Tax Asset		1,504	-	1,504	2,382	-	2,382
17.2 Deferred Tax Asset	(16)	314,836	-	314,836	344,819	-	344,819
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)</b>	<b>(13)</b>	<b>14,945</b>	<b>-</b>	<b>14,945</b>	<b>8,224</b>	<b>-</b>	<b>8,224</b>
18.1 Held for Sale		14,945	-	14,945	8,224	-	8,224
18.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>		<b>478,769</b>	<b>54,332</b>	<b>533,101</b>	<b>284,830</b>	<b>23,174</b>	<b>308,004</b>
<b>TOTAL ASSETS</b>		<b>129,997,494</b>	<b>21,162,214</b>	<b>151,159,708</b>	<b>105,194,803</b>	<b>19,333,729</b>	<b>124,528,532</b>

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Unconsolidated Financial Statements at 31 December 2010 and 2009

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

I. BALANCE SHEET		Note (Section Five II)	Current Period (31/12/2010)			Prior Period (31/12/2009)		
			TL	FC	Total	TL	FC	Total
<b>LIABILITIES AND EQUITY</b>								
<b>I.</b>	<b>DEPOSITS</b>	<b>(1)</b>	<b>103,371,049</b>	<b>22,425,423</b>	<b>125,796,472</b>	<b>79,526,120</b>	<b>19,003,347</b>	<b>98,529,467</b>
1.1	Deposits Held By the Risk Group of the Bank		1,395,435	131,613	1,527,048	77,077	23,875	100,952
1.2	Other		101,975,614	22,293,810	124,269,424	79,449,043	18,979,472	98,428,515
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>(2)</b>	<b>5,514</b>	<b>85</b>	<b>5,599</b>	<b>108</b>	<b>178</b>	<b>286</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	<b>(3)</b>	<b>28,679</b>	<b>70,084</b>	<b>98,763</b>	<b>15,316</b>	<b>5,847</b>	<b>21,163</b>
<b>IV.</b>	<b>MONEY MARKET BALANCES</b>		<b>5,003,477</b>	<b>-</b>	<b>5,003,477</b>	<b>9,144,070</b>	<b>-</b>	<b>9,144,070</b>
4.1	Interbank Money Market Borrowings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3	Funds Provided under Repurchase Agreements		5,003,477	-	5,003,477	9,144,070	-	9,144,070
<b>V.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1	Bills		-	-	-	-	-	-
5.2	Asset-backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
<b>VI.</b>	<b>FUNDS</b>		<b>3,525,458</b>	<b>-</b>	<b>3,525,458</b>	<b>3,245,391</b>	<b>-</b>	<b>3,245,391</b>
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		3,525,458	-	3,525,458	3,245,391	-	3,245,391
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>574,576</b>	<b>139,130</b>	<b>713,706</b>	<b>382,239</b>	<b>145,386</b>	<b>527,625</b>
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	<b>(4)</b>	<b>626,643</b>	<b>297,670</b>	<b>924,313</b>	<b>415,473</b>	<b>199,143</b>	<b>614,616</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X.</b>	<b>PAYABLES FROM LEASING TRANSACTIONS (Net)</b>	<b>(5)</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>
10.1	Finance Lease Payables		-	1	1	-	2	2
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Finance Lease Expenses (-)		-	-	-	-	1	1
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1	Fair Value Hedges		-	-	-	-	-	-
11.2	Cash Flow Hedges		-	-	-	-	-	-
11.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	<b>(7)</b>	<b>1,223,040</b>	<b>4,990</b>	<b>1,228,030</b>	<b>1,698,554</b>	<b>4,947</b>	<b>1,703,501</b>
12.1	General Provisions		254,814	31	254,845	428,436	33	428,469
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Employee Benefits Provisions		600,830	-	600,830	542,600	-	542,600
12.4	Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5	Other Provisions		367,396	4,959	372,355	727,518	4,914	732,432
<b>XIII.</b>	<b>TAX LIABILITY</b>	<b>(8)</b>	<b>405,625</b>	<b>179</b>	<b>405,804</b>	<b>388,107</b>	<b>178</b>	<b>388,285</b>
13.1	Current Tax Liability		405,625	179	405,804	388,107	178	388,285
13.2	Deferred Tax Liability		-	-	-	-	-	-
<b>XIV.</b>	<b>LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (NET)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1	Held for Sale		-	-	-	-	-	-
14.2	Held from Discontinued Operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>(9)</b>	<b>13,271,440</b>	<b>186,645</b>	<b>13,458,085</b>	<b>10,326,445</b>	<b>27,682</b>	<b>10,354,127</b>
16.1	Paid-in Capital		2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital Reserves		1,302,740	186,645	1,489,385	1,019,172	27,682	1,046,854
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		741,963	186,645	928,608	462,925	27,682	490,607
16.2.4	Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5	Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6	Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7	Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17,295	-	17,295	12,764	-	12,764
16.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9	Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10	Other Capital Reserves		543,482	-	543,482	543,483	-	543,483
16.3	Profit Reserves		5,596,300	-	5,596,300	3,136,520	-	3,136,520
16.3.1	Legal Reserves		2,012,298	-	2,012,298	1,758,096	-	1,758,096
16.3.2	Statutory Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		3,000,593	-	3,000,593	1,074,290	-	1,074,290
16.3.4	Other Profit Reserves		583,409	-	583,409	304,134	-	304,134
16.4	Profit or Loss		3,872,400	-	3,872,400	3,670,753	-	3,670,753
16.4.1	Prior Years Profit/Loss		159,798	-	159,798	159,798	-	159,798
16.4.2	Net Period Profit/Loss		3,712,602	-	3,712,602	3,510,955	-	3,510,955
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>128,035,501</b>	<b>23,124,207</b>	<b>151,159,708</b>	<b>105,141,823</b>	<b>19,386,709</b>	<b>124,528,532</b>

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Unconsolidated Financial Statements at 31 December 2010 and 2009

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (31/12/2010)			Prior Period (31/12/2009)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>21,918,514</b>	<b>11,352,571</b>	<b>33,271,085</b>	<b>16,043,131</b>	<b>8,500,812</b>	<b>24,543,943</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(1),(3)</b>	<b>2,600,853</b>	<b>4,921,101</b>	<b>7,521,954</b>	<b>1,863,707</b>	<b>3,649,710</b>	<b>5,513,417</b>
1.1 Letters of Guarantee		2,598,621	3,898,990	6,497,611	1,863,707	2,945,792	4,809,499
1.1.1 Guarantees Subject to State Tender Law		306,182	3,675,222	3,981,404	201,484	2,671,287	2,872,771
1.1.2 Guarantees Given for Foreign Trade Operations		1,782,538	-	1,782,538	1,176,679	-	1,176,679
1.1.3 Other Letters of Guarantee		509,901	223,768	733,669	485,544	274,505	760,049
1.2 Bank Acceptances		2,000	37,164	39,164	-	33,753	33,753
1.2.1 Import Letter of Acceptance		-	8,721	8,721	-	5,004	5,004
1.2.2 Other Bank Acceptances		2,000	28,443	30,443	-	28,749	28,749
1.3 Letters of Credit		232	984,947	985,179	-	670,165	670,165
1.3.1 Documentary Letters of Credit		232	984,947	985,179	-	670,165	670,165
1.3.2 Other Letters of Credit		-	-	-	-	-	-
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		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>(1),(3)</b>	<b>17,265,250</b>	<b>4,282,801</b>	<b>21,548,051</b>	<b>14,144,051</b>	<b>4,681,095</b>	<b>18,825,146</b>
2.1 Irrevocable Commitments		5,684,559	491,315	6,175,874	4,745,082	493,722	5,238,804
2.1.1 Asset Purchase and Sale Commitments		93,489	167,788	261,277	155,778	234,856	390,634
2.1.2 Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		2,000	-	2,000	2,250	1,388	3,638
2.1.4 Loan Granting Commitments		-	-	-	256,804	-	256,804
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		2,303,845	-	2,303,845	2,371,778	-	2,371,778
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		2,673,734	-	2,673,734	1,929,243	-	1,929,243
2.1.10 Commitments for Credit Cards and Banking Services Promotions		10,958	-	10,958	1,861	-	1,861
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		600,533	323,527	924,060	27,368	257,478	284,846
2.2 Revocable Commitments		11,580,691	3,791,486	15,372,177	9,398,969	4,187,373	13,586,342
2.2.1 Revocable Loan Granting Commitments		11,580,339	3,791,486	15,371,825	9,398,617	4,187,373	13,585,990
2.2.2 Other Revocable Commitments		352	-	352	352	-	352
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(2)</b>	<b>2,052,411</b>	<b>2,148,669</b>	<b>4,201,080</b>	<b>35,373</b>	<b>170,007</b>	<b>205,380</b>
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		2,052,411	2,148,669	4,201,080	35,373	170,007	205,380
3.2.1 Forward Foreign Currency Buy/Sell Transactions		9,352	10,353	19,705	35,373	36,408	71,781
3.2.1.1 Forward Foreign Currency Transactions-Buy		4,682	5,187	9,869	17,695	18,209	35,904
3.2.1.2 Forward Foreign Currency Transactions-Sell		4,670	5,166	9,836	17,678	18,199	35,877
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		2,043,059	2,138,316	4,181,375	-	133,599	133,599
3.2.2.1 Foreign Currency Swap-Buy		61,728	2,039,638	2,101,366	-	67,043	67,043
3.2.2.2 Foreign Currency Swap-Sell		1,981,331	98,678	2,080,009	-	66,556	66,556
3.2.2.3 Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4 Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3 Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1 Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-

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



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Unconsolidated Financial Statements at 31 December 2010 and 2009

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (31/12/2010)			Prior Period (31/12/2009)		
		TL	FC	Total	TL	FC	Total
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>144,257,120</b>	<b>7,326,577</b>	<b>151,583,697</b>	<b>95,455,909</b>	<b>2,052,933</b>	<b>97,508,842</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>12,077,658</b>	<b>645,771</b>	<b>12,723,429</b>	<b>8,108,322</b>	<b>647,052</b>	<b>8,755,374</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		2,917,066	515,859	3,432,925	3,964,563	539,030	4,503,593
4.3 Checks Received for Collection		867,258	15,434	882,692	593,924	12,007	605,931
4.4 Commercial Notes Received for Collection		2,161,082	75,767	2,236,849	1,103,817	53,386	1,157,203
4.5 Other Assets Received for Collection		8,442	-	8,442	16,952	-	16,952
4.6 Assets Received for Public Offering		5,920,736	305	5,921,041	2,210,442	-	2,210,442
4.7 Other Items Under Custody		201,422	38,406	239,828	216,972	42,629	259,601
4.8 Custodians		1,652	-	1,652	1,652	-	1,652
<b>V. PLEDGES RECEIVED</b>		<b>132,179,462</b>	<b>6,647,063</b>	<b>138,826,525</b>	<b>87,347,587</b>	<b>1,380,654</b>	<b>88,728,241</b>
5.1 Marketable Securities		261,333	13,549	274,882	201,018	14,152	215,170
5.2 Guarantee Notes		15,576,321	2,641,709	18,218,030	9,963,090	638,605	10,601,695
5.3 Commodity		1,227,795	25,555	1,253,350	1,205,407	12,422	1,217,829
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		107,084,713	3,050,964	110,135,677	70,158,893	489,701	70,648,594
5.6 Other Pledged Items		8,024,091	909,357	8,933,448	5,813,900	219,901	6,033,801
5.7 Pledged Items-Depository		5,209	5,929	11,138	5,279	5,873	11,152
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>33,743</b>	<b>33,743</b>	<b>-</b>	<b>25,227</b>	<b>25,227</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>166,175,634</b>	<b>18,679,148</b>	<b>184,854,782</b>	<b>111,499,040</b>	<b>10,553,745</b>	<b>122,052,785</b>

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Unconsolidated Financial Statements at 31 December 2010 and 2009

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

III. STATEMENT OF INCOME				
INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period 01/01-31/12/2010	Prior Period 01/01-31/12/2009
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>12,391,498</b>	<b>14,202,443</b>
1.1	Interest Income from Loans		5,776,757	5,640,173
1.2	Interest Income From Reserve Deposits		1,145	1,058
1.3	Interest Income from Banks		176,506	316,464
1.4	Interest Income from Money Market Placements		5,301	6,917
1.5	Interest Income from Marketable Securities		6,418,601	8,229,579
1.5.1	Financial Assets Held for Trading		20,312	91,406
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	151
1.5.3	Financial Assets Available-for-Sale		2,701,743	1,838,308
1.5.4	Investments Held-to-Maturity		3,696,546	6,299,714
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		13,188	8,252
<b>II.</b>	<b>INTEREST EXPENSES</b>	<b>(2)</b>	<b>7,035,839</b>	<b>8,133,667</b>
2.1	Interest Expense on Deposits		6,554,119	7,330,206
2.2	Interest on Borrowings		1,892	2,572
2.3	Interest on Money Market Borrowings		456,102	769,127
2.4	Interest on Marketable Securities Issued		-	-
2.5	Other Interest Expense		23,726	31,762
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSES (I - II)</b>		<b>5,355,659</b>	<b>6,068,776</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>510,581</b>	<b>436,997</b>
4.1	Fees and Commissions Received		609,248	529,279
4.1.1	Non-cash Loans		27,934	21,238
4.1.2	Other		581,314	508,041
4.2	Fees and Commissions Paid		98,667	92,282
4.2.1	Non-cash Loans		1	-
4.2.2	Other		98,666	92,282
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>33,648</b>	<b>26,985</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	<b>(4)</b>	<b>(13,137)</b>	<b>61,452</b>
6.1	Profit/Loss from Capital Market Operations		22,348	16,148
6.2	Profit/losses on Derivative Financial Transactions	<b>(5)</b>	111,554	948
6.3	Profit/Loss from Foreign Exchanges		(147,039)	44,356
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(6)</b>	<b>976,774</b>	<b>349,768</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)</b>		<b>6,863,525</b>	<b>6,943,978</b>
<b>IX.</b>	<b>PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)</b>	<b>(7)</b>	<b>144,505</b>	<b>632,184</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES(-)</b>	<b>(8)</b>	<b>2,249,660</b>	<b>1,895,059</b>
<b>XI.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>4,469,360</b>	<b>4,416,735</b>
<b>XII.</b>	<b>GAINS RECORDED AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>PROFIT/LOSS ON EQUITY METHOD</b>		-	-
<b>XIV.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	<b>(9)</b>	<b>4,469,360</b>	<b>4,416,735</b>
<b>XVI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>(10)</b>	<b>(756,758)</b>	<b>(905,780)</b>
16.1	Current Tax Provision		(807,390)	(1,185,054)
16.2	Deferred Tax Provision		50,632	279,274
<b>XVII.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>3,712,602</b>	<b>3,510,955</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
18.1	Income from Non-current Assets Held for Resale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
18.3	Other Income From Discontinued Operations		-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Expenses for Non-current Assets Held for Resale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3	Other Expenses From Discontinued Operations		-	-
<b>XX.</b>	<b>PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		-	-
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSSES (XVII+XXII)</b>	<b>(12)</b>	<b>3,712,602</b>	<b>3,510,955</b>
	Earnings/ Loss per Share		0.001485	0.001404

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Unconsolidated Financial Statements at 31 December 2010 and 2009

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

IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY			
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Current Period (31/12/2010)	Prior Period (31/12/2009)
I.	ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	1,184,512	628,724
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	1,756	(882)
V.	PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)	-	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS		
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	62,173	(24,898)
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(211,259)	(104,282)
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	1,037,182	498,662
XI.	CURRENT YEAR PROFIT/LOSS	(599,181)	(83,861)
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	(576,649)	(55,308)
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	(22,532)	(28,553)
XII.	TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)	438,001	414,801

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Unconsolidated Statement of Changes in Shareholders' Equity

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

### V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

31 December 2009	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves
<b>I. Beginning Balance</b>		2,500,000	544,123	-	-	1,568,647
<b>II. Corrections According to TAS 8</b>		-	-	-	-	-
2.1 The Effect of Corrections of Errors		-	-	-	-	-
2.2 The Effects of Changes in Accounting Policy		-	-	-	-	-
<b>III. New Balance (I + II)</b>		2,500,000	544,123	-	-	1,568,647
Changes in Period						
<b>IV. Increase/Decrease Related to Merger</b>		-	-	-	-	-
<b>V. Marketable Securities Valuation Differences</b>		-	-	-	-	-
<b>VI. Hedging Funds (Active Part)</b>		-	-	-	-	-
6.1 Cash-Flow Hedge		-	-	-	-	-
6.2 Hedges for Investments Made in Foreign Countries		-	-	-	-	-
<b>VII. Revaluation Differences of Tangible Assets</b>		-	-	-	-	-
<b>VIII. Revaluation Differences of Intangible Assets</b>		-	-	-	-	-
<b>IX. Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)</b>		-	-	-	-	-
<b>X. Foreign Exchange Differences</b>		-	(640)	-	-	-
<b>XI. Changes Resulted from Disposal of Assets</b>		-	-	-	-	-
<b>XII. Changes Resulted from Reclassification of Assets</b>		-	-	-	-	-
<b>XIII. Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity</b>		-	-	-	-	-
<b>XIV. Increase in Capital</b>		-	-	-	-	-
14.1 Cash		-	-	-	-	-
14.2 From Internal Resources		-	-	-	-	-
<b>XV. Issuance of Share Certificates</b>		-	-	-	-	-
<b>XVI. Share Cancellation Profits</b>		-	-	-	-	-
<b>XVII. Adjustment to Paid-in Capital</b>		-	-	-	-	-
<b>XVIII. Other</b>		-	-	-	-	-
<b>XIX. Net Profit or Losses</b>		-	-	-	-	-
<b>XX. Profit Distribution</b>		-	-	-	-	189,449
20.1 Dividend Distributed		-	-	-	-	-
20.2 Transfers to Legal Reserves		-	-	-	-	189,449
20.3 Other		-	-	-	-	-
<b>Closing Balance (III+IV+V +...+XVIII+XIX+XX)</b>		2,500,000	543,483	-	-	1,758,096

### V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

31 December 2010	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves
<b>I. Prior Period End Balance</b>		2,500,000	543,483	-	-	1,758,096
Changes in the Period						
<b>II. Increase/Decrease Related to Merger</b>		-	-	-	-	-
<b>III. Marketable Securities Valuation Differences</b>		-	-	-	-	-
<b>IV. Hedging Funds (Active Part)</b>		-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-
4.2 Hedges for Investments Made in Foreign Countries		-	-	-	-	-
<b>V. Revaluation Differences of Tangible Assets</b>		-	-	-	-	-
<b>VI. Revaluation Differences of Intangible Assets</b>		-	-	-	-	-
<b>VII. Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)</b>		-	-	-	-	-
<b>VIII. Foreign Exchange Differences</b>		-	-	-	-	-
<b>IX. Changes Resulted from Disposal of Assets</b>		-	-	-	-	-
<b>X. Changes Resulted from Reclassification of Assets</b>		-	-	-	-	-
<b>XI. Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity</b>		-	-	-	-	-
<b>XII. Increase in Capital</b>		-	-	-	-	-
12.1 Cash		-	-	-	-	-
12.2 From Internal Resources		-	-	-	-	-
<b>XIII. Issuance of Share Certificates</b>		-	-	-	-	-
<b>XIV. Share Cancellation Profits</b>		-	-	-	-	-
<b>XV. Adjustment to Paid-in Capital</b>		-	-	-	-	-
<b>XVI. Other</b>		-	(1)	-	-	-
<b>XVII. Net Profit or Losses</b>		-	-	-	-	-
<b>XVIII. Profit Distribution</b>		-	-	-	-	254,202
18.1 Dividend Distributed		-	-	-	-	-
18.2 Transfers to Legal Reserves		-	-	-	-	254,202
18.3 Other		-	-	-	-	-
<b>Closing Balance (I+II+III+...+XVI+XVII+XVIII)</b>		2,500,000	543,482	-	-	2,012,298

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Unconsolidated Statement of Changes in Shareholders' Equity

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

Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity
-	90,121	275,718	-	2,294,057	75,806	-	12,764	-	-	7,361,236
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	90,121	275,718	-	2,294,057	75,806	-	12,764	-	-	7,361,236
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	415,683	-	-	-	-	415,683
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	128	-	-	(882)	-	-	-	-	(1,394)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	3,510,955	-	-	-	-	-	-	3,510,955
-	984,169	28,288	-	(2,134,259)	-	-	-	-	-	(932,353)
-	-	-	-	(932,353)	-	-	-	-	-	(932,353)
-	984,169	28,288	-	(1,201,906)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	1,074,290	304,134	3,510,955	159,798	490,607	-	12,764	-	-	10,354,127

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
-	1,074,290	304,134	-	3,670,753	490,607	-	12,764	-	-	10,354,127
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	436,245	-	-	-	-	436,245
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,531	-	-	4,531
-	-	-	-	-	1,756	-	-	-	-	1,756
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	3,712,602	-	-	-	-	-	-	(1)
-	1,926,303	279,275	-	(3,510,955)	-	-	-	-	-	3,712,602
-	-	-	-	(1,051,175)	-	-	-	-	-	(1,051,175)
-	1,926,303	279,275	-	(2,459,780)	-	-	-	-	-	(1,051,175)
-	-	-	-	-	-	-	-	-	-	-
-	3,000,593	583,409	3,712,602	159,798	928,608	-	17,295	-	-	13,458,085

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Unconsolidated Statement of Cash Flows at 31 December 2010 and 2009

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

<b>VI. STATEMENT OF CASH FLOWS</b>		<b>Note (Section Five VI)</b>	<b>Current Period <sup>(1)</sup> (31/12/2010)</b>	<b>Prior Period (31/12/2009)</b>
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		3,135,587	3,699,857
1.1.1	Interest Received		12,017,169	14,128,604
1.1.2	Interest Paid		(6,979,212)	(8,282,976)
1.1.3	Dividend Received		38,185	22,514
1.1.4	Fees and Commissions Received		604,451	529,253
1.1.5	Other Income		173,266	131,419
1.1.6	Collections from Previously Written-off Loans and Other Receivables		635,478	445,210
1.1.7	Payments to Personnel and Service Suppliers		(2,068,396)	(1,084,849)
1.1.8	Taxes Paid		(911,528)	(1,316,665)
1.1.9	Other		(373,826)	(872,653)
1.2	Changes in Operating Assets and Liabilities		2,270,643	11,094,636
1.2.1	Net Decrease/(Increase) in Trading Securities		236,202	157,321
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3	Net Decrease in Banks		(817,408)	7,469
1.2.4	Net (Increase) in Loans		(20,905,224)	(6,084,933)
1.2.5	Net (Increase) in Other Assets		(166,178)	(1,910)
1.2.6	Net Increase/(Decrease) in Bank Deposits		(2,264,439)	(663,316)
1.2.7	Net (Decrease)/Increase in Other Deposits		25,334,357	15,473,149
1.2.8	Net (Decrease)/Increase in Funds Borrowed		77,467	(7,132)
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net (Decrease)/Increase in Other Liabilities		775,866	2,213,988
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>		<b>5,406,230</b>	<b>14,794,493</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>		<b>(5,062,108)</b>	<b>(12,076,391)</b>
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(22,807)	(66,393)
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-	-
2.3	Fixed Assets Purchases		(163,745)	(33,408)
2.4	Fixed Assets Sales		76,915	-
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(25,603,705)	(15,518,918)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale		12,806,347	-
2.7	Cash Paid for Purchase of Investment Securities		(2,041,461)	(9,136,005)
2.8	Cash Obtained from Sale of Investment Securities		9,886,348	12,678,333
2.9	Other		-	-
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>		<b>(1,051,175)</b>	<b>(934,297)</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Marketable Securities Issued		-	-
3.4	Dividends Paid		(1,051,175)	(932,353)
3.5	Payments for Finance Leases		-	(1,944)
3.6	Other		-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>192,319</b>	<b>(184,071)</b>
<b>V.</b>	<b>Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>(514,734)</b>	<b>1,599,734</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>(1)</b>	<b>12,816,573</b>	<b>12,888,801</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>(1)</b>	<b>12,301,839</b>	<b>14,488,535</b>

<sup>(1)</sup> Although the reserve requirements held in restricted accounts of The Central Bank of the Republic of Turkey and foreign central banks were included as cash and cash equivalents at the beginning and at the end of previous periods, they are not included as cash and cash equivalents in the statement of cash flow between 1 January - 31 December 2010.

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Unconsolidated Statement of Profit Appropriation at 31 December 2010 and 2009

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

<b>VII. PROFIT APPROPRIATION STATEMENT <sup>(1)</sup></b>		<b>Current Period (31/12/2010)</b>	<b>Prior Period <sup>(2)</sup> (31/12/2009)</b>
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>			
1.1	Current Year Income	4,469,360	4,416,735
1.2	Taxes And Duties Payable [-] <sup>(3)</sup>	(807,390)	(1,185,054)
1.2.1	Corporate Tax (Income Tax)	(807,390)	(1,185,054)
1.2.2	Income Withholding Tax	-	-
1.2.3	Other Taxes and Duties	-	-
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>		<b>3,661,970</b>	<b>3,231,681</b>
1.3	Prior Year Losses [-]	-	-
1.4	First Legal Reserves [-]	-	161,584
1.5	Other Statutory Reserves [-]	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>		<b>3,661,970</b>	<b>3,070,097</b>
1.6	First Dividend to Shareholders [-]	-	125,000
1.6.1	To Owners of Ordinary Shares	-	125,000
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	Dividends to Personnel [-]	-	103,928
1.8	Dividends to Board of Directors [-]	-	-
1.9	Second Dividend to Shareholders [-]	-	822,247
1.9.1	To Owners of Ordinary Shares	-	822,247
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	Second Legal Reserves [-]	-	92,619
1.11	Statutory Reserves [-]	-	-
1.12	Extraordinary Reserves	-	1,926,303
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
<b>II. DISTRIBUTION OF RESERVES</b>			
2.1	Appropriated Reserves	-	-
2.2	Second Legal Reserves [-]	-	-
2.3	Dividends to Shareholders [-]	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Privileged Shares	-	-
2.3.3	To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders of Profit and Loss Sharing Certificates	-	-
2.4	Dividends to Personnel [-]	-	-
2.5	Dividends to Board Of Directors [-]	-	-
<b>III. EARNINGS PER SHARE</b>			
3.1	To Owners of Ordinary Shares	0.001485	0.001404
3.2	To Owners of Ordinary Shares (%)	-	-
3.3	To Owners of Privileged Shares	-	-
3.4	To Owners of Privileged Shares (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>			
4.1	To Owners of Ordinary Shares	-	0.000326
4.2	To Owners of Ordinary Shares (%)	-	-
4.3	To Owners of Privileged Shares	-	-
4.4	To Owners of Privileged Shares (%)	-	-

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

<sup>(2)</sup> The profit distribution table belongs to prior period becomes definite with the decision of Ordinary General Assembly after the publishing of 31 December 2009 financial statement. It is rearranged in this direction.

<sup>(3)</sup> The deferred tax asset amounting to TL50,632 is not subject to profit distribution (2009: TL279,274).

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### SECTION THREE

#### EXPLANATIONS ON ACCOUNTING POLICIES

##### I. BASIS OF PRESENTATION

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

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA ("Banking Regulation and Supervision Agency") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Turkish Accounting Standards Board ("TASB") and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated 10 February 2007.

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

As of 31 December 2010, financial statements are presented comparatively with independently audited financial statements as of 31 December 2009.

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.

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, 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.

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

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

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

Since the Bank's total debt to the market is low among its total liabilities, the Bank can borrow easily from short-term markets, such as; Istanbul Stock Exchange ("ISE"), 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.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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.

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

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

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

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

### IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Bank's derivative transactions mostly include currency swaps and foreign exchange purchase and sale transactions. The Bank has no embedded derivative instruments separated from the host contract.

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

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

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

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

### V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

### VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

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

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

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

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in ISE are carried at weighted average exchange prices of ISE as of the balance sheet date and those securities that are not traded in ISE are carried at prices of the Central Bank of the Republic of Turkey. Eurobonds are carried at prices in the over the counter markets. The difference between the cost and fair value of held for trading securities is accounted under "Other Interest and Income Accrual" or "Impairment Loss for Marketable Securities" account. Interest received from financial assets held for trading is reflected as interest income.

#### b. Held-to-maturity financial assets:

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

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

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

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

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

#### c. Loans and receivables:

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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". Furthermore, while allocating specific provision, minimum rates defined in the related regulation and prudence principle are taken into account without considering collaterals. Allocated provisions are deducted from the income for the period. If the receivables for which provisions were set in the previous years are collected, provision for allowances are released and recognized as income under "Other Operating Income" account. Releases of current period provisions are made by the reversal of the amount from the "Provision for Impairment of Loans and Other Receivables" account.

### **d. Available-for-sale financial assets:**

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

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

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

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

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

### **VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS**

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

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

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

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

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

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

In accordance with the provisions of the legislation mentioned in the previous page, the Bank provides general loan loss provisions for loans and its receivables in addition to specific provisions. Based on the decision of Bank's Asset and Liability Management ("ALM"), total loans excluding loans originated from funds whose risk is not bore by the Bank and loans granted to institutions which are exempt from provisions according to Banking Law, general provision ratio is set as 3%. Additional provision provided upon this decision is presented under "Other provisions" within the balance sheet. Based on the decision of Bank's ALM, the Bank has cancelled general loan loss provisions for cash loans except credit cards lending from 6 March 2010 and provisions for possible risk based on ALM decision in accordance with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No. 27513 dated 6 March 2010.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

As of the balance sheet date, there are 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.

### XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

### XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. The Bank's tangible fixed assets purchased before 1 January 2005 are carried at inflation adjusted cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequent to 1 January 2005 are valued at historical cost. 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.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

Estimated depreciation rates of tangible fixed assets are as follows;

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

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

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

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

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

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

#### XIV. EXPLANATIONS ON LEASING TRANSACTIONS

##### Financial Lease

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

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

##### Operational Lease

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

#### XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

### XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

#### a. Employment Termination and Vacation Benefits

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

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

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

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

#### b. Pension Rights

Some of the Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. As of 31 December 2010 the number of personnel who benefit from the Fund, excluding dependents, is 11,625 (2009: 10,191). 8,339 of these members are active while 3,286 are passive members. (2009: 7,025 active members, 3,166 passive members).

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

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

It has been applied to the Constitutional Court at 19 June 2008 for cancellation of some articles of the new law about transfer of pension funds to Social Security Agency and requested them to be ineffective. As of the date of the publication of the financial statements, there is no decision of the Constitutional Court announced regarding the court case of abrogation.

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

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

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The technical balance sheet report as of 31 December 2010 which is prepared in accordance with the new law and the rate determined as 9.80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

### XVII. EXPLANATIONS ON TAXATION

#### a. Current Tax

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

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

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

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

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

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

#### b. Deferred tax

In accordance with TAS 12 "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.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### **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.

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 value of these assets represents their fair values. Cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Bank.

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

### **XXIII. EXPLANATIONS ON SEGMENT REPORTING**

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

### **XXIV. EXPLANATIONS ON OTHER MATTERS**

The General Assembly for year 2009 was carried out on 24 May 2010. In accordance with the decision taken, of the profit for the year 2009 amounting to TL3,510,955, TL161,584 is transferred to first legal reserves, TL92,619 is transferred to second legal reserves, TL102,857 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL800,000 is distributed to Undersecretariat of Treasury after deducting withholding tax of 15% (TL141,176) in cash on 26 May 2010. In addition to TL1,926,303 of the profit for the year 2009, deferred tax income amounting to TL279,274 is not distributed. The remaining part of dividend reserved to be distributed to personnel is transferred to account of Under Secretariat of Treasury of the Turkish Republic, net TL6,071 after deducting withholding tax of 15% (TL1,071).



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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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 19.20% (2009: 23.22%).

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

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

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

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### Information related to capital adequacy ratio:

Current Period	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
<b>Credit Risk Base Amount</b>							
<b>Balance Sheet Items (Net)</b>	<b>51,566,459</b>	-	<b>4,906,371</b>	<b>13,127,561</b>	<b>41,412,283</b>	<b>55,855</b>	-
Cash	1,291,045	-	129	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Central Bank of the Republic of Turkey	6,549,245	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	4,543,751	-	97,392	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	2,424,645	-	-	-	-	-	-
Loans <sup>(1)</sup>	4,547,023	-	184,218	13,056,906	38,545,233	55,855	-
Loans Under Follow-up (Net) <sup>(1)</sup>	-	-	-	-	112,952	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	35,638,709	-	-	-	6,146	-	-
Receivables from Forward Sale of Assets	-	-	-	-	2,932	-	-
Miscellaneous Receivables	19,775	-	120	-	123,971	-	-
Interest and Income Accruals	753,601	-	1,722	70,655	846,303	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	731,084	-	-
Fixed Assets	-	-	-	-	840,797	-	-
Other Assets	342,416	-	176,431	-	105,473	-	-
<b>Off-Balance Sheet Items</b>	<b>248,224</b>	-	<b>167,813</b>	-	<b>4,924,591</b>	-	-
Non-cash Loans and Commitments	248,224	-	128,169	-	4,924,497	-	-
Derivative Financial Instruments	-	-	39,644	-	94	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>51,814,683</b>	-	<b>5,074,184</b>	<b>13,127,561</b>	<b>46,336,874</b>	<b>55,855</b>	-

<sup>(1)</sup> The balance of loans originated by funds whose risk does not belong to the Bank which is presented in Loans Under Follow-up (Net) balance in the financial statements; is shown in the 0% risk weight column in the table above.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

Prior Period	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
<b>Credit Risk Base Amount</b>							
<b>Balance Sheet Items (Net)</b>	<b>58,990,997</b>	<b>-</b>	<b>5,524,908</b>	<b>8,217,995</b>	<b>24,971,867</b>	<b>20,088</b>	<b>20</b>
Cash	1,034,022	-	46	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Central Bank of the Republic of Turkey	6,432,428	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	5,378,475	-	50,795	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	1,655,613	-	-	-	-	-	-
Loans	4,568,960	-	18,368	8,155,538	23,198,572	20,088	20
Loans Under Follow-up (Net) <sup>(1)</sup>	-	-	-	-	-	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	43,502,228	-	-	-	4,749	-	-
Receivables from Forward Sale of Assets	-	-	-	-	1,888	-	-
Miscellaneous Receivables	16,014	-	1,654	-	87,966	-	-
Interest and Income Accruals	1,407,645	-	776	62,457	684,011	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	83,078	-	-
Fixed Assets	-	-	-	-	824,101	-	-
Other Assets	374,087	-	125,589	-	36,707	-	-
<b>Off-Balance Sheet Items</b>	<b>172,428</b>	<b>-</b>	<b>105,439</b>	<b>-</b>	<b>3,849,239</b>	<b>-</b>	<b>-</b>
Non-cash Loans and Commitments	172,428	-	105,439	-	3,847,891	-	-
Derivative Financial Instruments	-	-	-	-	1,348	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>59,163,425</b>	<b>-</b>	<b>5,630,347</b>	<b>8,217,995</b>	<b>28,821,106</b>	<b>20,088</b>	<b>20</b>

<sup>(1)</sup> The balance of loans originated by funds whose risk does not belong to the Bank which is presented in Loans Under Follow-up (Net) balance in the financial statements; is shown in the 0% risk weight column in the table above.

### Summary information about the capital adequacy standard ratio:

	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	53,999,274	34,086,345
Market Risk Base Amount (MRBA)	5,526,838	2,331,700
Operational Risk Base Amount (ORBA)	10,009,066	8,659,562
Shareholders' Equity	13,350,237	10,466,127
<b>Shareholders' Equity/(CRBA+MRBA+ORBA) * 100</b>	<b>19.20</b>	<b>23.22</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### Information related to components of shareholders' equity:

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Inflation Adjustment for Paid-in Capital	543,482	543,482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	2,012,298	1,758,096
1st Degree Legal Reserves (TCC 466/1)	834,924	673,340
2nd Degree Legal Reserves (TCC 466/2)	1,177,374	1,084,756
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	3,584,002	1,378,424
Reserves Allocated per General Assembly Minutes	-	-
Retained Earnings	3,584,002	1,378,424
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	-	-
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	3,872,400	3,670,753
Net Profit of the Period	3,712,602	3,510,955
Retained Earnings	159,798	159,798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	275,125	611,962
Subsidiary and Associate Shares and Gains on Sale of Real Estate To Be Added To Capital	-	-
Primary Subordinated Loans (up to 15% of the Core Capital)	-	-
Loss (-) Portion of Losses that Cannot be Covered by Reserves	-	-
Net Loss of the Period	-	-
Accumulated Loss	-	-
Leasehold Improvements (-)	16,666	-
Prepaid Expenses (-)	73,771	6,502
Intangible Assets (-)	18,758	17,638
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in 3 <sup>rd</sup> Clause 56 <sup>th</sup> Article of the Banking Act (-)	-	-
<b>Total Core Capital</b>	<b>12,678,112</b>	<b>10,438,577</b>

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

	Current Period	Prior Period
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	254,845	428,469
45% of Movable Assets Revaluation Fund	-	-
45% of Immovables Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	17,295	12,764
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Marketable Securities Revaluation Fund	417,874	220,773
From Subsidiaries and Associates	36,763	8,785
From Financial Assets Available for Sale	381,111	211,988
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/ Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
<b>Total Supplementary Capital</b>	<b>690,014</b>	<b>662,006</b>
<b>TIER-III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>13,368,126</b>	<b>11,100,583</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>17,889</b>	<b>634,456</b>
Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or more of whose Capital is Owned by the Bank and which are Excluded from the Consolidation	-	632,076
Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose Capital is Owned by the Bank and that Exceeds 10% of the Total Core Capital and Supplementary Capital	-	-
Loans to banks, Financial Institutions (Domestic/Foreign), Holders of Qualified Shares in the form of Secondary Subordinated Loan and Loan Instruments Purchased from those Parties Qualified as Primary or Secondary Subordinated Loan	17,699	2,243
Loans Granted not in Compliance with the Provisions Stated in Articles 50 and 51 of the Act	-	-
Total Net Book Value of the Bank's Real Estates in excess of 50% of the Equity and in accordance with Article 57 of the Act, Net Book Value of Real Estates and Commodities Acquired in Exchange of Loans and Receivables that should be Disposed of however; have not been Disposed for the Last 5 Years Since the Beginning of the Acquisition Date	190	137
Other	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>13,350,237</b>	<b>10,466,127</b>

### II. EXPLANATIONS ON CREDIT RISK

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

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

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

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The bank's credit authority limits on given consumer loans are defined with the

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Heads/ Branches.

In line with the budgeted targets, TL/FC Cash/Non-Cash Commercial/SME loan placements are issued and followed on sectoral and regional basis.

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

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

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

The Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors' credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Bank's credit risk significantly declines.

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

The Bank makes provision in conformity with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to Be Set Aside".

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

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

Foreign financial institution and country risks of the Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the clients.

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

In line with the Regulation on provisions, if the cash risk of a customer classified as nonperforming, the non-cash is classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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The percentage of top 100 cash loans in the total cash loan portfolio is 15% (2009: 14%).

The percentage of top 100 non-cash loans in the total non-cash loan portfolio is 75% (2009:79%).

The percentage of top 100 cash and non-cash loans in the total cash and non-cash loan portfolio is 17% (2009:24%).

General provision made by the Bank for the credit risk is TL254,845 (2009: TL428,469).

### Credit risk by types of borrowers and geographical concentration:

	Individual and Corporate Loans <sup>(4)</sup>		Loans to Banks and Other Financial Institutions <sup>(4)</sup>		Marketable Securities <sup>(1) (4)</sup>		Other Loans <sup>(2)</sup>	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Sectoral distribution</b>	<b>55,799,721</b>	<b>35,551,518</b>	<b>1,361,629</b>	<b>1,000,974</b>	<b>76,352,145</b>	<b>70,987,861</b>	<b>5,343,781</b>	<b>6,172,786</b>
Private Sector	16,685,707	8,481,628	648,191	782,402	39,243	-	116,591	190,738
Public Sector	470,541	830,544	709,316	216,311	76,118,877	70,963,827	31,495	26,138
Banks	-	-	4,122	2,261	29,319	-	5,192,763	5,954,022
Individual Customers	38,643,473	26,239,346	-	-	-	-	2,932	1,888
Equity instruments	-	-	-	-	164,706	24,034	-	-
<b>Geographical distribution</b>	<b>55,799,721</b>	<b>35,551,518</b>	<b>1,361,629</b>	<b>1,000,974</b>	<b>76,352,145</b>	<b>70,987,861</b>	<b>5,343,781</b>	<b>6,172,786</b>
Domestic	54,820,282	35,134,711	1,310,467	943,922	75,962,690	70,620,143	4,291,711	263,525
European Union Countries	499,488	210,647	33,136	37,460	171,281	135,364	163,041	3,926,132
OECD Countries <sup>(3)</sup>	-	-	-	-	-	-	-	152,664
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	255,045	53,636	18,026	19,592	111,177	99,678	863,172	1,607,006
Other Countries	224,906	152,524	-	-	106,997	132,676	25,857	223,459

<sup>(1)</sup> Includes marketable securities designated at fair value through profit or loss, available for sale and held to maturity.

<sup>(2)</sup> Includes the transactions that are not presented in the first 3 columns but defined as loans and receivables in the 48th article of Banking Act numbered 5411. The unallocated other loans and receivables are presented under "individuals customers" line.

<sup>(3)</sup> OECD countries other than EU countries, USA and Canada.

<sup>(4)</sup> Income accruals have not been included in the prior period balances.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Capital Expenditures	Net income
<b>Current Period</b>					
Domestic	147,671,930	134,973,739	7,162,786	-	3,700,049
European Union Countries	891,094	881,055	36,280	-	(292)
OECD Countries <sup>(1)</sup>	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1,248,830	1,249,053	312,169	-	(737)
Other Countries	616,770	597,776	10,719	-	13,582
Subsidiaries, Investments and Joint Ventures	-	-	-	731,084	-
Unallocated Assets/Liabilities <sup>(2)</sup>	-	-	-	-	-
<b>Total</b>	<b>150,428,624</b>	<b>137,701,623</b>	<b>7,521,954</b>	<b>731,084</b>	<b>3,712,602</b>
<b>Prior Period</b>					
Domestic	120,900,705	111,298,720	5,158,133	-	3,499,662
European Union Countries	663,282	660,562	34,961	-	(3,357)
OECD Countries <sup>(1)</sup>	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1,788,345	1,784,839	315,806	-	2,940
Other Countries	461,048	430,284	4,517	-	11,710
Subsidiaries, Investments and Joint Ventures	-	-	-	715,152	-
Unallocated Assets/Liabilities <sup>(2)</sup>	-	-	-	-	-
<b>Total</b>	<b>123,813,380</b>	<b>114,174,405</b>	<b>5,513,417</b>	<b>715,152</b>	<b>3,510,955</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada

<sup>(2)</sup> Assets and liabilities that could not be distributed on a consistent basis.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### Sectoral concentrations for cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	16,768,330	32.43	201,399	3.69	10,231,004	29.66	26,238	1.28
Farming and Raising Livestock	16,520,797	31.95	197,808	3.62	10,103,406	29.29	26,062	1.27
Forestry	-	-	-	-	-	-	-	-
Fishing	247,533	0.48	3,591	0.07	127,598	0.37	176	0.01
Manufacturing	3,598,316	6.96	2,064,530	37.81	1,668,764	4.85	1,201,577	58.43
Mining	416,967	0.81	121,208	2.22	250,367	0.73	76,357	3.71
Production	3,137,641	6.07	1,777,267	32.55	1,409,259	4.09	1,124,545	54.69
Electric, Gas and Water	43,708	0.08	166,055	3.04	9,138	0.03	675	0.03
Construction	669,062	1.29	203,967	3.74	982,973	2.85	14,673	0.71
Services	6,095,327	11.79	1,352,231	24.76	3,195,568	9.25	556,930	27.10
Wholesale and Retail Trade	1,971,802	3.81	203,845	3.73	923,553	2.68	51,536	2.51
Hotel Food and Beverage Services	311,606	0.60	214,006	3.92	90,615	0.26	258	0.01
Transportation and Telecommunication	889,433	1.72	113,043	2.07	546,561	1.58	36,145	1.76
Financial Institutions	1,237,690	2.39	123,939	2.27	748,270	2.17	44,314	2.16
Real Estate and Leasing Services	20,803	0.04	16,339	0.30	8,290	0.02	-	-
Self Employment Services	19,198	0.04	-	-	7,597	0.02	179	0.01
Education Services	64,166	0.12	2,171	0.04	21,046	0.06	-	-
Health and Social Services	1,580,629	3.06	678,888	12.43	849,636	2.46	424,498	20.65
Other <sup>(1)</sup>	24,569,850	47.52	1,638,338	30.00	18,416,846	53.39	257,919	12.48
<b>Total</b>	<b>51,700,885</b>	<b>100</b>	<b>5,460,465</b>	<b>100</b>	<b>34,495,155</b>	<b>100</b>	<b>2,057,337</b>	<b>100</b>

<sup>(1)</sup> Consumer loans are presented under other line.

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

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit/Loss	239,589	494,244
Banks	4,642,110	5,429,609
Interbank Money Market Placements	-	-
Available-for-sale Financial Assets	39,724,505	25,649,821
Held-to-maturity Investments	36,388,051	44,843,796
Loans	57,443,453	36,724,567
Other Assets	450,105	299,578
<b>Total credit risk exposure of balance sheet items</b>	<b>138,887,813</b>	<b>113,441,615</b>
Financial Guarantees	7,521,954	5,513,417
Commitments	21,548,051	18,825,146
<b>Total credit risk exposure of off-balance sheet items</b>	<b>29,070,005</b>	<b>24,338,563</b>
<b>Total credit risk exposure</b>	<b>167,957,818</b>	<b>137,780,178</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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### Credit quality per class of financial assets is as follows:

Financial Assets	Current Period			Prior Period		
	Neither past due nor impaired	Past due but not impaired <sup>(1)</sup>	Total	Neither past due nor impaired	Past due but not impaired <sup>(1)</sup>	Total
Banks	4,642,110	-	4,642,110	5,429,609	-	5,429,609
Financial Assets at Fair Value Through Profit or Loss	239,589	-	239,589	494,244	-	494,244
Loans:	53,433,759	3,727,591	57,161,350	36,246,548	305,944	36,552,492
Commercial Loans	15,500,607	532,079	16,032,686	8,222,567	101,846	8,324,413
Consumer Loans	22,554,172	2,254,154	24,808,326	18,148,580	57,731	18,206,311
Specialized Loans	15,378,980	941,358	16,320,338	9,875,401	146,367	10,021,768
Available-for-sale Financial Assets	39,724,505	-	39,724,505	25,649,821	-	25,649,821
Held-to-maturity Investments	36,388,051	-	36,388,051	44,843,796	-	44,843,796

<sup>(1)</sup> Only, amount of installments in arrear of loans under close monitoring are shown in past due but not impaired column in prior period, however; in current period remaining principal amount together with amount of installments in arrear is shown in this column.

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

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Loans:	<b>915,293</b>	<b>2,616,338</b>
Commercial Loans	132,191	148,804
Consumer Loans	39,932	46,488
Specialized Loans	743,170	2,421,046
Other	-	-
Available-for-sale Financial Assets	-	-
Held-to-maturity Investments	-	-

### III. EXPLANATIONS ON THE MARKET RISK

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

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

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

### Information Related to Market Risk:

	Current Period
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	377,444
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	16,303
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	47,322
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	1,078
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk [(I+II+III+IV+V+VI)]	442,147
<b>(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)</b>	<b>5,526,838</b>

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	252,905	367,395	193,508	109,886	178,896	59,868
Equity Share Risk	20,668	26,352	3,846	3,594	3,844	3,450
Currency Risk	31,007	47,322	19,553	28,376	37,843	17,202
Commodity Risk	890	1,078	759	664	825	599
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
<b>Amount Subject to Total Risk</b>	<b>3,818,375</b>	<b>5,526,838</b>	<b>2,720,825</b>	<b>1,759,031</b>	<b>2,644,000</b>	<b>1,228,975</b>

## IV. EXPLANATIONS ON OPERATIONAL RISK

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

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

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

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

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

- Reports are submitted semi-annually to the Board of Directors and monthly to General Management, Members of Audit Committee, Chief Assistant General Managers, Internal System Units Directors and Asset Liability Committee. Under this reporting, risk intensities in lost database, measurements of operational risk base amount, results of risk mapping studies of the branches and Head Quarter, indicators of the key risks, operational risks realized on information system and various indicators, external sourced operational risks and similar subjects are included.

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- Realized operational risks are followed in the "Operational Lost Database". At this database, under the context of the identification of operational risk, the lost operational risk information occurred at the Bank are collected appropriate to the standards anticipated at the Basel II.
- The calculation of economic capital with the Advanced Measurement Techniques that are projected to be performed by the banks rendering service on a global scale as envisaged within the framework of Basel II Accord is applied by the Bank and operations regarding the improvement of the techniques are continuing.
- "Operational Risk Map" studies have been conducted by the help of operational risk indicators, operational risk database and unit/volume information for transactions identified in order to determine risk levels of branches and general management units.
- "Self Evaluation Studies" are undertaken in the format of working groups that are formed with the personnel selected from branches and regional heads with the aim of carrying out on-site determination of risks with referrals as the opinions of personnel.
- Coordinated with other related departments of the Bank, a work for preparation of Bank Business Sustainability Plan is exercised.

**b) The Bank does not apply standard method.**

### V. EXPLANATIONS ON THE CURRENCY RISK

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

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

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

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

None.

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

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2010	1.5361	2.0138	1.5439	0.27066	0.22461	1.6021	1.5289	0.25785	2.3758	0.39801	1.8523
27.12.2010	1.5361	2.0189	1.5418	0.27133	0.22499	1.6028	1.5261	0.25817	2.3716	0.39811	1.8542
28.12.2010	1.5470	2.0341	1.5675	0.27344	0.22665	1.6324	1.5520	0.26083	2.3854	0.40078	1.8846
29.12.2010	1.5497	2.0351	1.5739	0.27370	0.22681	1.6342	1.5524	0.26095	2.3968	0.40155	1.8897
30.12.2010	1.5411	2.0443	1.5626	0.27473	0.22807	1.6447	1.5430	0.26195	2.3774	0.39923	1.8831
31.12.2010	1.5390	2.0610	1.5660	0.27553	0.22847	1.6470	1.5413	0.26340	2.3990	0.39693	1.8888

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

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
1.5128	1.9975	1.5054	0.26857	0.22113	1.5665	1.5035	0.25335	2.3615	0.39185	1.8162

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### Information on the foreign currency risk of the Bank:

	EUR	USD	Yen	Other FC <sup>(1)</sup>	Total
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	2,506,421	72,929	494	33,220	2,613,064
Banks	2,257,595	1,887,051	193	452,757	4,597,596
Financial Assets at Fair Value Through Profit and Loss	22,261	3,968	-	-	26,229
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	2,485,896	1,295,589	-	1	3,781,486
Loans <sup>(2)</sup>	2,086,085	3,363,212	-	16,289	5,465,586
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) <sup>(4)</sup>	375,098	151,640	-	37,469	564,207
Investments Held-to-Maturity	1,570,888	2,485,337	-	275	4,056,500
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Fixed Assets	3,112	1,011	-	741	4,864
Intangible Assets	528	919	-	241	1,688
Other Assets	15,068	27,891	-	10,338	53,297
<b>Total Assets</b>	<b>11,322,952</b>	<b>9,289,547</b>	<b>687</b>	<b>551,331</b>	<b>21,164,517</b>
<b>Liabilities</b>					
Interbank Deposits	33,504	309,607	11	9,389	352,511
Foreign Currency Deposits	11,544,937	10,054,320	286	473,369	22,072,912
Money Market Borrowings	-	-	-	-	-
Funds Provided from Other Financial Institutions	2,406	67,678	-	-	70,084
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	136,584	2,479	-	67	139,130
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	127,732	137,657	21	37,399	302,809
<b>Total Liabilities</b>	<b>11,845,163</b>	<b>10,571,741</b>	<b>318</b>	<b>520,224</b>	<b>22,937,446</b>
<b>Net Balance Sheet Position</b>	<b>(522,211)</b>	<b>(1,282,194)</b>	<b>369</b>	<b>31,107</b>	<b>(1,772,929)</b>
<b>Net Off-Balance Sheet Position<sup>(3)</sup></b>	<b>580,141</b>	<b>1,322,538</b>	<b>-</b>	<b>38,302</b>	<b>1,940,981</b>
Assets on Derivative Instruments	609,850	1,396,673	-	38,302	2,044,825
Liabilities on Derivative Instruments	29,709	74,135	-	-	103,844
<b>Non-cash Loans</b>	<b>1,399,582</b>	<b>3,440,443</b>	<b>1,357</b>	<b>79,719</b>	<b>4,921,101</b>
<b>Prior Period</b>					
Total Assets	11,151,762	7,732,475	2,059	455,663	19,341,959
Total Liabilities	11,179,848	7,764,558	1,428	440,875	19,386,709
<b>Net Balance Sheet Position</b>	<b>(28,086)</b>	<b>(32,083)</b>	<b>631</b>	<b>14,788</b>	<b>(44,750)</b>
<b>Net Off-Balance Sheet Position<sup>(3)</sup></b>	<b>(19,421)</b>	<b>(25,361)</b>	<b>-</b>	<b>45,279</b>	<b>497</b>
Financial Derivative Assets	857	27,797	-	56,598	85,252
Financial Derivative Liabilities	20,278	53,158	-	11,319	84,755
<b>Non-cash Loans</b>	<b>809,696</b>	<b>2,792,022</b>	<b>11,125</b>	<b>37,838</b>	<b>3,650,681</b>

<sup>(1)</sup> Of the foreign currencies presented in the other FC column of assets 44.87% is GBP, 24.86% is CHF, 11.14% is DKK, and the remaining 19.13% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 50.71% is GBP, 29.17% is CHF, 11.65% is DKK and the remaining 8.47% is other foreign currencies.

<sup>(2)</sup> TL2,745 equivalent of USD and TL2,376 equivalent of EUR loans are originated as foreign currency indexed loans (2009: TL5,208 equivalent of USD and TL3,022 equivalent of EUR).

<sup>(3)</sup> Indicates the net balance of receivables and payables on derivative financial instruments.

<sup>(4)</sup> The foreign currency capital investments to Subsidiaries, Associates and Joint Ventures are evaluated with historical rates on the date of the fair value determination and capital investments made in the subsequent periods are evaluated with the rates on the date of the capital investment and followed with their domestic currency equivalents. No exchange rate difference arises from such investments.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

	Change in exchange rate in %	Effect on Profit / Loss <sup>(1) (2)</sup>	
		Current Period	Prior Period
USD	10% increase	(4,032)	(10,036)
	10% decrease	4,032	10,036
EUR	10% increase	(33,982)	(36,464)
	10% decrease	33,982	36,464
Other	10% increase	2,367	2,594
	10% decrease	(2,367)	(2,594)

<sup>(1)</sup> The effects on profit or loss and shareholders' equity are presented before tax, in the above table.

<sup>(2)</sup> Investments related to subsidiaries and joint ventures operating abroad in foreign currency are followed by their fair values. Since TL amount of their fair values are fixed as of the valuation date, they do not create currency risk and is not considered in the analysis above.

### VI. EXPLANATIONS ON THE INTEREST RATE RISK

The Bank's structural interest rate management policy and methods of applications are set under the scope of "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

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

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

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

Change in Interest Rate		Net Interest Income Effect <sup>(1) (2)</sup>	
TL	FC	Current Period	Prior Period
3 points increase	1 point increase	(527,263)	(221,854)
2 points increase	0.66 point increase	(351,177)	(147,819)
1 point increase	0.33 point increase	(175,607)	(73,910)

<sup>(1)</sup> Demand deposits are excluded.

<sup>(2)</sup> Net interest income effect presented above reflects amounts before tax.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

Change in Interest Rate		Net Interest Income Effect <sup>(1)(2)</sup>	
TL	FC	Current Period	Prior Period
3 points decrease	1 point decrease	527,263	221,854
2 points decrease	0.66 point decrease	351,177	147,819
1 point decrease	0.33 point decrease	175,607	73,910

<sup>(1)</sup> Demand deposits are excluded.

<sup>(2)</sup> Net interest income effect presented above reflects amounts before tax.

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

Change in Interest Rate <sup>(1)</sup>		Effect on Profit and Loss	Effect on Shareholders' Equity	Effect on Profit and Loss	Effect on Shareholders' Equity
TL	FC	Current Period	Current Period	Prior Period	Prior Period
3 points increase	1 point increase	(1,873)	(806,196)	(4,148)	(342,885)
1 point increase	0.33 point increase	(642)	(276,273)	(1,400)	(116,133)

<sup>(1)</sup> The effects on profit and loss and shareholders' equity in the table above present the amounts before tax.

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

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

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

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	24,690	-	-	-	-	10,240,374	10,265,064
Banks	3,533,936	33,971	180,042	-	-	894,161	4,642,110
Financial Assets at Fair Value Through Profit and Loss	181,302	2,897	20,710	23,735	10,945	-	239,589
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	10,841,104	6,016,715	9,710,485	10,074,915	2,715,629	365,657	39,724,505
Loans Given	17,434,103	3,636,438	13,552,569	20,019,291	2,518,949	282,103	57,443,453
Investments Held-to-Maturity	12,572,545	16,380,174	2,334,664	2,048,890	3,051,778	-	36,388,051
Other Assets	-	-	-	-	-	2,456,936	2,456,936
<b>Total Assets</b>	<b>44,587,680</b>	<b>26,070,195</b>	<b>25,798,470</b>	<b>32,166,831</b>	<b>8,297,301</b>	<b>14,239,231</b>	<b>151,159,708</b>
<b>Liabilities</b>							
Interbank Deposits	2,411,992	3,061	-	-	-	57,463	2,472,516
Other Deposits	82,014,044	16,206,916	6,023,946	147,097	-	18,931,953	123,323,956
Money Market Borrowings	5,003,477	-	-	-	-	-	5,003,477
Sundry Creditors	-	-	-	-	-	713,706	713,706
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2,027	10,268	80,421	5,942	105	-	98,763
Other Liabilities	5,441	140	18	3,180,350	-	16,361,341	19,547,290
<b>Total Liabilities</b>	<b>89,436,981</b>	<b>16,220,385</b>	<b>6,104,385</b>	<b>3,333,389</b>	<b>105</b>	<b>36,064,463</b>	<b>151,159,708</b>
<b>Balance Sheet Long Position</b>	-	<b>9,849,810</b>	<b>19,694,085</b>	<b>28,833,442</b>	<b>8,297,196</b>	-	<b>66,674,532</b>
<b>Balance Sheet Short Position</b>	<b>(44,849,301)</b>	-	-	-	-	<b>(21,825,232)</b>	<b>(66,674,532)</b>
Off-Balance Sheet Long Position	20,606	227	558	-	-	-	21,391
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(44,828,695)</b>	<b>9,850,037</b>	<b>19,694,643</b>	<b>28,833,442</b>	<b>8,297,196</b>	<b>(21,825,232)</b>	<b>21,391</b>

<sup>(1)</sup> Balances without fixed maturity are shown in the "Up to 1 Month" and "Non-Interest Bearing" columns.

<sup>(2)</sup> TL3,180,350 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the "1 - 5 Years" column. TL345,108 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

<sup>(3)</sup> Deferred tax asset is shown under the non-interest bearing column.

<sup>(4)</sup> Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in other assets.

<sup>(5)</sup> Total shareholders' equity is shown under the non-interest bearing column.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### Average interest rates applied to monetary financial instruments:

	EUR	USD	Yen	TL
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	5.00
Banks	0.84	1.05	-	-
Financial Assets at Fair Value Through Profit and Loss	3.56	5.58	-	8.78
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.68	6.04	-	8.22
Loans Given <sup>(2)</sup>	4.06	3.74	-	14.90
Investments Held-to-Maturity	6.23	7.00	-	8.79
<b>Liabilities</b>				
Interbank Deposits <sup>(3)</sup>	0.88	0.21	-	6.93
Other Deposits	1.65	2.23	-	6.95
Money Market Borrowings	-	-	-	6.66
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3.04	0.93	-	7.13

<sup>(1)</sup> The ratio in TL column shows interest rate applied to reserve requirement for Central Bank of Northern Cyprus.

<sup>(2)</sup> Does not include credit card loans.

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	8,140,194	-	-	-	-	1,034,068	9,174,262
Banks	5,369,519	1,757	58,333	-	-	-	5,429,609
Financial Assets at Fair Value Through Profit and Loss	247,603	65,795	141,012	37,497	1,293	1,044	494,244
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	6,935,603	6,049,733	7,373,963	4,428,971	802,363	59,188	25,649,821
Loans Given	11,428,281	1,841,569	3,239,205	16,708,164	3,335,273	-	36,552,492
Investments Held-to-Maturity	13,568,925	22,815,595	2,979,284	2,148,407	3,331,585	-	44,843,796
Other Assets	-	-	-	-	-	2,384,308	2,384,308
<b>Total Assets</b>	<b>45,690,125</b>	<b>30,774,449</b>	<b>13,791,797</b>	<b>23,323,039</b>	<b>7,470,514</b>	<b>3,478,608</b>	<b>124,528,532</b>
<b>Liabilities</b>							
Interbank Deposits	591,442	4,920	-	-	-	-	596,362
Other Deposits	65,293,170	12,146,384	5,094,630	44,725	-	15,354,196	97,933,105
Money Market Borrowings	9,144,070	-	-	-	-	-	9,144,070
Sundry Creditors	-	-	-	-	-	527,625	527,625
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	7,759	6,585	6,177	611	31	-	21,163
Other Liabilities	-	-	-	2,972,958	-	13,333,249	16,306,207
<b>Total Liabilities</b>	<b>75,036,441</b>	<b>12,157,889</b>	<b>5,100,807</b>	<b>3,018,294</b>	<b>31</b>	<b>29,215,070</b>	<b>124,528,532</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>18,616,560</b>	<b>8,690,990</b>	<b>20,304,745</b>	<b>7,470,483</b>	<b>-</b>	<b>55,082,778</b>
<b>Balance Sheet Short Position</b>	<b>(29,346,316)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,736,462)</b>	<b>(55,082,778)</b>
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(29,346,316)</b>	<b>18,616,560</b>	<b>8,690,990</b>	<b>20,304,745</b>	<b>7,470,483</b>	<b>(25,736,462)</b>	<b>-</b>

<sup>(1)</sup> Balances without fixed maturity are shown under the "Up to 1 Month" and "Non-Interest Bearing" column.

<sup>(2)</sup> TL2,972,958 of fund balance, whose risk does not belong to the Bank, in other liabilities is shown under the "1 - 5 Years" column. TL272,433 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

<sup>(3)</sup> Deferred tax asset is shown under the "Non-Interest Bearing" column.

<sup>(4)</sup> Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in other assets.

<sup>(5)</sup> Total shareholders' equity is shown under the "Non-Interest Bearing" column.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### Average interest rate applied to the monetary financial instruments:

	EUR	USD	Yen	TL
<b>Prior Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	5.20
Banks	0.26	1.11	-	6.25
Financial Assets at Fair Value Through Profit and Loss	3.36	5.51	-	12.63
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.05	5.80	-	9.75
Loans Given <sup>(1)</sup>	4.09	4.25	-	16.45
Investments Held-to-Maturity	5.90	7.00	-	9.96
<b>Liabilities</b>				
Interbank Deposits <sup>(2)</sup>	0.16	0.21	-	-
Other Deposits	1.86	1.83	-	8.74
Money Market Borrowings	-	-	-	7.23
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3.75	4.05	-	9.64

<sup>(1)</sup> Does not include credit card loans.

<sup>(2)</sup> Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.

### VII. EXPLANATIONS ON THE LIQUIDITY RISK

General principles of liquidity and financial emergency state management and the related application procedures are considered in the scope of "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management consist of subjects about early warning system and process of transition to liquidity and financial emergency state management.

The Bank calculates liquidity adequacy ratio and reports to BRSA on a weekly basis in accordance with the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 and dated 1 November 2006. The liquidity adequacy of the Bank is over the limit values specified in the mentioned regulation.

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.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

According to the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 dated 1 November 2006, from June 1, 2007, at the weekly and monthly calculations of the banks, the liquidity ratio is required to 80% for the foreign currency assets/liabilities and 100% for the total assets at minimum. The liquidity ratios for 2010 and 2009 are as follows:

Current Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	590.41	458.90	285.73	204.77
Maximum (%)	718.37	573.02	362.97	228.54
Minimum (%)	446.74	381.04	259.59	182.13

Prior Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	673.49	409.50	290.14	194.86
Maximum (%)	789.44	565.76	323.11	233.08
Minimum (%)	520.49	316.79	265.53	168.23

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

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

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

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

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

Although the average maturity of the Bank's assets is long when compared with the deposits, securities with coupon payments constituting majority of the securities portfolio 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 repo transactions.

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 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 <sup>(1) (2)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	10,265,064	-	-	-	-	-	-	10,265,064
Banks	894,161	3,533,936	33,971	180,042	-	-	-	4,642,110
Financial Assets at Fair Value Through Profit and Loss	-	181,239	2,382	20,710	24,248	11,010	-	239,589
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	808,539	1,253,206	4,273,458	21,669,329	11,555,267	164,706	39,724,505
Loans Given	-	2,280,295	4,393,787	23,391,286	24,500,423	2,595,559	282,103	57,443,453
Investments Held-to-Maturity	-	6,042,908	303,327	2,983,070	21,943,998	5,114,748	-	36,388,051
Other Assets	442,620	-	-	1,504	2,932	-	2,009,880	2,456,936
<b>Total Assets</b>	<b>11,601,845</b>	<b>12,846,917</b>	<b>5,986,673</b>	<b>30,850,070</b>	<b>68,140,930</b>	<b>19,276,584</b>	<b>2,456,689</b>	<b>151,159,708</b>
<b>Liabilities</b>								
Interbank Deposits	57,463	2,411,992	3,061	-	-	-	-	2,472,516
Other Deposits	18,931,953	82,014,044	16,206,916	6,023,946	147,097	-	-	123,323,956
Funds Provided from Other Financial Instruments	-	2,027	9,817	18,676	6,448	61,795	-	98,763
Money Market Borrowings	-	5,003,477	-	-	-	-	-	5,003,477
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	477,734	235,972	-	-	-	-	-	713,706
Other Liabilities <sup>(3)</sup>	930,713	502,766	253,728	18	3,180,350	600,830	14,078,885	19,547,290
<b>Total Liabilities</b>	<b>20,397,863</b>	<b>90,170,278</b>	<b>16,473,522</b>	<b>6,042,640</b>	<b>3,333,895</b>	<b>662,625</b>	<b>14,078,885</b>	<b>151,159,708</b>
<b>Liquidity Gap</b>	<b>(8,796,018)</b>	<b>(77,323,361)</b>	<b>(10,486,849)</b>	<b>24,807,430</b>	<b>64,807,035</b>	<b>18,613,959</b>	<b>(11,622,196)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	11,118,549	8,152,629	6,530,295	28,320,369	59,576,377	8,723,930	2,106,383	124,528,532
Total Liabilities	16,544,721	75,416,309	12,157,943	5,333,606	3,018,294	31	12,057,628	124,528,532
<b>Liquidity Gap</b>	<b>(5,426,172)</b>	<b>(67,263,680)</b>	<b>(5,627,648)</b>	<b>22,986,763</b>	<b>56,558,083</b>	<b>8,723,899</b>	<b>(9,951,245)</b>	<b>-</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Deferred tax asset is included under the "Undistributed" column.

<sup>(3)</sup> TL3,180,350 of the funds balance, whose risk is not bore by the Bank, is included in other liabilities and shown under the "1-5 year" column, fund balance amounted to TL345,108 is not granted as loan and is included under "Up to One Month" column.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### Presentation of liabilities according to their remaining maturities:

Current Period <sup>(1)</sup>	Up to		3-12 Months	1-5 Years	Over 5 Years	Total
	1 Month	1-3 Months				
Bank Deposits	2,470,954	3,083	-	-	-	2,474,037
Other Deposits	101,164,383	16,401,176	6,146,017	156,721	-	123,868,297
Funds borrowed from other financial institutions	2,013	9,722	30,211	6,872	61,588	110,406
Funds borrowed from Interbank money market	5,005,959	-	-	-	-	5,005,959
<b>Total</b>	<b>108,643,309</b>	<b>16,413,981</b>	<b>6,176,228</b>	<b>163,593</b>	<b>61,588</b>	<b>131,458,699</b>
<b>Prior Period <sup>(1)</sup></b>						
Bank Deposits	591,454	4,921	-	-	-	596,362
Other Deposits	80,796,763	12,295,285	5,210,604	47,005	-	97,933,105
Funds borrowed from other financial institutions	8,024	7,021	6,733	675	31	21,163
Funds borrowed from Interbank money market	9,152,596	-	-	-	-	9,144,070
<b>Total</b>	<b>90,548,837</b>	<b>12,307,227</b>	<b>5,217,337</b>	<b>47,680</b>	<b>31</b>	<b>107,694,700</b>

<sup>(1)</sup> Amounts related with the fund balances are not included in the table since decomposition on the basis of their remaining maturities could not be performed.

### 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 commercial banking, agricultural banking, treasury transactions and international banking areas.

Known as having the most extensive branch network in retail (consumer) banking sector, the Bank renders services, such as; deposits, consumer loans, loans originated from funds whose risk does not belong to the Bank, credit cards, automatic payment, cheques and notes, money transfer order, foreign exchange transactions, internet banking, mobile banking, safe-deposit box and insurance 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 commercial banking, the Bank gives loans for operations, mid-term and long-term investment loans, foreign trade financing loans, letter of credits and guarantees in Turkish Lira and foreign currencies; renders other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

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

As of 31 December 2010, explanations on segment reporting as shown below are in line with Communiqué on "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures".

### Table for Segment Reporting:

	Retail Banking	Commercial and SME Banking <sup>(1)</sup>	Specialized Banking <sup>(2)</sup>	Investment Banking	International Banking	Total Operations of the Bank
<b>Current Period</b>						
Total Operating Income/Expense <sup>(3)</sup>	1,845,329	524,373	811,026	3,651,272	31,525	<b>6,863,525</b>
Net Operating Profit	1,192,587	338,888	524,149	2,359,719	20,369	<b>4,435,712</b>
Income from Subsidiaries <sup>(4)</sup>	-	-	-	-	-	<b>33,648</b>
Income Before Taxes	-	-	-	-	-	<b>4,469,360</b>
Tax Provision	-	-	-	-	-	<b>(756,758)</b>
<b>Net Profit for the Period</b>	-	-	-	-	-	<b>3,712,602</b>
Segment Assets-net <sup>(3)</sup>	24,929,058	15,306,196	16,685,924	89,147,122	2,634,472	<b>148,702,772</b>
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	<b>731,084</b>
Undistributed Assets <sup>(5)</sup>	-	-	-	-	-	<b>1,725,852</b>
<b>Total Assets</b>	-	-	-	-	-	<b>151,159,708</b>
Segment Liabilities - net <sup>(3)</sup>	21,283,066	13,067,593	17,770,987	79,567,149	2,642,211	<b>134,331,006</b>
Undistributed Liabilities <sup>(5)</sup>	-	-	-	-	-	<b>3,370,617</b>
Shareholders' Equity	-	-	-	-	-	<b>13,458,085</b>
<b>Total Liabilities</b>	-	-	-	-	-	<b>151,159,708</b>
<b>Other Segment Items</b>						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	<b>53,559</b>
Restructuring Costs	-	-	-	-	-	-

<sup>(1)</sup> Commercial and SME Banking column shows the Bank's commercial and SME loans with interest and commission income related to these loans.

<sup>(2)</sup> Current period for Specialized Banking column shows agricultural loans with interest and commission income related to these loans.

<sup>(3)</sup> For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.

<sup>(4)</sup> "Dividend income", a part of operating income of the Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed between segments.

<sup>(5)</sup> The total of tangible and intangible assets, tax asset and assets held for sale is shown in "Undistributed Assets" row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in "Undistributed Liabilities" row.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

	Retail Banking	Commercial and SME Banking <sup>(1)</sup>	Specialized Banking <sup>(2)</sup>	Investment Banking	International Banking	Total Operations of the Bank
<b>Prior Period</b>						
Total Operating Income/Expense <sup>(3)</sup>	2,627,954	449,741	1,376,231	2,444,300	45,752	<b>6,943,978</b>
Net Operating Profit	352,931	315,484	1,376,231	2,357,635	14,454	<b>4,416,735</b>
Income from Subsidiaries <sup>(4)</sup>	-	-	-	-	-	<b>26,985</b>
Income Before Taxes	-	-	-	-	-	<b>4,416,735</b>
Tax Provision	-	-	-	-	-	<b>(905,780)</b>
<b>Net Profit for the Period</b>	-	-	-	-	-	<b>3,510,955</b>
Segment Assets-net <sup>(3)</sup>	18,442,392	6,576,354	10,791,604	84,002,161	2,811,792	<b>122,624,303</b>
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	<b>715,152</b>
Undistributed Assets <sup>(5)</sup>	-	-	-	-	-	<b>1,189,077</b>
<b>Total Assets</b>	-	-	-	-	-	<b>124,528,532</b>
Segment Liabilities – net <sup>(3)</sup>	72,202,307	24,267,847	3,245,391	9,588,491	2,778,583	<b>112,082,619</b>
Undistributed Liabilities <sup>(5)</sup>	-	-	-	-	-	<b>2,091,786</b>
Shareholders' Equity	-	-	-	-	-	<b>10,354,127</b>
<b>Total Liabilities</b>	-	-	-	-	-	<b>124,528,532</b>
<b>Other Segment Items</b>						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	<b>50,298</b>
Restructuring Costs	-	-	-	-	-	-

<sup>(1)</sup> Commercial and corporate banking column includes results of operations and total assets and liabilities of 4 corporate and 28 commercial branches of the Bank. Since any commercial and corporate banking operations in other branches could not be distributed; they are not included in this column.

<sup>(2)</sup> Real estate loans transferred from Emlak Bank and agricultural loans, liabilities regarding these loans and operating income related with them are included in "Specialized Banking" column. Besides, income from specialized banking operations are presented at "Specialized Banking" column and since the Bank's deposit interest expense from related operations cannot be decomposed; these amounts are presented in operating profit row within "Retail Banking" column. Furthermore, since the operating expense related with "Specialized Banking" cannot be separated, it is presented in "Retail Banking" column.

<sup>(3)</sup> For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.

<sup>(4)</sup> "Dividend income", a part of operating income of the Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed between segments.

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



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### IX. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES

#### a) Information regarding the fair value of financial assets and liabilities:

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>138,198,119</b>	<b>112,647,793</b>	<b>138,941,089</b>	<b>114,107,817</b>
Due From Interbank Money Market	-	-	-	-
Banks	4,642,110	5,429,609	4,642,110	5,429,609
Available-for-sale Financial Assets	39,724,505	25,649,821	39,724,505	25,649,821
Held-to-maturity Investments	36,388,051	44,843,796	37,131,021	46,303,820
Loans	57,443,453	36,724,567	57,443,453	36,724,567
<b>Financial Liabilities</b>	<b>126,608,941</b>	<b>99,078,255</b>	<b>126,608,941</b>	<b>99,078,255</b>
Bank Deposits	2,472,516	596,362	2,472,516	596,362
Other Deposits	123,323,956	97,933,105	123,323,956	97,933,105
Funds Borrowed from Other Financial Institutions	98,763	21,163	98,763	21,163
Issued Marketable Securities	-	-	-	-
Miscellaneous Payables	713,706	527,625	713,706	527,625

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

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

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

The fair value of loans and other deposits are determined by adding the cost and the interest income/expense rediscunts.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### b) Information on fair value measurements recognized in the financial statements:

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related footnotes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below:

Current Period	Level 1	Level 2	Level 3	Total
<b>Financial Assets at Fair Value Through Profit or (Loss) (Net)</b>	<b>210,118</b>	<b>29,471</b>	-	<b>239,589</b>
Government Debt Securities	210,118	-	-	210,118
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	29,471	-	29,471
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
<b>Available-for-Sale Financial Assets (Net)</b>	<b>39,606,210</b>	<b>101,206</b>	-	<b>39,707,416</b>
Equity Securities <sup>(1)</sup>	47,415	100,202	-	147,617
Government Debt Securities	39,313,119	-	-	39,313,119
Other Marketable Securities	245,676	1,004	-	246,680
<b>Total Assets</b>	<b>39,816,328</b>	<b>130,677</b>	-	<b>39,947,005</b>
Trading Derivative Financial Liabilities	-	5,599	-	5,599
Hedging Derivative Financial Liabilities	-	-	-	-
<b>Total Liabilities</b>	-	<b>5,599</b>	-	<b>5,599</b>

<sup>(1)</sup> Since equity securities under the heading of 3rd Level of financial assets available for sale amounting to TL17,089 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

Prior Period	Level 1	Level 2	Level 3	Total
<b>Financial Assets at Fair Value Through Profit or (Loss) (Net)</b>	<b>493,198</b>	<b>1,046</b>	-	<b>494,244</b>
Government Debt Securities	493,198	-	-	493,198
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	1,045	-	1,045
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	1	-	1
<b>Available-for-Sale Financial Assets (Net)</b>	<b>25,302,040</b>	-	<b>323,747</b>	<b>25,625,787</b>
Equity Securities <sup>(2)</sup>	-	-	-	-
Government Debt Securities <sup>(1)</sup>	25,302,040	-	323,747	25,625,787
Other Marketable Securities	-	-	-	-
<b>Total Assets</b>	<b>25,795,238</b>	<b>1,046</b>	<b>323,747</b>	<b>26,120,031</b>
Trading Derivative Financial Liabilities	-	286	-	286
Hedging Derivative Financial Liabilities	-	-	-	-
<b>Total Liabilities</b>	-	<b>286</b>	-	<b>286</b>

<sup>(1)</sup> The fair values of debt securities classified under 3rd Level are determined with the internal rate of return method.

<sup>(2)</sup> Since equity securities under the heading of financial assets available for sale (TL24,034) are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### X. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

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

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

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

The Bank has no fiduciary transactions.

### SECTION FIVE

#### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

#### I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,078,065	206,992	864,420	165,324
Central Bank of the Republic of Turkey	6,573,935	2,399,955	6,503,974	1,636,220
Other	-	6,117	-	4,324
<b>Total</b>	<b>7,652,000</b>	<b>2,613,064</b>	<b>7,368,394</b>	<b>1,805,868</b>

##### 1.a.1) Information on Required Reserves:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to the Central Bank of the Republic of Turkey's Communiqué numbered 2005/1 "Required Reserves". The Bank's total domestic liabilities excluding the items stated in the Communiqué as deductibles and the deposits accepted on behalf of foreign branches from Turkey constitutes the required reserves liabilities.

The required reserve ratios are 6% for TL liabilities (2009: 5%) and 11% for foreign currency liabilities in USD or EURO (2009: 9%). As of 31 December 2010, The Central Bank of the Republic of Turkey does not accrue interest for required reserves (2009: 5,20%, No interest rate is applied for FX required reserves).

##### 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	6,549,245	-	6,484,581	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves <sup>(1)</sup>	24,690	2,399,955	19,393	1,636,220
<b>Total</b>	<b>6,573,935</b>	<b>2,399,955</b>	<b>6,503,974</b>	<b>1,636,220</b>

<sup>(1)</sup> Required reserve of branches abroad amounting to TL30,582 is presented in this line (2009: TL23,553).

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Securities	1	-	1	-
Other	-	-	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Assets Held-for-Trading				
Forward Transactions	253	21	133	10
Swap Transactions	27,435	1,762	-	902
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>27,688</b>	<b>1,783</b>	<b>133</b>	<b>912</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	-	1,520,551	-	1,621
Foreign Banks	44,514	3,077,045	6,695	5,421,293
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>44,514</b>	<b>4,597,596</b>	<b>6,695</b>	<b>5,422,914</b>

### b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	2,117,889	3,629,866	-	-
USA, Canada	816,108	1,607,006	-	-
OECD Countries <sup>(1)</sup>	86,143	152,664	-	-
Off-shore Banking Regions	-	-	-	-
Other	101,419	38,452	-	-
<b>Total</b>	<b>3,121,559</b>	<b>5,427,988</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> OECD countries except EU countries, USA and Canada.

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	280	1,510,535
<b>Total</b>	<b>280</b>	<b>1,510,535</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	39,570,457	25,625,885
Quoted in Stock Exchange	39,569,453	25,302,138
Not Quoted in Stock Exchange	1,004	323,747
Share Certificates	165,345	24,647
Quoted in Stock Exchange	47,519	-
Not Quoted	117,826	24,647
Provision for Impairment (-)	11,297	711
<b>Total</b>	<b>39,724,505</b>	<b>25,649,821</b>

### 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
<b>Direct Loans Granted to Shareholders</b>	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	-	-	-
<b>Loans Granted to Employees</b>	<b>209,595</b>	-	<b>173,736</b>	-
<b>Total</b>	<b>209,595</b>	-	<b>173,736</b>	-

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Cash Loans</b>				
<b>Non-Specialized Loans</b>	<b>37,484,052</b>	<b>437,461</b>	<b>2,646,735</b>	<b>139,498</b>
Discount Notes	440	-	-	-
Export Loans	1,697,104	-	1,982	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,318,017	-	29	-
International Loans	581,262	-	-	-
Consumer Loans	19,953,979	1,659	2,159,196	31,491
Credit Cards	1,132,197	1,488	63,467	-
Precious Metals Loans	-	-	-	-
Other <sup>(1)</sup>	12,801,053	434,314	422,061	108,007
<b>Specialized Lending</b>	<b>14,560,571</b>	<b>28,109</b>	<b>679,724</b>	<b>261,634</b>
<b>Other Receivables</b>	-	-	-	-
<b>Interest Income Accruals <sup>(2)</sup></b>	<b>923,566</b>	-	-	-
<b>Total</b>	<b>52,968,189</b>	<b>465,570</b>	<b>3,326,459</b>	<b>401,132</b>

<sup>(1)</sup> Since restructured loans in standard loans and other receivables amounting to TL368,356 cannot be decomposed, it is shown in Restructured or Rescheduled column.

<sup>(2)</sup> Interest income accruals of restructured standard loans and other receivables and those under close monitoring cannot be decomposed from existing data processing system.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled <sup>(1)</sup>	Loans and Other Receivables <sup>(1)</sup>	Restructured or Rescheduled <sup>(1)</sup>
Short-term Loans	17,889,823	30,177	563,532	147,720
Non-specialized Loans	9,981,248	8,331	225,029	3,560
Specialized Loans	7,908,575	21,846	338,503	144,160
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	35,078,366	435,393	2,762,928	253,412
Non-specialized Loans <sup>(2)</sup>	27,805,176	429,131	2,421,706	135,938
Specialized Loans	7,273,190	6,262	341,222	117,474
Other Receivables	-	-	-	-

<sup>(1)</sup> Decomposition of rediscount of restructured or rescheduled loans and loans and other receivables under close monitoring could not be obtained from existing data processing system.

<sup>(2)</sup> Non-specialized loans include restructured or rescheduled loans amounting to TL368,356 whose maturity cannot be decomposed.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	523,659	21,409,425	21,933,083
Real Estate Loans	2,895	7,008,346	7,011,241
Vehicle Loans	2,855	233,969	236,824
Consumer Loans	514,603	14,023,970	14,538,573
Abroad <sup>(2)</sup>	3,306	143,139	146,445
Other	-	-	-
Consumer Loans- Indexed to FC	-	26	26
Real Estate Loans	-	26	26
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	11	271	282
Real Estate Loans	-	50	50
Vehicle Loans	-	-	-
Consumer Loans	11	221	232
Other	-	-	-
Individual Credit Cards-TL	1,117,290	-	1,117,290
With Installment	293,500	-	293,500
Without Installment	823,790	-	823,790
Individual Credit Cards-FC	1,408	-	1,408
With Installment	-	-	-
Without Installment	1,408	-	1,408
Personnel Loans-TL	15,788	138,960	154,748
Real Estate Loans	-	943	943
Vehicle Loans	-	-	-
Consumer Loans	4,776	137,263	142,039
Abroad <sup>(2)</sup>	45	754	799
Other	10,967	-	10,967
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	6	6
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	6	6
Other	-	-	-
Personnel Credit Cards-TL	52,259	-	52,259
With Installment	17,406	-	17,406
Without Installment	34,853	-	34,853
Personnel Credit Cards-FC	77	-	77
With Installment	-	-	-
Without Installment	77	-	77
Overdraft Accounts-TL (Real Person)	205,425	-	205,425
Overdraft Accounts-FC (Real Person)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>1,915,917</b>	<b>21,548,687</b>	<b>23,464,604</b>

<sup>(1)</sup> TL189,981 of interest income accrual could not be decomposed therefore accruals are not included in the table above.

<sup>(2)</sup> TL799 of consumer loans used by the personnel abroad and TL146,445 of consumer loans have been shown under "International Loans" of 5-b Table.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	108,826	3,039,455	3,148,281
Business Loans	605	156,427	157,032
Vehicle Loans	3,906	149,664	153,570
Consumer Loans	94,018	2,473,224	2,567,242
Other	10,297	260,140	270,437
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans – FC	-	1,638	1,638
Business Loans	-	114	114
Vehicle Loans	-	-	-
Consumer Loans	-	1,524	1,524
Other	-	-	-
Corporate Credit Cards-TL	26,052	-	26,052
With Installment	81	-	81
Without Installment	25,971	-	25,971
Corporate Credit Cards-FC	65	-	65
With Installment	-	-	-
Without Installment	65	-	65
Overdraft Account-TL (Legal Entity)	8,041	-	8,041
Overdraft Account-FC (Legal Entity)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>142,984</b>	<b>3,041,093</b>	<b>3,184,077</b>

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

### f) Loans according to types of borrowers:

	Current Period	Prior Period
Public	1,161,099	1,038,517
Private	55,076,685	34,753,196
Interest Income Accruals of Loans	923,566	760,779
<b>Total</b>	<b>57,161,350</b>	<b>36,552,492</b>

### g) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	55,656,522	35,545,352
Foreign Loans	581,262	246,361
Interest Income Accruals of Loans	923,566	760,779
<b>Total</b>	<b>57,161,350</b>	<b>36,552,492</b>

### h) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	206,449	35,001
Indirect loans granted to subsidiaries and investments	-	-
<b>Total <sup>(1)</sup></b>	<b>206,449</b>	<b>35,001</b>

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



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	14,730	79,800
Loans and other receivables with doubtful collectability	101,888	208,221
Uncollectible loans and other receivables	456,349	394,813
<b>Total</b>	<b>572,967</b>	<b>682,834</b>

### j) Information on non-performing receivables (net):

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

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
<b>Current period</b>			
<b>(Gross amounts before the specific provisions)</b>	<b>1,581</b>	<b>10,616</b>	<b>36,394</b>
Loans and other receivables which are restructured	1,581	10,616	36,394
Rescheduled loans and other receivables	-	-	-
<b>Prior period</b>			
<b>(Gross amounts before the specific provisions)</b>	<b>4,973</b>	<b>24,124</b>	<b>46,116</b>
Loans and other receivables which are restructured	4,973	24,124	46,116
Rescheduled loans and other receivables	-	-	-

#### 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
<b>Prior Period Ending Balance</b>	<b>82,742</b>	<b>235,689</b>	<b>536,478</b>
Additions (+)	409,529	87,541	138,568
Transfers from other Categories of Loans under Follow-Up (+)	-	250,200	261,661
Transfers to other categories of Loans under Follow-Up (-)	250,200	261,661	-
Collections (-) <sup>(1)</sup>	165,279	145,372	324,826
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Current Period End Balance <sup>(2)</sup></b>	<b>76,792</b>	<b>166,397</b>	<b>611,881</b>
Specific Provision (-)	14,730	101,888	456,349
<b>Net Balance on Balance Sheet <sup>(2)</sup></b>	<b>62,062</b>	<b>64,509</b>	<b>155,532</b>

<sup>(1)</sup> The restructured and rescheduled loans are included on the stated sum.

<sup>(2)</sup> Includes the loans originated from funds amounting to TL169,151 whose risk does not belong to the Bank.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 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
<b>Current Period:</b>			
<b>Period Ending Balance</b>	-	4,838	5,486
Specific Provision (-)	-	4,838	5,486
Net Balance on Balance Sheet	-	-	-
<b>Prior Period:</b>			
<b>Period Ending Balance</b>	220	4,261	5,113
Specific Provision (-)	220	4,261	5,113
<b>Net Balance on Balance Sheet</b>	-	-	-

### 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
<b>Current Period (Net)</b>	<b>62,062</b>	<b>64,509</b>	<b>155,532</b>
Loans to Real Persons and Legal Entities (Gross)	76,792	118,843	611,881
Specific Provisions (-)	14,730	54,334	456,349
Loans to Real Persons and Legal Entities (Net)	62,062	64,509	155,532
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	47,554	-
Specific Provisions (-)	-	47,554	-
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>2,942</b>	<b>27,468</b>	<b>141,665</b>
Loans to Real Persons and Legal Entities (Gross)	82,742	190,877	536,478
Specific Provisions (-)	79,800	163,409	394,813
Loans to Real Persons and Legal Entities (Net)	2,942	27,468	141,665
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	44,812	-
Specific Provisions (-)	-	44,812	-
Other Loans and Receivables (Net)	-	-	-

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### l) Explanations on write-off policy:

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

### m) Other explanations and disclosures:

Current Period	Commercial <sup>(2)</sup>	SME	Retail <sup>(1)</sup>	Agricultural <sup>(1)</sup>	Total
Neither Past Due nor Impaired Loans	10,115,343	5,385,264	22,554,172	15,378,980	<b>53,433,759</b>
Past Due but not Impaired Loans	532,079	-	2,254,154	941,358	<b>3,727,591</b>
Impaired Loans	97,428	151,382	226,623	379,637	<b>855,070</b>
<b>Total</b>	<b>10,744,850</b>	<b>5,536,646</b>	<b>25,034,949</b>	<b>16,699,975</b>	<b>58,016,420</b>
Specific Provisions of Impaired Loans(-)	96,475	128,096	185,401	162,995	<b>572,967</b>
<b>Net Loan Amount</b>	<b>10,648,375</b>	<b>5,408,550</b>	<b>24,849,548</b>	<b>16,536,980</b>	<b>57,443,453</b>

<sup>(1)</sup> TL1,153,742 retail, TL2,093,805 agricultural, and TL168 commercial loans originated from funds whose risk does not belong to the Bank, are shown under the Neither Past Due nor Impaired Loans.

<sup>(2)</sup> Because the overdue but non-impaired commercial and SME loans could not be decomposed, the whole amount has been shown under the Commercial column.

Prior Period	Commercial <sup>(2)</sup>	SME	Retail <sup>(1)</sup>	Agricultural <sup>(1)</sup>	Total
Neither Past Due nor Impaired	5,402,731	2,819,836	18,148,580	9,875,401	<b>36,246,548</b>
Past Due but not Impaired Loans <sup>(3)</sup>	101,846	-	57,731	146,367	<b>305,944</b>
Impaired Loans	101,037	180,606	219,472	353,794	<b>854,909</b>
<b>Total</b>	<b>5,605,614</b>	<b>3,000,442</b>	<b>18,425,783</b>	<b>10,375,562</b>	<b>37,407,401</b>
Specific Provisions of Impaired Loans(-)	101,037	180,606	219,472	181,719	<b>682,834</b>
<b>Net Loan Amount</b>	<b>5,504,577</b>	<b>2,819,836</b>	<b>18,206,311</b>	<b>10,193,843</b>	<b>36,724,567</b>

<sup>(1)</sup> TL1,185,045 retail, TL1,788,499 agricultural, and TL180 commercial loans originated from funds whose risk does not belong to the Bank, are shown under the Neither Past Due nor Impaired Loans.

<sup>(2)</sup> Because the overdue but non-impaired commercial and SME loans could not be decomposed, the whole amount has been shown under the Commercial column.

<sup>(3)</sup> Amounts for overdue but non-impaired loans are overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans are equal to TL1,638,431.

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

Current Period	Up to 1 month	1-3 months	2-3 months	Over 3 months	Total
Loans and Receivables <sup>(1)</sup>					
Commercial Loans	64,982	17,074	8,160	-	90,216
Retail Loans	37,724	16,457	5,641	-	59,822
Agricultural Loans	90,830	40,815	1,205	-	132,850
<b>Total</b>	<b>193,536</b>	<b>74,346</b>	<b>15,006</b>	<b>-</b>	<b>282,888</b>

<sup>(1)</sup> The amounts at the table are the total of the overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans which are equal to TL3,444,703.

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

Prior Period	Up to 1 month	1-3 months	2-3 months	Over 3 months	Total
Loans and Receivables <sup>(1)</sup>					
Commercial Loans	61,869	22,732	17,245	-	101,846
Retail Loans	37,772	14,159	5,800	-	57,731
Agricultural Loans	92,361	49,564	4,442	-	146,367
<b>Total</b>	<b>192,002</b>	<b>86,455</b>	<b>27,487</b>	<b>-</b>	<b>305,944</b>

<sup>(1)</sup> The amounts at the table are the total of the overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans which are equal to TL1,638,431.

### 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	4,960,309	-	8,972,397	-
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>4,960,309</b>	<b>-</b>	<b>8,972,397</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	5,301,398	-	4,980,076	655,865
Other	-	-	-	-
<b>Total</b>	<b>5,301,398</b>	<b>-</b>	<b>4,980,076</b>	<b>655,865</b>

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

	Current Period	Prior Period
Government Bonds	36,381,678	44,838,854
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
<b>Total</b>	<b>36,381,678</b>	<b>44,838,854</b>

#### c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	36,388,051	44,843,796
Quoted in a Stock Exchange	34,064,577	38,954,254
Not Quoted in a Stock Exchange	2,323,474	5,889,542
Provision for Impairment [-]	-	-
<b>Total</b>	<b>36,388,051</b>	<b>44,843,796</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### d) Movements of held-to-maturity investments:

	Current Period	Prior Period
<b>Beginning Balance</b>	<b>44,843,796</b>	<b>48,787,200</b>
Foreign Currency Differences on Monetary Assets	(17,236)	(64,785)
Purchases During the Year	1,447,839	8,799,714
Disposals through Sales and Redemptions	(9,886,348)	(12,678,333)
Provision for Impairment (-)	-	-
<b>Period End Balance</b>	<b>36,388,051</b>	<b>44,843,796</b>

Within the year 2008, the Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TL23,630,115, EUR717,616 thousand and USD1,483,317 thousand to held-to-maturity portfolio with fair values of TL22,971,669, EUR702,950 thousand and USD1,562,742 thousand respectively which have been taken into consideration as book values after reclassification. The Bank has also reclassified securities previously classified in financial assets at fair value through profit and loss portfolio with nominal values of EUR37,951 thousand and USD45,501 thousand to held-to-maturity portfolio with fair values of EUR37,178 thousand and USD62,311 thousand respectively which have been taken into consideration as book values after reclassification in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" published in the Official Gazette No. 27040 dated 31 October 2008 by TASB.

Revaluation differences of reclassified available for sale securities before deferred tax are TL68,984, EURO(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, positive revaluation difference, which is accounted under shareholders' equity, is TL1,228, negative revaluation differences which are accounted under shareholders' equity are USD14,378 thousand and EUR15,012 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR42,193 thousand and USD72,890 thousand respectively.

If reclassified held for trading securities had not been reclassified, income accrual equal to TL28,054 would have been recorded. As of 31 December 2010, the reclassification from held for trading securities to held-to-maturity investments has an income impact equal to TL (21,553).

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

#### a) 1) Information about unconsolidated associates:

Description	Address (City/ Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1 Bankalararası Kart Merkezi A.Ş.	İstanbul/TURKEY	12.50	17.98
2 Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	11.11	9.09
3 Gelişen Bilgi Teknolojileri A.Ş.	İstanbul/TURKEY	20.00	5.05

	Total Assets <sup>(2)</sup>	Shareholders' Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)(3)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit / Loss <sup>(2)</sup>	Prior Period Profit / Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	21,011	15,865	6,792	912	-	1,465	1,067	-
2	44,767	36,805	1,998	2,322	-	14,132	9,103	-
3	433	431	-	490	-	356	747	-

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

<sup>(2)</sup> Current period information of associates has been provided from unaudited financial statements as of 31 December 2010. Prior period profit/loss information of associates has been provided from unaudited financial statements as of 31 December 2009.

<sup>(3)</sup> Total non-current assets include property and equipment.

<sup>(4)</sup> Business name of Gelişen İşletme Piyasaları A.Ş. has been changed as Gelişen Bilgi Teknolojileri A.Ş. by changing main contract with given decision in General Assembly in 5 April 2010.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### b) 1) Explanation regarding consolidated associates:

Description	Address (City/ Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1 Arap Türk Bankası A.Ş.	İstanbul/TURKEY	20.00	15.43

	Total Assets <sup>(2)</sup>	Shareholders' Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit / Loss <sup>(2)</sup>	Prior Period Profit / Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	1,140,559	305,882	23,951	25,257	22,299	23,669	24,985	-

<sup>(1)</sup> Since shares of Arap Türk Bankası A.Ş. are not traded in the stock market, fair values cannot be identified.

<sup>(2)</sup> Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 December 2010. Prior period profit/loss information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 December 2009.

As of 31 December 2010, the Bank included Arap Türk Bankası A.Ş. in scope of consolidation. Since the Bank did not have a significant control in Axa Sigorta A.Ş., it is excluded from scope of consolidation and classified in Available for Sale Assets as of 31 December 2010.

### 2) Information about consolidated associates:

	Current Period	Prior Period
<b>Beginning Balance</b>	<b>74,147</b>	<b>74,147</b>
<b>Movement During the Period</b>	<b>(27,024)</b>	<b>-</b>
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Addition to Scope of Consolidation <sup>(1)</sup>	47,123	-
Transfer <sup>(1)</sup>	(74,147)	-
Sales	-	-
Revaluation	-	-
Impairment Provision	-	-
<b>Ending Balance</b>	<b>47,123</b>	<b>74,147</b>
Capital Commitments	-	-
Period Ending Share of Capital Participation	15.43	19.65

<sup>(1)</sup> Axa Sigorta A.Ş. is classified under "Associates" account in prior period while it is classified under "Available for Sale Securities" in current period.

### 3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	47,123	-
Insurance Companies	-	74,147
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

### 4) Consolidated associates quoted to a stock exchange:

None (2009: None).

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

#### a) 1) Information about unconsolidated subsidiaries:

	Description	Address (City/ Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	İstanbul / TURKEY	75.00	52.50
2	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara / TURKEY	62.50	64.60

	Total Assets <sup>(2)</sup>	Shareholders' Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit / Loss <sup>(2)</sup>	Prior Period Profit / Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	20,267	11,607	2,340	216	2	5,993	2,888	-
2	8,205	4,225	104	202	51	344	311	-

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

<sup>(2)</sup> Current period information of subsidiaries has been provided from unaudited financial statements as of 31 December 2010. Prior period profit/loss information of these subsidiaries has been provided from audited financial statements as of 31 December 2009.

#### b) 1) Information about consolidated subsidiaries:

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

	Description	Address (City/ Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş. <sup>(1)</sup>	İstanbul / TURKEY	100.00	99.98
2	Ziraat Sigorta A.Ş. <sup>(1)</sup>	İstanbul / TURKEY	100.00	99.98
3	Ziraat Finansal Kiralama A.Ş.	İstanbul / TURKEY	100.00	50.01
4	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / TURKEY	100.00	62.00
5	Ziraat Portföy Yönetimi A.Ş.	İstanbul / TURKEY	60.00	65.44
6	Ziraat Bank International A.G.	Frankfurt / GERMANY	100.00	100.00
7	Turkish Ziraat Bank Bosnia dd	Sarajevo / BOSNIA HERZEGOVINA	100.00	100.00
8	Ziraat Bank (Moscow) CJSC	Moscow / RUSSIA	100.00	99.91
9	Kazakhstan Ziraat Int. Bank	Almaty / KAZAKHSTAN	100.00	97.62
10	Ziraat Banka Ad Skopje	Skopje / MACEDONIA	100.00	100.00

<sup>(1)</sup> The establishment phase of Ziraat Hayat Emeklilik A.Ş. and Ziraat Sigorta A.Ş. whose establishment processes started based on the decision of Board of Directors and whose articles of association were published at the Trade Registry Gazette dated 15 May 2009, has been completed. The capitals of the entities are TL20,000 and all the capitals have been paid. Both of the entities have started their operational activities during January 2010.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

	Total Assets <sup>(3)</sup>	Shareholders' Equity <sup>(3)</sup>	Total Non-Current Assets <sup>(3)</sup>	Interest Income <sup>(3)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit / Loss <sup>(3)</sup>	Prior Period Profit / Loss <sup>(3)</sup>	Fair Value <sup>(1)</sup>
1	446,946	70,706	472	-	24,000	50,800	(92)	-
2	112,774	33,049	680	-	4,254	13,753	(704)	-
3	392,009	110,701	275	1,528	-	14,540	13,086	-
4	70,646	64,229	796	5,437	1,848,711	12,473	12,959	-
5	8,908	8,242	9	696	3,578	1,904	1,783	-
6	1,410,338	314,736	2,052	25,616	4,841	4,403	4,420	323,328
7	182,651	71,509	8,045	8,860	700	500	910	48,632
8	73,962	43,483	3,505	3,908	103	1,530	1,241	43,477
9	113,472	63,180	7,307	5,160	650	1,037	46	68,070
10	93,755	37,057	2,971	3,017	1,453	1,241	2,040	37,469

<sup>(1)</sup> Except the subsidiaries presented in fair value, since they are not traded in stock exchange, fair value cannot be determined and they are carried at cost less impairment if any. For the subsidiaries which have fair value, fair value shows the portion belonging to the Ziraat Bank.

<sup>(2)</sup> The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are representing the net sales.

<sup>(3)</sup> Information on subsidiaries shown in the above table has been provided from the unaudited financial statements as of 31 December 2010, the prior period profit/loss balances has been provided from unaudited financial statements as of 31 December 2009.

### 2) Information about consolidated subsidiaries:

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	-	-
<b>Movements During the Period</b>	<b>629,955</b>	-
Additions to Scope of Consolidation <sup>(1)</sup>	629,955	-
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from current year income	-	-
Transfers to available for sale assets	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>629,955</b>	-
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> According to Communiqué related to making amendments to communiqué about Publicly Announced Financial Statements of Banks and Related Disclosures was issued in Official Gazette no: 27824 dated 23 January 2011, the Bank consolidates all of its financial subsidiaries.

### 3) Sectoral information on subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	520,975	-
Insurance Companies	39,984	-
Factoring Companies	-	-
Leasing Companies	49,860	-
Financing Companies	-	-
Other Financial Subsidiaries	19,136	-

### c) Subsidiaries which are quoted on a stock exchange:

None (2009: None)



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

Entities under Common Control [Joint Ventures] <sup>(1)</sup>	Parent Bank's Share <sup>(2)</sup>	Group's Share	Current Assets	Non- Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	4,948	4,948	65,685	5,192	4,803	5,629	4,343
Uzbekistan- Turkish Bank	9,051	9,054	125,383	4,038	1,210	5,679	3,835
Azer Türk Bank ASC	11,089	12,053	66,737	51,555	624	17,112	15,010
<b>Total</b>	<b>25,088</b>	<b>26,055</b>	<b>257,805</b>	<b>60,785</b>	<b>6,637</b>	<b>28,420</b>	<b>23,188</b>

<sup>(1)</sup> Information on entities under joint control is provided from the unaudited financial statements as of 31 December 2010.

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

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

### 10. Information on finance lease receivables (net):

None.

### 11. Information on derivative financial assets for hedging purposes:

None.

### 12. Information on investment property:

None (2009: 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 trade 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 TL15,225 consisting of TL14,252 on its commercial loans and TL973 on its agricultural loans. Total depreciation expense is TL280 for these held for sale assets.

### 14. Explanations on property and equipment:

	Immovables	Tangibles Financial Leasing	Vehicles	Other Tangibles	Total
<b>Prior Period End:</b>					
Cost	1,341,623	53,062	28,393	418,048	1,841,126
Accumulated Depreciation (-)	588,712	42,811	20,492	373,097	1,025,112
<b>Net Book Value</b>	<b>752,911</b>	<b>10,251</b>	<b>7,901</b>	<b>44,951</b>	<b>816,014</b>
<b>Current Period End:</b>					
Net Book Value at the Beginning of the Period	752,911	10,251	7,901	44,951	816,014
Change During the Period (Net)	12,366	(156)	(3,811)	(218,589)	(210,190)
Depreciation - net (-)	18,031	4,084	(10,155)	(232,154)	(220,194)
Impairment	24	-	-	-	24
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	1,354,014	52,906	24,582	199,460	1,630,962
Accumulated Depreciation at Period End (-)	606,743	46,895	10,337	140,943	804,920
<b>Closing Net Book Value</b>	<b>747,271</b>	<b>6,011</b>	<b>14,245</b>	<b>58,516</b>	<b>826,042</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 15. Explanations on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	21,067	4,402	16,666	-	-	-
Establishment Costs	3,686	2,156	1,530	3,481	1,593	1,888
Goodwill	-	-	-	-	-	-
Intangible Rights	25,318	8,090	17,228	23,740	7,990	15,750
<b>Total</b>	<b>50,071</b>	<b>14,648</b>	<b>35,424</b>	<b>27,221</b>	<b>9,583</b>	<b>17,638</b>

### 16. Information on deferred tax asset:

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

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the financial statements.

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

	Current Period	Prior Period
Deferred Tax Assets	329,755	351,874
Deferred Tax Liabilities	14,919	7,055
Net Deferred Tax Assets	314,836	344,819
Net Deferred Tax Income	50,632	279,274

	Current Period	Prior Period
Reserve for Employment Termination Benefits	97,940	85,800
Short Term Employee Benefits	22,226	22,720
Other Provisions	16,645	21,592
Valuation of Financial Assets	174,330	212,652
Other	3,695	2,055
<b>Net Deferred Tax Assets</b>	<b>314,836</b>	<b>344,819</b>

	Current Period	Prior Period
<b>As of 1 January</b>	<b>344,819</b>	<b>170,462</b>
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax Income / (Expense)	50,632	279,274
<b>Deferred Tax Expenses (Net)</b>	<b>50,632</b>	<b>279,274</b>
Deferred Tax recognized Under Shareholders' Equity	(80,615)	(104,917)
<b>Deferred Tax Assets</b>	<b>314,836</b>	<b>344,819</b>

### 17. Information on other assets:

As of 31 December 2010 and 2009, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### II. EXPLANATIONS AND NOTES TO LIABILITIES

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

##### 1) For deposit banks:

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	6,140,203	-	10,634,241	38,091,351	2,802,331	396,027	550,097	-	58,614,250
Foreign Currency Deposits	3,333,545	-	5,090,126	7,183,678	1,970,116	524,026	3,971,421	-	22,072,912
Residents in Turkey	3,211,711	-	4,921,626	6,709,267	1,663,946	463,559	3,647,069	-	20,617,178
Residents Abroad	121,834	-	168,500	474,411	306,170	60,467	324,352	-	1,455,734
Public Sector Deposits	5,873,459	-	1,631,287	4,803,742	678,124	2,410	13,871	-	13,002,893
Commercial Inst. Deposits	2,506,389	-	4,418,724	11,000,102	882,668	241,408	37,748	-	19,087,039
Other Inst. Deposits	1,078,357	-	1,178,823	7,111,987	1,119,916	50,230	6,201	-	10,545,514
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	57,463	-	2,388,340	26,000	2,061	-	-	-	2,473,864
CBRT	1,496	-	1,539	-	-	-	-	-	3,035
Domestic Banks	13,515	-	2,293,971	26,000	-	-	-	-	2,333,486
Foreign Banks	33,020	-	92,830	-	2,061	-	-	-	127,911
Participation Banks	9,432	-	-	-	-	-	-	-	9,432
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>18,989,416</b>	<b>-</b>	<b>25,341,541</b>	<b>68,216,860</b>	<b>7,455,216</b>	<b>1,214,101</b>	<b>4,579,338</b>	<b>-</b>	<b>125,796,472</b>

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	4,212,153	-	9,336,800	34,035,101	1,837,397	323,397	435,010	-	50,179,858
Foreign Currency Deposits	2,952,445	-	4,720,555	5,751,125	1,221,403	233,488	3,536,112	-	18,415,128
Residents in Turkey	2,872,011	-	4,544,395	5,394,360	1,032,605	179,131	3,220,678	-	17,243,180
Residents Abroad	80,434	-	176,160	356,765	188,798	54,357	315,434	-	1,171,948
Public Sector Deposits	5,647,835	-	1,064,436	4,083,692	188,930	928	3,374	-	10,989,195
Commercial Inst. Deposits	1,786,631	-	2,432,373	5,374,605	291,099	304,426	189,188	-	10,378,322
Other Inst. Deposits	755,132	-	1,125,729	5,065,187	955,041	58,893	10,620	-	7,970,602
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	48,284	-	546,791	1,287	-	-	-	-	596,362
CBRT	1,489	-	1,047	-	-	-	-	-	2,536
Domestic Banks	13,894	-	540,824	-	-	-	-	-	554,718
Foreign Banks	32,901	-	4,920	1,287	-	-	-	-	39,108
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15,402,480</b>	<b>-</b>	<b>19,226,684</b>	<b>54,310,997</b>	<b>4,493,870</b>	<b>921,132</b>	<b>4,174,304</b>	<b>-</b>	<b>98,529,467</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 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	30,298,251	27,565,729	28,090,165	22,427,342
Foreign Currency Saving Deposits	6,883,869	6,778,514	7,051,300	6,622,555
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance <sup>(1)</sup>	287,445	245,795	22,157	26,484
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

<sup>(1)</sup> In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and balances in insurance limit are calculated by the system, TL6,730, TL1,450, and TL3,352 of legal entity's deposits of Sofia, Athens and Komotini respectively, cannot be decomposed therefore included in the table above (2009: Sofia; Athens and Komotini respectively TL6,739, TL771 and TL4,954).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL3,541 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 TL50 attributable to a real person is covered by the insurance, TL349,204 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 7 November 2006 and numbered 26339.

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

The Bank's head office is located in Turkey.

#### 3) Amounts which are not covered by deposit insurance:

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

	Current Period	Prior Period
Deposits and Other Accounts in Branches Abroad	33,935	4,392
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors and Their Close Families	2,038	1,484
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> 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	-	-

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 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	241	-	108	-
Swap Transactions	5,273	85	-	178
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>5,514</b>	<b>85</b>	<b>108</b>	<b>178</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	28,679	8,073	15,316	5,283
Foreign Banks, Institutions and Funds	-	62,011	-	564
<b>Total</b>	<b>28,679</b>	<b>70,084</b>	<b>15,316</b>	<b>5,847</b>

#### b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	27,090	7,397	15,285	5,237
Medium and Long-Term	1,589	62,687	31	610
<b>Total</b>	<b>28,679</b>	<b>70,084</b>	<b>15,316</b>	<b>5,847</b>

#### 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:

83.22% 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.

#### 4. If other liabilities exceed 10% of the balance sheet total, name and amount of sub-accounts constituting at least 20% of these liabilities:

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

#### 5. Information on finance lease payables (net):

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

#### Information on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1	1	1	-
Between 1-4 Years	-	-	1	1
More than 4 Years	-	-	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes.

### 7. Explanations on provisions:

#### a) Information on general provisions:

	Current Period	Prior Period
<b>General Provisions</b>	<b>254,845</b>	<b>428,469</b>
Allocated for Group-I Loans and Receivables	114,210	288,459
Allocated for Group-II Loans and Receivables	74,552	56,909
Allocated for Non-cash Loans	24,858	20,800
Other	41,225	62,301

Since loans extended in the related period are closed, the Bank has given up the application of temporary 1<sup>st</sup> clause of Regulation for Provisions related with general provisions and started to calculate general provision for all loans and receivables balance except for transactions that are not subject to loan restrictions according to the Banking Law using the current rates.

Moreover, in accordance with temporary 4<sup>th</sup> clause of Regulation for Provisions, the Bank has cancelled general loan loss provisions for cash loans except credit cards lending from 6 March 2010 with the effective date of regulation.

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

There are no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables.

#### c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL3,047.

#### d) Information on other provisions:

##### 1) Information on generic provisions for possible risks:

As a result of a change in the application of general provisions, in addition to 1% and 2% provision set for standard loans and loans under close-monitoring respectively; total of 3% provision is continued to be set together with the generic provisions based on the decision of the Bank's Assets and Liabilities Committee.

	Current Period	Prior Period
Generic provisions for possible risks <sup>(1)</sup>	275,125	611,962

<sup>(1)</sup> Based on the decision of the Bank's Assets and Liabilities Committee, TL266,330 (2009: TL604,309) of generic provision is allocated for possible risks as general loan loss provision at a rate of 3%, except for the fund sourced loans and loans granted to institutions which are exempt from provisions according to Banking Law. Moreover, the Bank has cancelled provisions for possible risk from cash loans except credit cards lending from 6 March 2010 in parallel with application in general loan loss provision.

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

Since the Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, based on the information provided by the legal department, lawsuits against the Bank over TL100 amounts to TL60,443. Full provision has been provided in the accompanying financial statements for lawsuits ended against the Bank but not finalized yet, amounting to TL9,059. In addition to these, for the interest expenses calculated for the lawsuits against the Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, generic provision equal to TL62,933 has been provided. The provision made in previous periods for Umumi Hayata Müessir Afetlere Yardım Fonu has been cancelled.

TL372,355 of other provision amount consists of TL3,047 for unindemnified non-cash loans, TL8,500 for cash transfers made by the clerks, TL266,330 for the decision made by the Assets and Liabilities Committee, TL14,646 for unconfirmed current account recordings and TL7,840 for other provisions.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### e) Liabilities on reserve for employee termination benefits:

#### 1) Employment termination benefits and unused vacation rights

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
As of 1 January	429,000	407,100
Payments in the period	(43,139)	(44,200)
Charge for the period	103,839	66,100
<b>Total</b>	<b>489,700</b>	<b>429,000</b>

As of 31 December 2010, unpaid vacation liability amounted to TL111,130 (2009: TL113,600) is presented under the "Employee Benefits Provision" in the financial statements.

#### 2) Pension Rights

The technical balance sheet report as of 31 December 2010 which is prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9.80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2010 and 2009.

The liability related to Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9.80% real discount rate, etc.).

According to related Actuary Report, the Fund's surplus is TL633,381 (2009: TL391,770) as of 31 December 2010.

	Current Period	Prior Period
Present value of funded obligations	(121,619)	(301,230)
- Pension benefits transferable to SSI	(316,767)	(406,064)
- Post employment medical benefits transferable to SSI	195,148	104,834
Fair value of plan assets	755,000	693,000
<b>Actuarial Surplus</b>	<b>633,381</b>	<b>391,770</b>

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9.80%	9.80%
- Post employment medical benefits transferable to SSI	9.80%	9.80%

To represent mortality rates both before and after retirement, CSO 1980 Female/Male mortality table is used.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Bank Placements	583,664	77	463,875	66
Property and Equipment	160,323	21	140,129	17
Marketable Securities	5,972	1	87,915	13
Other	5,041	1	1,081	4
<b>Total</b>	<b>755,000</b>	<b>100</b>	<b>693,000</b>	<b>100</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 8. Information on tax liability:

#### a) Information on current tax liability:

##### 1) Information on tax provisions:

As of 31 December 2010, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 252,667 (2009: TL 230,992).

##### 2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	252,667	230,992
Taxation on Income From Securities	90,373	95,406
Property Tax	747	495
Banking Insurance Transactions Tax (BITT)	30,390	26,624
Foreign Exchange Transactions Tax	4	3
Value Added Tax Payable	1,141	1,021
Other	29,582	33,067
<b>Total</b>	<b>404,904</b>	<b>387,608</b>

##### 3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	17	16
Social Security Premiums - Employer	26	23
Bank Social Aid Pension Fund Premium - Employee	110	68
Bank Social Aid Pension Fund Premium - Employer	192	122
Pension Fund Membership Fees and Provisions - Employee	6	5
Pension Fund Membership Fees and Provisions - Employer	16	8
Unemployment Insurance - Employee	164	142
Unemployment Insurance - Employer	357	282
Other	12	11
<b>Total</b>	<b>900</b>	<b>677</b>

##### b) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TL14,919 (2009: TL7,055). However, this amount is netted off against the deferred tax asset and subsequently TL314,836 (2009: TL344,819) of net deferred tax asset is presented in the financial statements.

### 9. Information on shareholders' equity:

#### a) Presentation on paid-in capital:

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

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

The Bank does not have a registered capital system.

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

There is no share capital increase and increased capital shares.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

There is no increase from capital reserves.

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

The Bank has no capital commitments.

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

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

### g) Information on preferred shares:

The Bank has no preferred shares.

### h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under common control	-	81,694	-	19,521
Revaluation Difference	-	81,694	-	19,521
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	741,963	104,951	462,925	8,161
Revaluation Difference	938,119	104,951	577,650	8,161
Deferred Tax Effect	(196,156)	-	(114,725)	-
Foreign Exchange Differences	-	-	-	-
<b>Total</b>	<b>741,963</b>	<b>186,645</b>	<b>462,925</b>	<b>27,682</b>

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

### 1. Information on off-balance sheet liabilities:

#### a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	2,303,845	2,371,778
Asset Purchase Commitments	261,277	390,634
Commitments for Credit Card Expenditure Limits	2,673,734	1,929,243
Loan Granting Commitments	-	256,804
Other Irrevocable Commitments	924,060	284,846
Subsidiaries and Associates Capital Contribution Commitments	2,000	3,638
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	10,958	1,861
<b>Total</b>	<b>6,175,874</b>	<b>5,238,804</b>

#### 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.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

	Current Period	Prior Period
Guarantee Letters	6,497,611	4,809,499
Bank Acceptances	39,164	33,753
Letter of Credits	985,179	670,165
<b>Total</b>	<b>7,521,954</b>	<b>5,513,417</b>

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

	Current Period	Prior Period
Letter of Temporary Guarantees	199,701	84,804
Letter of Certain Guarantees	3,384,045	2,375,668
Letters of Advance Guarantees	2,180,191	1,588,973
Letters of Guarantees given to Customs Offices	113,707	113,807
Other Letters of Guarantees	619,967	646,247
<b>Total</b>	<b>6,497,611</b>	<b>4,809,499</b>

### c) 1) Total non-cash loans:

	Current Period	Prior Period
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>593,228</b>	<b>621,622</b>
With Original Maturity of One Year or Less	38,589	47,888
With Original Maturity of More than One Year	554,639	573,734
<b>Other Non-Cash Loans</b>	<b>6,928,726</b>	<b>4,891,795</b>
<b>Total</b>	<b>7,521,954</b>	<b>5,513,417</b>

### c) 2) Information on sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	53,810	2.07	63,253	1.29	29,641	1.59	4,066	0.11
Farming and Raising Livestock	52,446	2.02	62,556	1.27	28,782	1.54	3,689	0.10
Forestry	-	-	-	-	-	-	-	-
Fishing	1,364	0.05	697	0.01	859	0.05	377	0.01
Manufacturing	684,400	26.31	3,219,081	65.41	576,846	30.96	2,340,129	64.12
Mining	151,356	5.82	308,275	6.26	163,385	8.77	316,642	8.68
Production	431,248	16.58	2,848,904	57.89	340,797	18.29	1,985,091	54.39
Electric, Gas and Water	101,796	3.91	61,901	1.26	72,664	3.90	38,396	1.05
Construction	305,715	11.75	190,022	3.86	122,583	6.58	69,472	1.90
Services	1,453,929	55.90	766,485	15.58	1,047,415	56.19	617,017	16.90
Wholesale and Retail Trade	255,478	9.82	64,555	1.31	160,702	8.62	40,842	1.12
Hotel, Food and Beverage Services	8,996	0.35	1,995	0.04	5,975	0.32	307	0.01
Transportation and Telecommunication	338,884	13.03	80,686	1.64	286,915	15.39	37,265	1.02
Financial Institutions	525,096	20.19	215,123	4.37	420,948	22.59	205,537	5.63
Real Estate and Leasing Services	1,105	0.04	4	-	586	0.03	4	-
Self-employment Services	5,038	0.19	-	-	2,691	0.14	-	-
Education Services	5,636	0.22	13,688	0.28	3,639	0.20	21,311	0.58
Health and Social Services	313,696	12.06	390,434	7.93	165,959	8.90	311,751	8.54
Other	102,999	3.96	682,260	13.86	87,222	4.68	619,026	16.97
<b>Total</b>	<b>2,600,853</b>	<b>100</b>	<b>4,921,101</b>	<b>100</b>	<b>1,863,707</b>	<b>100</b>	<b>3,649,710</b>	<b>100</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### c) 3) Information on the non-cash loans classified under Group I and Group II:

	Group I:		Group II:	
	TL	FC	TL	FC
<b>Non-Cash Loans</b>	<b>2,568,799</b>	<b>4,920,307</b>	<b>32,054</b>	<b>794</b>
Letters of Guarantee	2,566,567	3,898,404	32,054	586
Bank Acceptances	2,000	37,108	-	56
Letters of Credit	232	984,795	-	152
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

### 2. Explanations on derivative transactions:

	Current Period	Prior Period
<b>Types of Trading Transactions</b>		
Foreign Currency Related Derivative Transactions (I)	4,201,080	205,380
Forward Transactions	19,705	71,781
Swap Transactions	4,181,375	133,599
Futures Transactions	-	-
Option Transactions	-	-
Interest Related Derivative Transactions (II)	-	-
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	-	-
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	-	-
<b>A. Total Trading Derivative Transactions (I+II+III)</b>	<b>4,201,080</b>	<b>205,380</b>
<b>Types of Hedging Derivative Transactions</b>		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
<b>B. Total Hedging Derivative Transactions</b>	<b>-</b>	<b>-</b>
<b>Total Derivative Transactions (A+B)</b>	<b>4,201,080</b>	<b>205,380</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	20,606	226	558	-	-	21,390
- Inflow	2,081,265	10,837	19,133	-	-	2,111,235
- Outflow	(2,060,659)	(10,611)	(18,575)	-	-	(2,089,845)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total inflow</b>	<b>2,081,265</b>	<b>10,837</b>	<b>19,133</b>	<b>-</b>	<b>-</b>	<b>2,111,235</b>
<b>Total outflow</b>	<b>(2,060,659)</b>	<b>(10,611)</b>	<b>(18,575)</b>	<b>-</b>	<b>-</b>	<b>(2,089,845)</b>

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	358	102	54	-	-	514
- Inflow	65,456	18,777	18,714	-	-	102,947
- Outflow	(65,098)	(18,675)	(18,660)	-	-	(102,433)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total inflow</b>	<b>65,456</b>	<b>18,777</b>	<b>18,714</b>	<b>-</b>	<b>-</b>	<b>102,947</b>
<b>Total outflow</b>	<b>(65,098)</b>	<b>(18,675)</b>	<b>(18,660)</b>	<b>-</b>	<b>-</b>	<b>(102,433)</b>

### 3. Explanations on contingent assets and liabilities:

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

The Bank's liability resulting from the cheques given to its customers amounts to TL2,303,845 (2009: TL2,371,778)

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

#### 4. Explanations on services in the name of others:

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

#### IV. EXPLANATIONS AND NOTES TO THE INCOME STATEMENT

##### 1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans <sup>(1)</sup>	5,651,965	124,792	5,572,365	67,808
Short Term Loans	1,775,750	38,660	2,080,100	49,545
Medium and Long Term Loans	3,769,368	86,131	3,391,101	18,263
Interest on Non-Performing Loans	106,847	1	101,164	-
Premiums from Resource Utilization Support Fund	-	-	-	-

<sup>(1)</sup> 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	157,476	-	295,813	-
Domestic Banks	124	675	592	261
Foreign Banks	704	17,527	711	19,087
Head Office and Branches	-	-	-	-
<b>Total</b>	<b>158,304</b>	<b>18,202</b>	<b>297,116</b>	<b>19,348</b>

##### c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	18,893	1,419	89,179	2,378
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	2,524,817	176,926	1,566,549	271,759
From Held-to-maturity Investments	3,440,266	256,280	6,008,115	291,599
<b>Total</b>	<b>5,983,976</b>	<b>434,625</b>	<b>7,663,843</b>	<b>565,736</b>

##### d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	3,734	1,653

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks <sup>(1)</sup>	1,609	283	2,211	361
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	1,599	162	2,211	347
Foreign Banks	10	121	-	14
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>1,609</b>	<b>283</b>	<b>2,211</b>	<b>361</b>

<sup>(1)</sup> Includes fees and commissions expenses on cash loans.

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	70,302	1,738

### c) Information on interest given on securities issued:

The bank has no securities issued.

### d) 1) Maturity structure of the interest expense on deposits:

Account Name	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 Year		
<b>TL</b>								
Bank Deposit	-	3,196	-	-	-	-	-	3,196
Saving Deposit	53	804,648	2,966,689	159,364	28,115	38,633	-	3,997,502
Public Sector Deposit	3,281	106,047	328,588	54,239	108	633	-	492,896
Commercial Deposit	885	245,374	653,939	39,297	16,961	10,311	-	966,767
Other Deposit	32	93,627	538,500	111,591	2,453	670	-	746,873
Deposit With 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,251</b>	<b>1,252,892</b>	<b>4,487,716</b>	<b>364,491</b>	<b>47,637</b>	<b>50,247</b>	<b>-</b>	<b>6,207,234</b>
<b>FC</b>								
Foreign Currency Deposit	2,156	84,636	130,074	37,522	10,051	81,847	-	346,286
Bank Deposit	599	-	-	-	-	-	-	599
Deposit With 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,755</b>	<b>84,636</b>	<b>130,074</b>	<b>37,522</b>	<b>10,051</b>	<b>81,847</b>	<b>-</b>	<b>346,885</b>
<b>Grand Total</b>	<b>7,006</b>	<b>1,337,528</b>	<b>4,617,790</b>	<b>402,013</b>	<b>57,688</b>	<b>132,094</b>	<b>-</b>	<b>6,554,119</b>

### 3. Explanations on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	24,979	2,501
Other <sup>(1)</sup>	8,669	24,484
<b>Total</b>	<b>33,648</b>	<b>26,985</b>

<sup>(1)</sup> Shows the Bank's dividend income from equity investments, subsidiaries, associates and entities under common control.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

#### 4. Information on trading profit/loss (net):

	Current Period	Prior Period
<b>Profit</b>	<b>1,439,587</b>	<b>316,982</b>
Profit from the Capital Market Transactions	22,429	16,148
Profit on Derivative Financial Instruments	492,924	5,673
Foreign Exchange Gains	924,234	295,161
<b>Loss (-)</b>	<b>1,452,724</b>	<b>255,530</b>
Loss from the Capital Market Transactions	81	-
Loss on Derivative Financial Instruments	381,370	4,725
Foreign Exchange Loss	1,071,273	250,805

#### 5. Information on profit/loss on derivative financial operations:

	Current Period	Prior Period <sup>(1)</sup>
Effect of the change in exchange rates on profit/loss	72,619	948
Effect of the change in interest rates on profit/loss	38,935	-
<b>Total</b>	<b>111,554</b>	<b>948</b>

<sup>(1)</sup> The Bank values its derivative financial transactions according to discounted values in 2009. Therefore, as of 31 December 2009 profit/loss resulting from derivative financial operations are shown in effect of the change in exchange rates on profit/loss.

#### 6. Information on other operating income:

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

There are no significant matters covering the recent developments which have significant effect on the Bank's income. Main component of the Bank's other operating income consists of reversals from prior period provisions amounting to TL(839,655).

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables <sup>(1)</sup>	139,723	342,187
Group III Loans and Receivables	15,692	74,623
Group IV Loans and Receivables	55,618	171,352
Group V Loans and Receivables	68,413	96,212
General Provision Expenses <sup>(2)</sup>	1,174	145,767
Provision Expenses for the Possible Losses <sup>(2)</sup>	1,200	90,943
Marketable Securities Impairment Expense	218	185
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	218	185
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	1,636	420
Associates	-	-
Subsidiaries	1,636	420
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	-
Other <sup>(3)</sup>	554	52,682
<b>Total</b>	<b>144,505</b>	<b>632,184</b>

<sup>(1)</sup> The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL249,590 are presented in other operating income (2009: TL50,925).

<sup>(2)</sup> The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL512,797 are presented in other operating income (2009: TL151,023).

<sup>(3)</sup> TL14,899 of prior period balance is the generic provision expense set for the prior periods' current account deficits of the branches, TL37,300 is the generic provision expense set for the remuneration liabilities subject to law suit.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 8. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses <sup>(1)</sup>	1,234,914	1,046,194
Reserve for Employee Termination Benefits <sup>(1)</sup>	103,839	69,200
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	1,329
Depreciation Expenses of Tangible Fixed Assets	46,206	46,951
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	7,353	3,347
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	182	100
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	443,513	367,378
Operational Leasing Expenses	51,877	35,170
Maintenance Expenses	31,613	50,529
Advertisement Expenses	20,782	22,237
Other Expenses	339,241	259,442
Loss on Sales of Assets	405	807
Other <sup>(2)</sup>	413,248	359,753
<b>Total</b>	<b>2,249,660</b>	<b>1,895,059</b>

<sup>(1)</sup> In prior period, TL44,200 which includes retirement grant paid from personnel expense with payment in lieu of notice and employee termination benefit is shown in employee termination benefit provision line.

<sup>(2)</sup> TL159,153 (2009: TL176,773) of other item consists of Saving Deposit Insurance Fund accrual expense while TL176,299 (2009: 115,201 TL) consists of taxes, duties and charges expense.

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

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

	Current Period	Prior Period
Net Interest Income	5,355,659	6,068,776
Net Fees and Commissions Income	510,581	436,997
Dividend Income	33,648	26,985
Trading Income/Expense (Net)	(13,137)	61,452
Other Operating Income	976,774	349,768
Provision for Loan or Other Receivables Losses [-]	144,505	632,184
Other Operating Expenses (-)	2,249,660	1,895,059
<b>Income (Loss) From Continuing Operations</b>	<b>4,469,360</b>	<b>4,416,735</b>



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 10. Information on tax provision for continued and discontinued operations

As of 31 December 2010, TL(807,390) (2009: TL(1,185,054)) of the Bank's total tax provision expense which amounts to TL(756,758) (2009: TL(905,780)) consists of current tax expense while TL50,632 (2009: TL279,274) consists of deferred tax income.

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

The Bank's net operating income after tax amounts to TL3,712,602 (2009: TL3,510,955).

### 12. Information on net profit/loss:

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

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

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

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (2009: None).

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

As of 31 December 2010, the Bank's other fee and commission income amounting to TL581,314 (2009: TL508,041) consists of TL143,277 (2009: TL129,584) of credit card fees and commission income, TL114,945 (2009: TL73,022) of insurance commission and the remaining TL323,092 (2009: TL305,435) of money order, account management fee and other commission income.

## V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

### 1. In accordance with the Turkish Accounting Standards, the disclosures on shareholders' equity are made accordingly in the order of financial statement items in this section:

#### a) Explanations on inflation adjustment differences for equity items:

As per the BRSA's Circular numbered 5 announced on 28 April 2005 it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA' decree numbered 1623 on 21 April 2005.

#### b) Explanations on profit distribution:

The General Assembly for year 2009 was carried out on 24 May 2010. In accordance with the decision taken, of the profit for the year 2009 amounting to TL3,510,955, TL161,584 is transferred to first legal reserves, TL92,619 is transferred to second legal reserves, TL102,857 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL800,000 is distributed to Undersecretariat of Treasury after deducting withholding tax of 15% (TL141,176) in cash on 26 May 2010. In addition to TL1,926,303 of the profit for the year 2009, deferred tax income amounting to TL279,274 is not distributed. The remaining part of dividend reserved to be distributed to personnel is transferred to account of Under Secretariat of Treasury of the Turkish Republic, net TL6,071 after deducting withholding tax of 15% (TL1,071).

Bank is planning to distribute its 2010 profit based on the articles of association. However, as of the report date, there is no decision taken regarding the profit distribution.

#### c) Explanations on Available For Sale Financial Assets:

Available for sale financial assets are not included in the current income statement, until their collections, disposals, sales or losses are realized and those assets are recognized under the "Marketable Securities Revaluation Fund" under equity. In accordance with TAS 39 and due to the change in the Bank's intention to hold the previously classified as available for sale securities to maturity the Bank has reclassified the securities under available for sale portfolio to held to maturity portfolio. The valuation differences of these securities is presented under shareholders' equity as a "Marketable Securities Valuation Differences" and transferred to profit/loss with subject to redemption with proportional to the maturity of security.

Subsidiaries and jointly controlled entities domiciled and operating abroad are followed by their fair values. For such subsidiaries and entities under common control, the fair value is determined with revaluation report prepared by independent valuation firm and revaluation differences are recognized under "Marketable Securities Revaluation Fund" under equity.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### d) Profit Reserves:

As of the balance sheet date, legal reserves amount to TL2,012,298, extraordinary reserves amount to TL3,000,593 and other profit reserves amount to TL583,409.

### VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

#### 1. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

"Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL3,135,587 is composed mainly from interest received from loans and securities amounting to TL12,017,169 and interest paid to deposit and money market operations which is amounting to TL6,979,212. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of the change in the foreign exchange rate on the cash and cash equivalents is stated, approximately, TL192,319 as of 31 December 2010 (2009: TL(184,071)).

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as "cash"; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as "cash equivalents".

#### Period opening and end cash and cash equivalents balance:

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,029,744	702,276
Central Bank of the Republic of Turkey and Other Banks	11,786,829	12,186,525
Money Market Operations	-	-
<b>Total Cash and Cash Equivalents</b>	<b>12,816,573</b>	<b>12,888,801</b>

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,291,174	1,029,744
Central Bank of the Republic of Turkey and Other Banks	11,010,665	13,458,791
Money Market Operations	-	-
<b>Total Cash and Cash Equivalents</b>	<b>12,301,839</b>	<b>14,488,535</b>

### VII. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE BANK

#### 1) Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

##### a) Current Period:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash <sup>(2)(3)</sup>	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	811,676	305,249	-	-	-	-
Closing Balance <sup>(1)</sup>	1,239,818	351,271	-	-	-	-
<b>Interest and Commissions Income</b>	<b>3,734</b>		-	-	-	-

<sup>(1)</sup> Accrual amount for period-end cash loans are not included in the table since it could not be decomposed from the existing data processing system.

<sup>(2)</sup> The cash loans balance includes the investments to associates, subsidiaries and entities under common control.

<sup>(3)</sup> Placements to foreign banks in the risk group amounting to TL302,285 are included in the cash loans.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 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 <sup>(2)(3)</sup>	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	793,049	293,439	-	-	-	-
Closing Balance <sup>(1)</sup>	811,676	305,249	-	-	-	-
<b>Interest and Commissions Income</b>	<b>1,653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Accrual amount for period-end cash loans are not included in the table since it could not be decomposed from the existing data processing system.

<sup>(2)</sup> The cash loans balance includes the investments to associates, subsidiaries and entities under common control.

<sup>(3)</sup> Placements to foreign banks in the risk group amounting to TL61,523 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
<b>Deposits</b>						
Opening Balance <sup>(1)</sup>	100,952	103,835	-	-	-	-
Closing Balance <sup>(1)</sup>	1,527,048	100,952	-	-	-	-
<b>Interest expense on deposits <sup>(2)</sup></b>	<b>70,302</b>	<b>1,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Accruals are not included in the table above since they could not be decomposed.

<sup>(2)</sup> The prior period balance of the accrued interest expense of the deposit is the balance as of 31 December 2009.

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss						
Opening Balance	12,768	28,894	-	-	-	-
Closing Balance	-	12,768	-	-	-	-
<b>Total Profit/Loss <sup>(1)</sup></b>	<b>(228)</b>	<b>(37)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
<b>Total Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> The prior period loss balance is the balance as of 31 December 2009.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### 3) Information about fees paid to the Bank's top executives:

Fees paid to the Bank's key management amount to TL10,059 (2009: TL8,527).

### VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

#### Changes in required reserve ratio

1. Published in the Official Gazette No. 27788 dated 17 December 2010 and No. 2010/13 on the Amendment of the Communiqué on the Required Provisions Scale obligation dated 7 January 2011, to be effective with the Turkish lira liabilities required reserve ratio for deposits/participation were differentiated in terms of the maturity structure of funds.

a) For Turkish Lira Liabilities;

TL Liabilities	Required Reserve Ratio (%)
Demand deposits, notice deposits, private current accounts	8
Deposits/participation accounts up to 1-month maturity (including 1 month)	8
Deposits/participation accounts up to 3 month maturity (including 3 months)	7
Deposits/participation accounts up to 6 month maturity (including 6 months)	7
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5
Special Funds	Ratios correspond to maturities
Other than deposits/participation accounts	8

b) Required reserve ratio for FX liabilities is 11%.

2. Published in the Official Gazette No. 27825 dated 24 January 2011 and 2011/2 Required Provisions of the Amendment to the Communiqué on the Scale to be valid obligation dated 4 February 2011, the Turkish lira demand required reserve ratios is as below:

TL Liabilities	Required Reserve Ratio (%)
Demand deposits, notice deposits, private current accounts	12
Deposits/participation accounts up to 1-month maturity (including 1 month)	10
Deposits/participation accounts up to 3 month maturity (including 3 months)	9
Deposits/participation accounts up to 6 month maturity (including 6 months)	7
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5
Special Funds	Ratios corresponding to maturities
Other than deposits/participation accounts	9

3. According to BRSA's temporary 3<sup>rd</sup> and 4<sup>th</sup> article of the "Regulation On The Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to Be Set Aside" dated 10 February 2011 numbered 4065 following decisions have been taken;

- Loans and other receivables classified in 2<sup>nd</sup> group can be rescheduled maximum of two times,
- Increasing the possibility of restructuring and rescheduling loans and other receivables classified as non-performing loan with more flexible conditions from two to three,
- Deadline for the temporary practice which will end in 1 March 2011 enabling banks, whose capital adequacy ratio is above 16%, general provision ratio can be applied as 0% will not be extended.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Unconsolidated Financial Statements at 31 December 2010

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

### IX. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK

#### Information on the Bank's domestic and foreign branches and foreign representatives of the Bank:

	Number	Number of Employees		Total Assets	Statutory Share Capital
Domestic Branch <sup>(1)</sup>	1,379	18,602			
			<b>Country of Incorporation</b>		
Foreign Representative Office	1	1	1- Iran		
Foreign Branch <sup>(2)</sup>	1	3	1- USA	1,248,830	180,779
	1	3	2- England	696,083	81,741
	4	4	3- Bulgaria	53,429	29,015
	1	5	4- Georgia	21,373	13,193
	1	3	5- Iraq	13,164	10,773
	3	4	6- Greece	141,582	37,098
	9	32	7- T.R. of Northern Cyprus	582,956	26,610
Off-shore Banking Region Branches	-	-		-	-

<sup>(1)</sup> Includes the employees of the domestic branches, excluding the employees of head office and districts' head offices.

<sup>(2)</sup> Excluding the local employees of the foreign branches.

### SECTION SIX

#### OTHER EXPLANATIONS AND NOTES

##### I. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

### SECTION SEVEN

#### EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

##### I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

As of 31 December 2010, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor's Report dated 15 February 2011 is presented preceding the financial statements.

##### II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Ziraat Bank's Financial Standing, Profitability and Solvency

2010 was a productive year of operation for Ziraat Bank that performed successfully owing to its sound balance sheet structure, solid shareholders' equity and high profitability. The Bank outgrew the sector's average in total assets, deposits and loans, thus increasing its market share. Its successful performance in 2010 brought Ziraat Bank a profit of TL 3.7 billion.

Ziraat Bank maintained its high liquidity and funding ability in 2010. The Bank achieved a solid and well-balanced growth in total deposits and lending, and further strengthened its balance sheet structure.

### ASSETS STRUCTURE

As a result of its activities in 2010, Ziraat Bank's total assets grew 21% year-on and reached TL 151.2 billion. While the rate of increase in the overall sector's lending was 34%, Ziraat Bank attained a significant 56% growth, and the share of loans in total assets rose from 29% in 2009 to 38% in 2010. In the reporting period, the Bank captured a record growth of 93% in commercial loans and 77% in agricultural loans. 39% expansion in retail loans drove the Bank's share in this department to 14% of the sector. The rise in general-purpose loans was 44% in 2010 and the Bank's share in the sector went up to 32%.

The ratio of NPL to total loans that stood at 2.3% at year-end 2009 declined to 1.5% at year-end 2010, which is well below the sector's average of 3.6%. Excluding loans arising from funds for which the Bank does not set aside any provisions and other receivables, this ratio goes down to 1.2%. The NPL ratio to total loans that remains well below the sector's average and the sound growth of market share attained in loans serve as indicators of the Bank's gradually bettering quality of the assets structure.



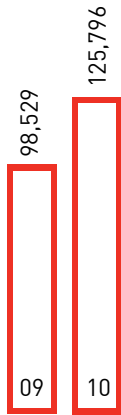
## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Ziraat Bank's Financial Standing, Profitability and Solvency

### LIABILITIES STRUCTURE

#### Deposits make up a vital source for the Bank.

Making up 83% of total liabilities at year-end 2010, deposits continued to be the Bank's vital source. Outdoing the sector in terms of the year-on growth achieved in deposits, Ziraat Bank's deposits rose to TL 126 billion, and the 28% growth in deposits drove the Bank's share in the sector up to 19%. Savings deposits make up the largest part of deposits with a share of 47%.

Total Deposits  
TL million



#### Net profit

On the back of successful commercial performance and effective cost management, Ziraat Bank posted TL 3.7 billion in net profit in 2010. With this figure, Ziraat Bank single-handedly held 17% of the profit available to the entire sector. At year-end 2010, the Bank's return on assets was 2.8% and return on equity was 31.8%. At 19.2% at year-end 2010, the Bank's capital adequacy ratio was well above the minimum legally required ratio.

Net Profit  
TL million



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Ratios

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

%	As of 31 December 2010	As of 31 December 2009
<b>CAPITAL</b>		
Capital Adequacy Ratio	19.2	23.2
Shareholders' Equity/Total Assets	8.9	8.3
Shareholders' Equity/(Total Assets+Non-cash Loans)	8.5	8.0
Shareholders' Equity/(Deposits+Non-Deposit Resources)	10.0	9.3
<b>ASSET QUALITY</b>		
Total Loans/Total Assets	38.0	29.5
NPL (Gross)/Cash Loans	1.5	2.3
NPL (Gross)/(Non-cash Loans+Cash Loans)	1.3	2.0
FC Assets/FC Liabilities	91.5	99.7
<b>LIQUIDITY</b>		
Liquid Assets/Total Assets	9.9	11.7
Liquid Assets/(Deposits+Non-Deposit Resources)	11.1	13.2
<b>PROFITABILITY</b>		
Net Profit (Loss)/Average Total Assets	2.8	3.1
Net Profit (Loss)/Average Shareholders' Equity	31.8	40.4
Net Profit (Loss)/Average Paid-in Capital	148.5	140.4
<b>COST-INCOME STRUCTURE</b>		
Interest Income/Interest Expenses	176.1	174.6
Non-Interest Income/Non-Interest Expenses	64.4	36.9
Total Income/Total Expenses	146.9	141.1
Interest Income/Total Income	88.5	93.6
Non-Interest Income/Total Income	11.5	6.4
Interest Expenses/Total Expenses	73.8	75.6
Non-Interest Expenses/Total Expenses	26.2	24.4



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Risk Management Policies Adhered to According to Types of Risk

Risk management activities at the Bank are conducted under the Risk Management Guidelines approved by the Board of Directors decision no. 377, dated 27 November 2007. The fundamental approach to risk management is to achieve the best possible practices in risk management functions by inculcating a culture of risk-awareness throughout the Bank and by continuously improving both the system and the Bank's human resources.

Risk management activities cover the primary headings of credit risk, market risk, operational risk, and balance sheet risks. Policy and implementation principles concerning the management of these risks are carried out in accordance with regulations on the basis of each type of risk, which are approved by the Board of Directors. Maximum attention is given to ensuring that the risk management activities that take place are conducted with the coordinated participation of all units that are involved in every activity associated with each category of risk.

Risk management policy is concerned with the execution of measurement, monitoring, stress testing and scenario analyses of credit risk, operational risk, market and balance sheet risks which are aligned with the volume, nature and complexity of the Bank's activities, and reporting the results therefrom. New products are considered within the frame of risk management activities.

Results of risk analyses and risk indicators are reported in varying scope and extent to the Board of Directors, Audit Committee, executive units and internal system units at semi-annual, monthly, weekly and daily intervals.

The Bank places utmost importance on acquiring expertise in the field of risk management; in this vein, the Department's activities are being carried out by the Risk Analyst Group career professional staff since 2008. Employees assigned with risk management are encouraged to earn FRM (Financial Risk Manager) certification awarded by GARP (Global Association of Risk Professionals) and the number of certified employees grows by the year.

### **Credit Risk**

While the existing credit risk base amount is monitored within the frame of credit risk management, credit risk is measured employing Basel II Standardized Method, which is to be used in internal reporting, and measurements are supported by scenario analyses. The Bank took part in the Quantitative Impact Study (QIS-TR3) conducted by the BRSA since March 2010, and offered consultancy to six banks in relation to the study. Revision efforts are ongoing in relation to calculations and systematic arrangements to achieve alignment with the draft regulations issued by the BRSA in parallel with the "Capital Requirements Directive". Furthermore, in order to enable employing Advanced Measurement Methods in calculating credit risk base amount, collaboration is made and projects are carried out with relevant units to develop rating/scoring models focusing on different credit portfolios. For the commercial loans portfolio, rating is employed for corporate companies while scoring model is used for small and medium sized companies. In addition, the credit card scoring model is made use of in the credit card allocation process.

### **Operational Risk**

The Bank acknowledges that operational risk management is a process encompassing all activities and personnel. When fulfilling their duties, authorities and responsibilities, it is essential that the Bank personnel are aware of operational risks and consider their ramifications, take necessary precautions for mitigation and/or prevention of these risks or come up with proposals to this end, and carry out their activities with an awareness of control. The Bank's operations are evaluated with respect to operational risks arising from the personnel, processes, system and external factors.

Operational risk loss database uses the lines of business and types of losses identified under Basel II. Data on operational risk losses that occur throughout the Bank are monitored through the system as and when they are recognized in the accounts. Operational risk base amount to be included in the Bank's legal capital adequacy ratio is calculated and reported using the Basic Indicator Approach. In addition, work is in progress to employ Advanced Measurement Methods for calculating operational risk. At meetings held in Regional Offices determined through self-assessments, risks are identified on-site by competent personnel. Within the frame of Information Systems Risk Management activities, the Bank is working to devise a Business Continuity Plan in parallel with the BRSA's applicable regulations. An Operational Risk Map is being developed to establish the operational risk levels of branches and head office units.

### **Market and Balance Sheet Risks**

With a view to revealing the market and balance sheet risks that the Bank may be exposed to, risk measuring and monitoring are carried out, whose results are taken into consideration in the Bank's strategic decision-making process.

In market risk control, the Bank's accounts and positions exposed to market risk and the developments that affect the values thereof are monitored at least on a daily basis, as well as analyzing the impact of ordinary or extraordinary downward and upward moves in markets upon the Bank's accounts and positions exposed to market risk.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Risk Management Policies Adhered to According to Types of Risk

In liquidity risk control, maturity mismatches between funds and placements are monitored, as well as their concentration levels, while also following-up cash and cash-equivalent primary liquid reserve levels and free capital levels that will allow the Bank to pursue its normal day-to-day activities.

In structural interest rate risk control, analyses and monitoring are carried out for maturity mismatches between fixed and variable interest rate funds and utilizations, behavioral, as well as contractual maturities of assets and liabilities, and the effects of probable downward and upward, ordinary and extraordinary interest rate changes on the interest rate and on the current value of assets and liabilities.

With a view to being able to evaluate in advance the impact of adverse developments that will take place in the parameters affecting the Bank's financial strength on the activities and market and balance sheet risks, stress tests are conducted and their results are used in the Bank's strategic decision-making process.

In an attempt to prevent the Bank's financial strength from being significantly affected by increased volatility in the markets and potential mismatches in cash inflows and outflows in the performance of its day-to-day activities, signal values in the early warning system are monitored and risk levels are restricted with limits.

In this frame, the Bank calculates and reports market risk base amount to be included in the legal capital adequacy ratio using standardized method. Furthermore, VaR-based internal method employed in addition to the standardized method for measuring market risk has been assessed, and endorsed for fitness, within the frame of international best practices by an independent consultancy firm.

For liquidity risk measurement, liquidity gap, structural liquidity gap, average maturity, and deposit renewal analyses and liquidity stress testing are conducted. Repricing gap, duration, convexity, net interest margin/income and net present value of banking book change for standardized interest rate shock analyses are performed for structural interest rate risk measurement.

Within the frame of risk management activities, global and national developments are tracked via time-series, and efforts are taken on to estimate economic and financial indicators used in risk management on the basis of econometric models, while work is carried out on "Economic Capital" projections that cover basic risks, as part of the internal capital adequacy assessment process.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. 31 December 2006 – 31 December 2010 Summary Balance Sheet and Income Statement

(TL million)

<b>ASSETS</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Liquid Assets	9,150	11,167	13,086	14,604	14,907
Securities Portfolio	43,890	46,577	58,522	70,988	76,352
Loans	17,371	21,604	30,836	36,725	57,443
Associates and Subsidiaries	367	374	661	715	731
Fixed Assets	689	649	815	816	826
Other Assets	437	571	492	681	901
<b>TOTAL</b>	<b>71,904</b>	<b>80,942</b>	<b>104,412</b>	<b>124,529</b>	<b>151,160</b>
<b>LIABILITIES</b>					
Deposits	59,653	68,250	83,883	98,529	125,796
Money Markets	968	196	7,268	9,144	5,003
Funds	2,908	2,769	2,914	3,245	3,525
Provisions	891	1,102	1,428	1,704	1,228
Other Liabilities	905	1,407	1,558	1,553	2,150
Shareholders' Equity	6,579	7,218	7,361	10,354	13,458
<b>TOTAL</b>	<b>71,904</b>	<b>80,942</b>	<b>104,412</b>	<b>124,529</b>	<b>151,160</b>
<b>PROFIT/LOSS</b>					
Interest Income	9,436	11,329	13,368	14,203	12,392
Interest Expense	6,034	7,528	9,266	8,134	7,036
Net Interest Income	3,402	3,802	4,102	6,069	5,356
Fees and Commissions Income (net)	626	564	572	437	511
Dividend Income	17	26	26	27	34
Capital Market Trading Profit (net)	104	72	-47	17	134
FX Gains (net)	1	70	-5	44	-147
Other Operating Income	237	177	338	350	977
Total Operating Income	4,387	4,710	4,986	6,944	6,864
Provisions for Loans and Other Receivables	252	252	546	632	145
Other Operating Expenses	1,415	1,495	1,725	1,895	2,250
Pretax Profit	2,720	2,963	2,715	4,417	4,469
Tax Provision	620	612	581	906	757
<b>Net Profit/Loss for the Period</b>	<b>2,100</b>	<b>2,351</b>	<b>2,134</b>	<b>3,511</b>	<b>3,713</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Credit Ratings

Rating Agency	Type	Rating	Date
Fitch	Foreign Currency Counterparty Long-Term/Short-Term	BB+ / B	11 December 2009 (upgraded)
	Local Currency Counterparty Long-Term/Short-Term	BB+ / B	11 December 2009 (upgraded)
	Outlook	Positive	1 December 2010
	Individual	C/D	30 January 2007 (upgraded)
	National Long-Term	AA+ (TUR) (stable)	14 December 2007 (upgraded)
	Support Rating	3 / BB+	11 December 2009 (upgraded)
Moody's	Foreign Currency Deposits	Ba3 / NP	8 January 2010 (upgraded)
	Outlook	Positive	7 October 2010 (upgraded)
	Local Currency Deposits	Baa3/P-3	9 November 2009
	Outlook	Stable	24 April 2007
	Financial Strength	D+	26 August 2008 (upgraded)
	Outlook	Stable	26 August 2008
JCR Eurasia	Foreign Currency Long-Term / Short-Term	BB+ / B	3 February 2010 (upgraded)
	Local Currency Long-Term / Short-Term	BBB- / A-3	6 June 2009 (new rating)
	Outlook Long-Term / Short-Term	Stable / Stable	3 February 2010
	National Local Rating Long-Term / Short-Term	AAA (Trk) / A-1+ (Trk)	6 June 2009 (new rating)
	Outlook	Stable	6 June 2009 (new rating)
	Sponsored Support	2	6 June 2009 (new rating)
	Stand-alone	AB	6 June 2009 (new rating)

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.  
Consolidated Financial Statements  
Together with Independent Auditor's Report  
at 31 December 2010

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. The Independent Auditor's Report

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

We have audited the accompanying consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") and its consolidated subsidiaries at 31 December 2010 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

### Disclosure for the Responsibility of the Authorized Audit Firm:

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

### Basis of Qualified Opinion:

"Communiqué Regarding the Change in the Communiqué on Preparation of the Consolidated Financial Statements" was published in the Official Gazette No. 27824 dated 23 January 2011 and the fifth and sixth paragraphs of the 5th article of the aforementioned Communiqué have been abolished effective from 31 December 2010. Accordingly, the Bank extended its scope of consolidation as of 31 December 2010 and added into scope of consolidation 14 associates, subsidiaries and joint ventures which have not been consolidated up to date whose details have been explained in the 7th, 8th and 9th paragraphs of the "I. Explanations And Notes Related To Assets" note in the "Explanations and Disclosures Related to the Consolidated Financial Statements" section. In addition, the Bank did not reflect this change in the scope of consolidation to its prior period financial statements in accordance with TAS 1, "Turkish Accounting Standard on Presentation of Financial Statements" and reflected the change in the Bank's shareholders' equity arising from extension of scope of consolidation in the "XVI. Other" line of current year's "Changes In Shareholders' Equity" table.

### Independent Auditor's Opinion:

In our opinion, except for the effects of matter described in the basis for qualified opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and its consolidated subsidiaries as of 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

### Other Matter:

The consolidated financial statements of the Bank as at and for the year ended 31 December 2009 were audited by another auditor whose report dated 26 March 2010 expressed an unqualified opinion.

### Additional Paragraph for Convenience Translation:

As explained in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağimsız Denetim ve

Serbest Muhasebeci Mali Müşavirlik A.Ş.

a member of

PricewaterhouseCoopers



Z. Alper Önder, SMMM

İstanbul, 13 April 2011

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. The Consolidated Financial Report of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. as of 31 December 2010

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

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

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

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



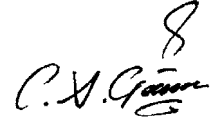
Muharrem KARSLI  
Chairman of the Board of  
Directors



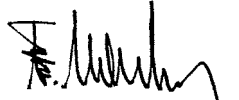
Oğuz KAYHAN  
Member of the Board of  
Directors  
(Member of the Audit  
Committee)



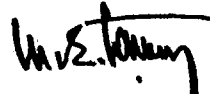
Halil ÇELİK  
Member of the Board of  
Directors  
(Member of the Audit  
Committee)



Can Akın ÇAĞLAR  
General Manager



İsmail Erdal MAZLUM  
Assistant General Manager  
Responsible for Financial Reporting



Mehmet Şükrü TAŞCI  
Head of General Accounting  
and Reporting Unit

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

Name/Title : Atakan BEKTAŞ/Financial Statements Unit Manager  
Telephone Number : 0312 584 70 97 – 70 98  
Fax Number : 0312 584 71 61

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## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### SECTION ONE

#### GENERAL INFORMATION ABOUT THE GROUP

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

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

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

The sole shareholder of the Bank is the Under Secretariat of Treasury of the Turkish Republic.

##### III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS

Name	Administrative Function
<b>Members of the Board of Directors</b>	
Muharrem KARSLI	Chairman
Mehmet MUMCUOĞLU	Deputy Chairman
Can Akın ÇAĞLAR	General Manager and Board Member
Burhanettin AKTAŞ	Member
Halil ÇELİK	Member
Hayrettin KAPLAN	Member
Hikmet Aydın SİMİT	Member
Oğuz KAYHAN	Member
Dr. Umran DEMİRÖRS	Member
<b>Members of the Audit Committee</b>	
Halil ÇELİK	Member
Oğuz KAYHAN	Member
<b>Chief Assistant General Managers</b>	
Selim Güray ÇELİK	Banking
Senih BOYACIGİL	Strategy and Financial Management
<b>Assistant General Managers</b>	
Ali Rıza AKBAŞ	Commercial Banking
Alpaslan ÇAKAR	Retail Banking
Celal REYHAN	Fund Management
Elif Zeynep ERÜL	Corporate Communication
Ercüment GÜLER	Resource Management
Ertuğrul İSPAHA	Credit Monitoring and Workout
Hüsamettin GÜLHAN	Agricultural Banking
İsmail Erdal MAZLUM	Accounting and Financial Management
Mustafa ŞAHİN	Support Services
Numan BEK	External Relations and Associates
Seyfettin SAĞLAM	Human Resources
Dr. Soner CANKO	Banking Operations
<b>Group Heads</b>	
Bülent YALIM	Internal Control
M. Ayhan ALTINTAŞ	Risk Management
<b>Chairman of the Internal Audit</b>	
Ali ARAS	Chairman of the Internal Audit

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

# Notes to the Consolidated Financial Statements at 31 December 2010

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

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

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

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

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

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

As of 31 December 2010, the Parent Bank carries its activities with a grand total of 1,399 branches; 1,379 domestic branches including 1,299 branches, 25 bureaus, 53 private operation centers, 2 mobile branches (2009: 1,305 domestic branches including 1,203 branches, 29 bureaus, 70 private operation centers, 1 charge bureau, 2 mobile branches) and abroad branches each in United States (New York), England (London), Georgia (Tbilisi) and Iraq (Baghdad), 3 branches in Greece (Athens, Komotini, Xanthi), 1 branch (Sofia) and 3 sub branches (Filibe/Plovdiv, Kardzhali, Varna) in Bulgaria, 5 branches (Lefkoşa, Girne, Güzelyurt, Gazimağusa and Gönyeli) and 4 sub branches (Paşaköy, Near East University, Karaoğlanoğlu and Çatalköy) in Turkish Republic of Northern Cyprus. Also, Bank has 1 representative office in Iran (Tehran). Moreover, preparations for opening a branch in Saudi Arabia (Jeddah), Iraq (Arbil) and a sub-branch in Georgia (Batumi) are still continuing.

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

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

The Parent Bank and subsidiaries consolidated with the Parent Bank are together referred as the Group.

As of 31 December 2010, the number of the Group's employees is 23,432 (2009: 18,657).

#### SECTION TWO

##### The Bank's Consolidated Financial Statements

- I. Balance sheet
- II. Statement of off-balance sheet commitments
- III. Statement of income
- IV. Statement of profit and loss items accounted under shareholders' equity
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flow
- VII. Statement of profit appropriation

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Consolidated Financial Statements at 31 December 2010 and 2009

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

I. BALANCE SHEET	ASSETS	Note (Section Five I)	Current Period (31/12/2010)			Prior Period (31/12/2009)		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>CASH BALANCES WITH THE CENTRAL BANK OF TURKEY</b>	<b>(1)</b>	<b>7,655,101</b>	<b>2,667,484</b>	<b>10,322,585</b>	<b>7,368,394</b>	<b>1,805,868</b>	<b>9,174,262</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>	<b>(2)</b>	<b>218,322</b>	<b>28,699</b>	<b>247,021</b>	<b>445,106</b>	<b>49,138</b>	<b>494,244</b>
2.1	Financial Assets Held for Trading		218,322	28,699	247,021	445,106	49,138	494,244
2.1.1	Public Sector Debt Securities		190,632	26,229	216,861	444,972	48,226	493,198
2.1.2	Securities Representing a Share in Capital		2	-	2	-	-	-
2.1.3	Derivative Financial Assets Held for Trading		27,688	2,470	30,158	133	912	1,045
2.1.4	Other Marketable Securities		-	-	-	1	-	1
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.2.1	Public Sector Debt Securities		-	-	-	-	-	-
2.2.2	Securities Representing a Share in Capital		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
<b>III.</b>	<b>BANKS</b>	<b>(3)</b>	<b>45,015</b>	<b>4,437,375</b>	<b>4,482,390</b>	<b>6,695</b>	<b>5,422,914</b>	<b>5,429,609</b>
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>		<b>4,262</b>	<b>18,792</b>	<b>23,054</b>	-	-	-
4.1	Interbank Money Market Placements		-	18,792	18,792	-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3	Receivables From Reverse Repurchase Agreements		4,262	-	4,262	-	-	-
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>(4)</b>	<b>35,951,236</b>	<b>3,913,703</b>	<b>39,864,939</b>	<b>20,885,249</b>	<b>4,764,572</b>	<b>25,649,821</b>
5.1	Securities Representing a Share in Capital		118,521	46,467	164,988	24,028	6	24,034
5.2	Public Sector Debt Securities		35,626,091	3,827,181	39,453,272	20,826,981	3,206,994	24,033,975
5.3	Other Marketable Securities		206,624	40,055	246,679	34,240	1,557,572	1,591,812
<b>VI.</b>	<b>LOANS AND RECEIVABLES</b>	<b>(5)</b>	<b>51,982,988</b>	<b>6,549,737</b>	<b>58,532,725</b>	<b>34,667,230</b>	<b>2,057,337</b>	<b>36,724,567</b>
6.1	Loans and Receivables		51,700,885	6,545,524	58,246,409	34,495,155	2,057,337	36,552,492
6.1.1	Loans Granted to Risk Group of The Bank		-	9,275	9,275	-	35,001	35,001
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		51,700,885	6,536,249	58,237,134	34,495,155	2,022,336	36,517,491
6.2	Loans under Follow-up		844,746	28,883	873,629	845,315	9,594	854,909
6.3	Specific Provisions [-]		562,643	24,670	587,313	673,240	9,594	682,834
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII.</b>	<b>INVESTMENTS HELD TO MATURITY (Net)</b>	<b>(6)</b>	<b>32,331,613</b>	<b>4,124,540</b>	<b>36,456,153</b>	<b>40,120,714</b>	<b>4,723,082</b>	<b>44,843,796</b>
8.1	Public Sector Debt Securities		32,325,669	4,103,420	36,429,089	40,116,200	4,722,654	44,838,854
8.2	Other Marketable Securities		5,944	21,120	27,064	4,514	428	4,942
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(7)</b>	<b>52,252</b>	<b>535</b>	<b>52,787</b>	<b>154,244</b>	-	<b>154,244</b>
9.1	Accounted with Equity Method		47,198	-	47,198	106,428	-	106,428
9.2	Unconsolidated Associates		5,054	535	5,589	47,816	-	47,816
9.2.1	Financial Associates		-	535	535	43,516	-	43,516
9.2.2	Non-financial Associates		5,054	-	5,054	4,300	-	4,300
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	<b>(8)</b>	<b>6,520</b>	-	<b>6,520</b>	<b>112,041</b>	<b>455,182</b>	<b>567,223</b>
10.1	Unconsolidated Financial Subsidiaries		-	-	-	107,662	455,182	562,844
10.2	Unconsolidated Non-Financial Subsidiaries		6,520	-	6,520	4,379	-	4,379
<b>XI.</b>	<b>ENTITIES UNDER COMMON CONTROL (Net)</b>	<b>(9)</b>	-	<b>25,999</b>	<b>25,999</b>	-	<b>25,966</b>	<b>25,966</b>
11.1	Accounted with Equity Method		-	25,999	25,999	-	-	-
11.2	Unconsolidated Entities Under Common Control		-	-	-	-	25,966	25,966
11.2.1	Financial Entities Under Common Control		-	-	-	-	25,966	25,966
11.2.2	Non Financial Entities Under Common Control		-	-	-	-	-	-
<b>XII.</b>	<b>RECEIVABLES FROM LEASING TRANSACTIONS</b>	<b>(10)</b>	<b>81,221</b>	<b>262,195</b>	<b>343,416</b>	-	-	-
12.1	Finance Lease Receivables		107,113	304,549	411,662	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income [-]		25,892	42,354	68,246	-	-	-
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	<b>(11)</b>	-	-	-	-	-	-
13.1	Fair Value Hedges		-	-	-	-	-	-
13.2	Cash Flow Hedges		-	-	-	-	-	-
13.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	<b>(14)</b>	<b>822,799</b>	<b>25,439</b>	<b>848,238</b>	<b>811,492</b>	<b>4,522</b>	<b>816,014</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	<b>(15)</b>	<b>34,528</b>	<b>2,797</b>	<b>37,325</b>	<b>15,664</b>	<b>1,974</b>	<b>17,638</b>
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		34,528	2,797	37,325	15,664	1,974	17,638
<b>XVI.</b>	<b>REAL ESTATES FOR INVESTMENT PURPOSE (Net)</b>	<b>(12)</b>	-	-	-	-	-	-
<b>XVII.</b>	<b>TAX ASSET</b>		<b>319,061</b>	<b>3,228</b>	<b>322,289</b>	<b>347,201</b>	-	<b>347,201</b>
17.1	Current Tax Asset		1,504	3,228	4,732	2,382	-	2,382
17.2	Deferred Tax Asset	(16)	317,557	-	317,557	344,819	-	344,819
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)</b>	<b>(13)</b>	<b>15,183</b>	-	<b>15,183</b>	<b>8,224</b>	-	<b>8,224</b>
18.1	Held for Sale		15,183	-	15,183	8,224	-	8,224
18.2	Held from Discontinued Operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>		<b>536,252</b>	<b>64,200</b>	<b>600,452</b>	<b>284,830</b>	<b>23,174</b>	<b>308,004</b>
	<b>TOTAL ASSETS</b>		<b>130,056,353</b>	<b>22,124,723</b>	<b>152,181,076</b>	<b>105,227,084</b>	<b>19,333,729</b>	<b>124,560,813</b>

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Consolidated Financial Statements at 31 December 2010 and 2009

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

I. BALANCE SHEET		Note (Section Five II)	Current Period (31/12/2010)			Prior Period (31/12/2009)		
			TL	FC	Total	TL	FC	Total
<b>LIABILITIES AND EQUITY</b>								
<b>I.</b>	<b>DEPOSITS</b>	<b>(1)</b>	<b>102,828,014</b>	<b>23,304,815</b>	<b>126,132,829</b>	<b>79,526,120</b>	<b>19,003,347</b>	<b>98,529,467</b>
1.1	Deposits Held By the Risk Group of the Bank		852,400	26,979	879,379	77,077	23,875	100,952
1.2	Other		101,975,614	23,277,836	125,253,450	79,449,043	18,979,472	98,428,515
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>(2)</b>	<b>5,514</b>	<b>85</b>	<b>5,599</b>	<b>108</b>	<b>178</b>	<b>286</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	<b>(3)</b>	<b>28,679</b>	<b>133,698</b>	<b>162,377</b>	<b>15,316</b>	<b>5,847</b>	<b>21,163</b>
<b>IV.</b>	<b>MONEY MARKET BALANCES</b>		<b>5,003,477</b>	<b>20,611</b>	<b>5,024,088</b>	<b>9,144,070</b>	<b>-</b>	<b>9,144,070</b>
4.1	Interbank Money Market Borrowings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Takasbank Borrowings		-	-	-	-	-	-
4.3	Funds Provided under Repurchase Agreements		5,003,477	20,611	5,024,088	9,144,070	-	9,144,070
<b>V.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1	Bills		-	-	-	-	-	-
5.2	Asset-backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
<b>VI.</b>	<b>FUNDS</b>		<b>3,525,458</b>	<b>-</b>	<b>3,525,458</b>	<b>3,245,391</b>	<b>-</b>	<b>3,245,391</b>
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		3,525,458	-	3,525,458	3,245,391	-	3,245,391
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>569,257</b>	<b>143,280</b>	<b>712,537</b>	<b>382,239</b>	<b>145,386</b>	<b>527,625</b>
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	<b>(4)</b>	<b>627,769</b>	<b>308,832</b>	<b>936,601</b>	<b>415,473</b>	<b>199,143</b>	<b>614,616</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X.</b>	<b>PAYABLES FROM LEASING TRANSACTIONS (Net)</b>	<b>(5)</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>
10.1	Finance Lease Payables		-	1	1	-	2	2
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Finance Lease Expenses (-)		-	-	-	-	1	1
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1	Fair Value Hedges		-	-	-	-	-	-
11.2	Cash Flow Hedges		-	-	-	-	-	-
11.3	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	<b>(7)</b>	<b>1,655,731</b>	<b>19,531</b>	<b>1,675,262</b>	<b>1,698,554</b>	<b>4,947</b>	<b>1,703,501</b>
12.1	General Provisions		258,248	12,314	270,562	428,436	33	428,469
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Employee Benefits Provisions		602,937	479	603,416	542,600	-	542,600
12.4	Insurance Technical Reserves (Net)		425,156	-	425,156	-	-	-
12.5	Other Provisions		369,390	6,738	376,128	727,518	4,914	732,432
<b>XIII.</b>	<b>TAX LIABILITY</b>	<b>(8)</b>	<b>415,843</b>	<b>1,548</b>	<b>417,391</b>	<b>388,107</b>	<b>178</b>	<b>388,285</b>
13.1	Current Tax Liability		415,843	1,271	417,114	388,107	178	388,285
13.2	Deferred Tax Liability		-	277	277	-	-	-
<b>XIV.</b>	<b>LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1	Held for Sale		-	-	-	-	-	-
14.2	Held from Discontinued Operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>(9)</b>	<b>13,481,869</b>	<b>107,064</b>	<b>13,588,933</b>	<b>10,358,726</b>	<b>27,682</b>	<b>10,386,408</b>
16.1	Paid-in Capital		2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital Reserves		1,231,472	107,064	1,338,536	1,012,257	27,682	1,039,939
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences		670,695	107,064	777,759	466,616	27,682	494,298
16.2.4	Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5	Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6	Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7	Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17,295	-	17,295	2,158	-	2,158
16.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9	Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10	Other Capital Reserves		543,482	-	543,482	543,483	-	543,483
16.3	Profit Reserves		5,688,477	-	5,688,477	3,136,520	-	3,136,520
16.3.1	Legal Reserves		2,104,475	-	2,104,475	1,758,096	-	1,758,096
16.3.2	Statutory Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		3,000,593	-	3,000,593	1,074,290	-	1,074,290
16.3.4	Other Profit Reserves		583,409	-	583,409	304,134	-	304,134
16.4	Profit or Loss		3,983,615	-	3,983,615	3,709,949	-	3,709,949
16.4.1	Prior Years Profit/Loss		232,862	-	232,862	183,959	-	183,959
16.4.2	Net Period Profit/Loss		3,750,753	-	3,750,753	3,525,990	-	3,525,990
16.5	Minority Interest		78,305	-	78,305	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>128,141,611</b>	<b>24,039,465</b>	<b>152,181,076</b>	<b>105,174,104</b>	<b>19,386,709</b>	<b>124,560,813</b>

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Consolidated Financial Statements at 31 December 2010 and 2009

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (31/12/2010)			Prior Period (31/12/2009)		
		TL	FC	Total	TL	FC	Total
<b>A OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>21,918,213</b>	<b>11,481,882</b>	<b>33,400,095</b>	<b>16,043,131</b>	<b>8,500,812</b>	<b>24,543,943</b>
<b>I. GUARANTEES AND WARRANTIES</b>		<b>2,600,548</b>	<b>4,958,421</b>	<b>7,558,969</b>	<b>1,863,707</b>	<b>3,649,710</b>	<b>5,513,417</b>
1.1 Letters of Guarantee	(1),(3)	2,598,316	3,914,899	6,513,215	1,863,707	2,945,792	4,809,499
1.1.1 Guarantees Subject to State Tender Law		306,182	3,682,170	3,988,352	201,484	2,671,287	2,872,771
1.1.2 Guarantees Given for Foreign Trade Operations		1,782,538	6,414	1,788,952	1,176,679	-	1,176,679
1.1.3 Other Letters of Guarantee		509,596	226,315	735,911	485,544	274,505	760,049
1.2 Bank Acceptances		2,000	39,260	41,260	-	33,753	33,753
1.2.1 Import Letter of Acceptance		-	8,721	8,721	-	5,004	5,004
1.2.2 Other Bank Acceptances		2,000	30,539	32,539	-	28,749	28,749
1.3 Letters of Credit		232	988,117	988,349	-	670,165	670,165
1.3.1 Documentary Letters of Credit		232	988,117	988,349	-	670,165	670,165
1.3.2 Other Letters of Credit		-	-	-	-	-	-
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		-	16,145	16,145	-	-	-
1.9 Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(1),(3)	<b>17,265,254</b>	<b>4,304,638</b>	<b>21,569,892</b>	<b>14,144,051</b>	<b>4,681,095</b>	<b>18,825,146</b>
2.1 Irrevocable Commitments		5,684,563	510,874	6,195,437	4,745,082	493,722	5,238,804
2.1.1 Asset Purchase and Sale Commitments		93,489	168,920	262,409	155,778	234,856	390,634
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		2,000	-	2,000	2,250	1,388	3,638
2.1.4 Loan Granting Commitments		-	10,446	10,446	256,804	-	256,804
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		2,303,845	25	2,303,870	2,371,778	-	2,371,778
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		2,673,734	13,660	2,687,394	1,929,243	-	1,929,243
2.1.10 Commitments for credit cards and banking services promotions		10,958	-	10,958	1,861	-	1,861
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		600,537	317,823	918,360	27,368	257,478	284,846
2.2 Revocable Commitments		11,580,691	3,793,764	15,374,455	9,398,969	4,187,373	13,586,342
2.2.1 Revocable Loan Granting Commitments		11,580,339	3,793,764	15,374,103	9,398,617	4,187,373	13,585,990
2.2.2 Other Revocable Commitments		352	-	352	352	-	352
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>2,052,411</b>	<b>2,218,823</b>	<b>4,271,234</b>	<b>35,373</b>	<b>170,007</b>	<b>205,380</b>
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		2,052,411	2,218,823	4,271,234	35,373	170,007	205,380
3.2.1 Forward Foreign Currency Buy/Sell Transactions		9,352	10,353	19,705	35,373	36,408	71,781
3.2.1.1 Forward Foreign Currency Transactions-Buy		4,682	5,187	9,869	17,695	18,209	35,904
3.2.1.2 Forward Foreign Currency Transactions-Sell		4,670	5,166	9,836	17,678	18,199	35,877
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		2,043,059	2,208,470	4,251,529	-	133,599	133,599
3.2.2.1 Foreign Currency Swap-Buy		61,728	2,074,478	2,136,206	-	67,043	67,043
3.2.2.2 Foreign Currency Swap-Sell		1,981,331	133,992	2,115,323	-	66,556	66,556
3.2.2.3 Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4 Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3 Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1 Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Consolidated Financial Statements at 31 December 2010 and 2009

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

II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS		Note (Section Five III)	Current Period (31/12/2010)			Prior Period (31/12/2009)		
			TL	FC	Total	TL	FC	Total
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>144,406,358</b>	<b>7,756,224</b>	<b>152,162,582</b>	<b>95,455,909</b>	<b>2,052,933</b>	<b>97,508,842</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>12,078,223</b>	<b>645,959</b>	<b>12,724,182</b>	<b>8,108,322</b>	<b>647,052</b>	<b>8,755,374</b>
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		2,917,066	515,859	3,432,925	3,964,563	539,030	4,503,593
4.3	Checks Received for Collection		867,258	15,434	882,692	593,924	12,007	605,931
4.4	Commercial Notes Received for Collection		2,161,082	75,767	2,236,849	1,103,817	53,386	1,157,203
4.5	Other Assets Received for Collection		8,442	-	8,442	16,952	-	16,952
4.6	Assets Received for Public Offering		5,920,736	305	5,921,041	2,210,442	-	2,210,442
4.7	Other Items Under Custody		201,987	38,594	240,581	216,972	42,629	259,601
4.8	Custodians		1,652	-	1,652	1,652	-	1,652
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>132,328,135</b>	<b>7,076,522</b>	<b>139,404,657</b>	<b>87,347,587</b>	<b>1,380,654</b>	<b>88,728,241</b>
5.1	Marketable Securities		261,337	13,549	274,886	201,018	14,152	215,170
5.2	Guarantee Notes		15,576,861	2,785,266	18,362,127	9,963,090	638,605	10,601,695
5.3	Commodity		1,227,795	25,555	1,253,350	1,205,407	12,422	1,217,829
5.4	Warranty		-	23,320	23,320	-	-	-
5.5	Immovable		107,218,486	3,277,901	110,496,387	70,158,893	489,701	70,648,594
5.6	Other Pledged Items		8,038,447	943,916	8,982,363	5,813,900	219,901	6,033,801
5.7	Pledged Items-Depository		5,209	7,015	12,224	5,279	5,873	11,152
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>33,743</b>	<b>33,743</b>	<b>-</b>	<b>25,227</b>	<b>25,227</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>			<b>166,324,571</b>	<b>19,238,106</b>	<b>185,562,677</b>	<b>111,499,040</b>	<b>10,553,745</b>	<b>122,052,785</b>

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Consolidated Financial Statements at 31 December 2010 and 2009

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

III. STATEMENT OF INCOME		Note	Current Period	Prior Period
INCOME AND EXPENSE ITEMS		(Section Five IV)	01/01-31/12/2010	01/01-31/12/2009
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>12,471,110</b>	<b>14,202,443</b>
1.1	Interest Income from Loans		5,816,548	5,640,173
1.2	Interest Income From Reserve Deposits		1,266	1,058
1.3	Interest Income from Banks		177,731	316,464
1.4	Interest Income from Money Market Placements		5,615	6,917
1.5	Interest Income from Marketable Securities		6,426,913	8,229,579
1.5.1	Financial Assets Held for Trading		21,173	91,406
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	151
1.5.3	Financial Assets Available-for-Sale		2,706,928	1,838,308
1.5.4	Investments Held-to-Maturity		3,698,812	6,299,714
1.6	Finance Lease Income		28,086	-
1.7	Other Interest Income		14,951	8,252
<b>II.</b>	<b>INTEREST EXPENSES</b>	<b>(2)</b>	<b>7,025,715</b>	<b>8,133,667</b>
2.1	Interest Expense on Deposits		6,540,267	7,330,206
2.2	Interest on Borrowings		5,948	2,572
2.3	Interest on Money Market Borrowings		456,102	769,127
2.4	Interest on Marketable Securities Issued		-	-
2.5	Other Interest Expense		23,398	31,762
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSES (I - II)</b>		<b>5,445,395</b>	<b>6,068,776</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>621,466</b>	<b>436,997</b>
4.1	Fees and Commissions Received		739,769	529,279
4.1.1	Non-cash Loans		28,706	21,238
4.1.2	Other		711,063	508,041
4.2	Fees and Commissions Paid		118,303	92,282
4.2.1	Non-cash Loans		12	-
4.2.2	Other		118,291	92,282
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>25,218</b>	<b>23,771</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	<b>(4)</b>	<b>(7,974)</b>	<b>61,452</b>
6.1	Profit/Loss from Capital Market Operations		23,645	16,148
6.2	Profit/Losses on Derivative Financial Transactions	(5)	112,223	948
6.3	Profit/Loss from Foreign Exchanges		(143,842)	44,356
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(6)</b>	<b>1,555,576</b>	<b>349,768</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)</b>		<b>7,639,681</b>	<b>6,940,764</b>
<b>IX.</b>	<b>PROVISION FOR LOANS OR OTHER RECEIVABLES LOSSES(-)</b>	<b>(7)</b>	<b>196,158</b>	<b>632,184</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES(-)</b>	<b>(8)</b>	<b>2,907,954</b>	<b>1,895,059</b>
<b>XI.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>4,535,569</b>	<b>4,413,521</b>
<b>XII.</b>	<b>GAINS RECORDED AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>PROFIT/LOSS ON EQUITY METHOD</b>		<b>6,635</b>	<b>18,249</b>
<b>XIV.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	<b>(9)</b>	<b>4,542,204</b>	<b>4,431,770</b>
<b>XVI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>(10)</b>	<b>(779,636)</b>	<b>(905,780)</b>
16.1	Current Tax Provision		(831,429)	(1,185,054)
16.2	Deferred Tax Provision		51,793	279,274
<b>XVII.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>3,762,568</b>	<b>3,525,990</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
18.1	Income from Non-current Assets Held for Resale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
18.3	Other Income from Discontinued Operations		-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
19.1	Expenses for Non-current Assets Held for Resale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3	Other Expenses from Discontinued Operations		-	-
<b>XX.</b>	<b>PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>NET PROFIT/LOSSES (XVII+XXII)</b>	<b>(12)</b>	<b>3,762,568</b>	<b>3,525,990</b>
23.1	Group's Profit/Loss		3,750,753	3,525,990
23.2	Minority Shares Profit/Loss		11,815	-
	Earnings/Loss per Share		0.0015	0.0014

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



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Consolidated Financial Statements at 31 December 2010 and 2009

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

IV. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Current Period (31/12/2010)	Prior Period (31/12/2009)
I.	ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	1,187,917	633,338
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	1,756	(882)
V.	PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)	-	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	62,223	(24,898)
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(211,263)	(105,205)
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	1,040,633	502,353
XI.	CURRENT YEAR PROFIT/LOSS	(599,181)	(83,861)
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	(576,649)	(55,308)
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	(22,532)	(28,553)
XII.	TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)	441,452	418,492

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Consolidated Statement of Changes in Shareholders' Equity at 31 December 2010 and 2009

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY						
31 December 2009						
	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves
<b>I. Beginning Balance</b>		2,500,000	544,123	-	-	1,568,647
<b>II. Corrections According to TAS 8</b>		-	-	-	-	-
2.1 The Effect of Corrections of Errors		-	-	-	-	-
2.2 The Effects of Changes in Accounting Policy		-	-	-	-	-
<b>III. New Balance (I + II)</b>		2,500,000	544,123	-	-	1,568,647
Changes in Period						
<b>IV. Increase/Decrease Related to Merger</b>		-	-	-	-	-
<b>V. Marketable Securities Valuation Differences</b>		-	-	-	-	-
<b>VI. Hedging Funds (Active Part)</b>		-	-	-	-	-
6.1 Cash-Flow Hedge		-	-	-	-	-
6.2 Hedges for Investments Made in Foreign Countries		-	-	-	-	-
<b>VII. Revaluation Differences of Tangible Assets</b>		-	-	-	-	-
<b>VIII. Revaluation Differences of Intangible Assets</b>		-	-	-	-	-
<b>IX. Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)</b>		-	-	-	-	-
<b>X. Foreign Exchange Differences</b>		-	(640)	-	-	-
<b>XI. Changes Resulted from Disposal of Assets</b>		-	-	-	-	-
<b>XII. Changes Resulted from Reclassification of Assets</b>		-	-	-	-	-
<b>XIII. Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity</b>		-	-	-	-	-
<b>XIV. Increase in Capital</b>		-	-	-	-	-
14.1 Cash		-	-	-	-	-
14.2 From Internal Resources		-	-	-	-	-
<b>XV. Issuance of Share Certificates</b>		-	-	-	-	-
<b>XVI. Share Cancellation Profits</b>		-	-	-	-	-
<b>XVII. Adjustment to Paid-in Capital</b>		-	-	-	-	-
<b>XVIII. Other</b>		-	-	-	-	-
<b>XIX. Net Profit or Loss</b>		-	-	-	-	-
<b>XX. Profit Distribution</b>		-	-	-	-	189,449
20.1 Dividend Distributed		-	-	-	-	-
20.2 Transfers to Legal Reserves		-	-	-	-	189,449
20.3 Other		-	-	-	-	-
<b>Closing Balance (III+IV+V +...+XVIII+XIX+XX)</b>		2,500,000	543,483	-	-	1,758,096

31 December 2010						
	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves
<b>I. Prior Period End Balance</b>		2,500,000	543,483	-	-	1,758,096
Changes in the Period						
<b>II. Increase/Decrease Related to Merger</b>		-	-	-	-	-
<b>III. Marketable Securities Valuation Differences</b>		-	-	-	-	-
<b>IV. Hedging Funds (Active Part)</b>		-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-
4.2 Hedges for Investments Made in Foreign Countries		-	-	-	-	-
<b>V. Revaluation Differences of Tangible Assets</b>		-	-	-	-	-
<b>VI. Revaluation Differences of Intangible Assets</b>		-	-	-	-	-
<b>VII. Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)</b>		-	-	-	-	-
<b>VIII. Foreign Exchange Differences</b>		-	-	-	-	-
<b>IX. Changes Resulted from Disposal of Assets</b>		-	-	-	-	-
<b>X. Changes Resulted from Reclassification of Assets</b>		-	-	-	-	-
<b>XI. Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders Equity</b>		-	-	-	-	-
<b>XII. Increase in Capital</b>		-	-	-	-	-
12.1 Cash		-	-	-	-	-
12.2 From Internal Resources		-	-	-	-	-
<b>XIII. Issuance of Share Certificates</b>		-	-	-	-	-
<b>XIV. Share Cancellation Profits</b>		-	-	-	-	-
<b>XV. Adjustment to Paid-in Capital</b>		-	-	-	-	-
<b>XVI. Other</b>		-	(1)	-	-	92,177
<b>XVII. Net Profit or Loss</b>		-	-	-	-	-
<b>XVIII. Profit Distribution</b>		-	-	-	-	254,202
18.1 Dividend Distributed		-	-	-	-	-
18.2 Transfers to Legal Reserves		-	-	-	-	254,202
18.3 Other <sup>(1)</sup>		-	-	-	-	-
<b>Closing Balance (I+II+III+.....+XVI+XVII+XVIII)</b>		2,500,000	543,482	-	-	2,104,475

<sup>(1)</sup> "Communiqué Regarding the Change on Preparation of the Consolidated Financial Statements" published in Official Gazette No. 27824, dated 23 January 2011, and paragraphs 5 and 6 of Article 5 of the aforementioned Communiqué were abolished effective from 31 December 2010. Within this scope, the Bank extended its scope of consolidation as of 31 December 2010 and added into scope of consolidation 14 associates, subsidiaries and entities under common control which have not been consolidated to date, detailed in paragraphs 7, 8 and 9 of I. Explanations And Notes Related To Assets in Explanations and Disclosures Related to Consolidated Financial Statements. In addition, the Bank did not reflect this change in the scope of consolidation to its prior period financial statements in accordance with TAS1, "Turkish Accounting Standard on Presentation of Financial Statements" and reflected the change in Bank's shareholders' equity resulting from extension of scope of consolidation in XVI. Other of current year's Changes in Shareholders' Equity table.

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Consolidated Statement of Changes in Shareholders' Equity at 31 December 2010 and 2009

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

Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Minority Shares	Total Equity
-	90,121	275,718	-	2,318,218	75,806	-	2,158	-	-	-	7,374,791
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	90,121	275,718	-	2,318,218	75,806	-	2,158	-	-	-	7,374,791
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	415,683	-	-	-	-	-	415,683
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	128	-	-	(882)	-	-	-	-	-	(1,394)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,691	-	-	-	-	-	3,691
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	3,525,990	-	-	-	-	-	-	-	3,525,990
-	984,169	28,288	-	(2,134,259)	-	-	-	-	-	-	(932,353)
-	-	-	-	(932,353)	-	-	-	-	-	-	(932,353)
-	984,169	28,288	-	(1,201,906)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	1,074,290	304,134	3,525,990	183,959	494,298	-	2,158	-	-	-	10,386,408
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	436,245	-	-	-	-	-	436,245
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,531	-	-	-	4,531
-	-	-	-	-	1,756	-	-	-	-	-	1,756
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	33,868	(154,540)	-	10,606	-	-	66,490	48,600
-	1,926,303	279,275	(3,525,990)	15,035	-	-	-	-	-	11,815	3,762,568
-	-	-	-	(1,051,175)	-	-	-	-	-	-	(1,051,175)
-	1,926,303	279,275	(3,525,990)	1,066,210	-	-	-	-	-	-	(1,051,175)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	3,000,593	583,409	3,750,753	232,862	777,759	-	17,295	-	-	78,305	13,588,933

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Consolidated Statement of Cash Flows at 31 December 2010 and 2009

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

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Current Period <sup>(1)</sup> (31/12/2010)	Prior Period (31/12/2009)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	3,352,678	3,699,857
1.1.1	Interest Received	12,096,781	14,128,604
1.1.2	Interest Paid	(6,969,088)	(8,282,976)
1.1.3	Dividend Received	29,755	22,514
1.1.4	Fees and Commissions Received	734,948	529,253
1.1.5	Other Income	643,866	131,419
1.1.6	Collections from Previously Written-off Loans and Other Receivables	649,482	445,210
1.1.7	Payments to Personnel and Service Suppliers	(2,724,100)	(1,084,849)
1.1.8	Taxes Paid	(924,257)	(1,316,665)
1.1.9	Other	(184,709)	(872,653)
1.2	Changes in Operating Assets and Liabilities	2,469,143	11,094,636
1.2.1	Net Decrease/(Increase) in Trading Securities	222,712	157,321
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets	-	-
1.2.3	Net Decrease in Banks	(1,630,120)	7,469
1.2.4	Net (Increase) in Loans	(22,342,570)	(6,084,933)
1.2.5	Net (Increase) in Other Assets	1,429,526	(1,910)
1.2.6	Net Increase/(Decrease) in Bank Deposits	(2,365,508)	(663,316)
1.2.7	Net (Decrease)/Increase in Other Deposits	25,792,394	15,473,149
1.2.8	Net (Decrease)/Increase in Funds Borrowed	141,081	(7,132)
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net (Decrease)/Increase in Other Liabilities	1,221,628	2,213,988
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>	<b>5,821,821</b>	<b>14,794,493</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>	<b>(4,695,833)</b>	<b>(12,076,391)</b>
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control	-	(66,393)
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control	-	-
2.3	Fixed Assets Purchases	(182,543)	(33,408)
2.4	Fixed Assets Sales	76,915	-
2.5	Cash Paid for Purchase of Financial Assets Available for Sale	(25,750,842)	(15,518,918)
2.6	Cash Obtained from Sale of financial Assets Available for Sale	13,383,852	-
2.7	Cash Paid for Purchase of Investment Securities	(2,228,405)	(9,136,005)
2.8	Cash Obtained from sale of Investment Securities	10,005,190	12,678,333
2.9	Other	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>	<b>(1,051,175)</b>	<b>(934,297)</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Marketable Securities Issued	-	-
3.4	Dividends Paid	(1,051,175)	(932,353)
3.5	Payments for Finance Leases	-	(1,944)
3.6	Other	-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>190,559</b>	<b>(184,071)</b>
<b>V.</b>	<b>Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>265,372</b>	<b>1,599,734</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>(1)</b>	<b>12,888,801</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>(1)</b>	<b>14,488,535</b>

<sup>(1)</sup> Although the reserve requirements held in restricted accounts of The Central Bank of the Republic of Turkey and foreign central banks were included as cash and cash equivalents at the beginning and at the end of previous periods, they are not included as cash and cash equivalents in the statement of cash flow between 1 January - 31 December 2010.

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Consolidated Statement of Profit Appropriation at 31 December 2010 and 2009

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

<b>VII. PROFIT APPROPRIATION STATEMENT <sup>(1)</sup></b>		<b>Current Period (31/12/2010)</b>	<b>Prior Period <sup>(2)</sup> (31/12/2009)</b>
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1	Current Year Income	4,469,360	4,416,735
1.2	Taxes And Duties Payable (-) <sup>(3)</sup>	807,390	1,185,054
1.2.1	Corporate Tax (Income Tax)	807,390	1,185,054
1.2.2	Income Withholding Tax	-	-
1.2.3	Other Taxes and Duties	-	-
<b>A.</b>	<b>NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>3,661,970</b>	<b>3,231,681</b>
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	183,099	161,584
1.5	Other Statutory Reserves (-)	-	-
<b>B.</b>	<b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>3,478,871</b>	<b>3,070,097</b>
1.6	First Dividend to Shareholders (-)	125,000	125,000
1.6.1	To Owners of Ordinary Shares	125,000	125,000
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	Dividends to Personnel (-)	116,000	103,928
1.8	Dividends to Board of Directors (-)	-	-
1.9	Second Dividend to Shareholders (-)	837,594	822,247
1.9.1	To Owners of Ordinary Shares	837,594	822,247
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	95,359	92,619
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	2,304,918	1,926,303
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>		
2.1	Appropriated Reserves	-	-
2.2	Second Legal Reserves (-)	-	-
2.3	Dividends to Shareholders (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Privileged Shares	-	-
2.3.3	To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders of Profit and Loss Sharing Certificates	-	-
2.4	Dividends to Personnel (-)	-	-
2.5	Dividends to Board of Directors (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1	To Owners of Ordinary Shares	0.001485	0.001404
3.2	To Owners of Ordinary Shares (%)	-	-
3.3	To Owners of Privileged Shares	-	-
3.4	To Owners of Privileged Shares (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	To Owners of Ordinary Shares	0.000385	0.000326
4.2	To Owners of Ordinary Shares (%)	-	-
4.3	To Owners of Privileged Shares	-	-
4.4	To Owners of Privileged Shares (%)	-	-

<sup>(1)</sup> Profit distribution is approved by the Ordinary General Assembly of the Parent Bank over the unconsolidated financial statements of the Parent Bank.

<sup>(2)</sup> The profit distribution table belonging to prior period becomes definite with the decision of Ordinary General Assembly after publishing of the audited financial statement as of 31 December 2009, and rearranged accordingly.

<sup>(3)</sup> The deferred tax asset amounting to TL50,632 is not subject to profit distribution (2009: TL279,274).

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### SECTION THREE

#### EXPLANATIONS ON ACCOUNTING POLICIES

##### I. BASIS OF PRESENTATION

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

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA ("Banking Regulation and Supervision Agency") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Turkish Accounting Standards Board ("TASB") and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated 10 February 2007.

The Group prepared the consolidated financial statements as of 31 December 2009 in accordance with paragraphs 5 and 6 of Article 5 of the "Regulation on the Preparation of Consolidated Financial Statements of Banks" published in Official Gazette No. 26340, dated 8 November 2006, and consolidated one of its associates with equity method. In addition to this the "Communiqué Regarding the Change on Preparation of the Consolidated Financial Statements" published in Official Gazette No. 27824, dated 23 January 2011, and paragraphs 5 and 6 of Article 5 of the aforementioned Communiqué were abolished effective from 31 December 2010. Within this scope, the Bank extended its scope of consolidation as of 31 December 2010 and added into scope of consolidation 14 associates, subsidiaries and entities under common control which have not been consolidated to date, detailed in paragraphs 7, 8 and 9 of I. Explanations And Notes Related To Assets in Explanations and Disclosures Related to Consolidated Financial Statements. In addition, the Bank did not reflect this change in the scope of consolidation to its prior period financial statements in accordance with TAS1, "Turkish Accounting Standard on Presentation of Financial Statements" and reflected the change in Bank's shareholders' equity resulting from extension of scope of consolidation in XVI. Other of current year's Changes in Shareholders' Equity table.

The financial statements of subsidiaries operating abroad have been prepared in accordance with the law and regulations of the country they operate. However, in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to these consolidated financial statements.

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

As of 31 December 2010, financial statements are presented comparatively with independently audited financial statements as of 31 December 2009. 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.

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

##### Additional paragraph for convenience translation into English:

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

other public resources to the Bank by means of legislative and administrative decisions. The Bank directs these funds to assets with high return and low risk. These assets include predominantly domestic government bonds and loans. The Bank's liquidity structure covers the financing of all liabilities at due date. Although most of the sources in the Bank's balance sheet are with fixed interest rate, some of the securities in assets have floating interest rate. Since the remaining time to re-pricing date of sources is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the Bank adopts high return principle for its long-term placements.

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

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

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

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

Except for the Cyprus branches, assets and liabilities and income statement items of the branches established abroad of the Parent Bank are translated into Turkish Lira with the Bank's prevailing counter currency buying rates at the balance sheet date.

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

#### a. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" and the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27") published in the Official Gazette No. 26340 dated 8 November 2006.

#### 1. Consolidation principles for subsidiaries:

Subsidiaries (including special purpose entity) are all entities, in which the Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders' equity in scope of the materiality principle. Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from their acquisition date. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary. In the consolidated balance sheet, minority interest has been presented separately from the liabilities and the shares of the Group shareholders. Also, in the income statement, minority interest has been presented separately.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	Parent Bank's Share Percentage (%) 2010	Bank's Risk Group Share Percentage (%) 2010
Ziraat Hayat ve Emeklilik A.Ş.	İstanbul/Turkey	Insurance	99.98	99.98
Ziraat Sigorta A.Ş.	İstanbul/Turkey	Insurance	99.98	99.98
Ziraat Finansal Kiralama A.Ş.	İstanbul/Turkey	Leasing	50.01	50.01
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Investment Management	62.00	74.00
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Portfolio Management	65.44	74.90
Ziraat Bank International A.G.	Frankfurt/Germany	Banking	100.00	100.00
Turkish Ziraat Bank Bosnia dd	Sarajevo/Bosnia Herzegovina	Banking	100.00	100.00
Ziraat Bank (Moscow) CJSC	Moscow/Russia	Banking	99.91	99.91
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	97.62	97.62
Ziraat Banka Ad Skopje	Skopje/Macedonia	Banking	100.00	100.00

### 2. Consolidation principles of associates and joint ventures:

An Associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle.

Significant effect, refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder's equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	Parent Bank's Share Percentage (%) 2010	Bank's Risk Group Share Percentage (%) 2010
Azer Türk Bank ASC	Baku/Azerbaijan	Banking	50.00	50.00
Turkmen Turkish Joint Stock Commercial Bank	Ashgabat/Turkmenistan	Banking	50.00	50.00
Uzbekistan- Turkish Bank	Tashkent/Uzbekistan	Banking	50.00	50.00
Arap Türk Bankası A.Ş.	İstanbul/Turkey	Banking	15.43	15.43

### 3. Principles applied during share transfer, merger and acquisition: None.

### 4. Transactions with minority shareholders:

The Group considers transactions with minority shareholders as transactions within the Group. For acquisitions from minority shareholders, the difference between the acquisition cost and related portion of net assets' booked value is deducted from equity. Profit or loss resulting from sales to minority shareholders is booked under equity.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

# Notes to the Consolidated Financial Statements at 31 December 2010

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

### **b. Presentation of unconsolidated subsidiaries and associates in consolidated financial statements:**

Turkish lira denominated unconsolidated associates and subsidiaries are booked at cost value, less any impairment if any, in accordance with "Turkish Accounting Standards for Consolidated and Separate Financial Statements" ("TAS 27") are recognised in the consolidated financial statements.

When the cost of investments, associates and share certificates which are classified under available for sale portfolio is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value if any, considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

### **IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS**

The Bank's derivative transactions mostly include currency swaps and foreign exchange purchase and sale transactions. The Bank has no embedded derivative instruments separated from the host contract.

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

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

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

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

### **V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE**

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

### **VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE**

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

### **VII. EXPLANATIONS ON FINANCIAL ASSETS**

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

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 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 ISE are carried at weighted average exchange prices of ISE as of the balance sheet date and those securities that are not traded in ISE are carried at prices of the Central Bank of the Republic of Turkey. Eurobonds are carried at prices in the over the counter markets. The difference between the cost and fair value of held for trading securities is accounted under "Other Interest and Income Accrual" or "Impairment Loss for Marketable Securities" account. Interest received from financial assets held for trading is reflected as interest income.

### 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 refund transactions within the scope of early redemption.

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

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

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

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

### c. Loans and receivables:

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

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

The Parent Bank sets specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 26333 and dated 1 November 2006 on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions". Furthermore, while allocating specific provision, minimum rates defined in the related regulation and prudence principle are taken into account without considering collaterals. Allocated provisions are deducted from the income for the period. If the receivables for which provisions were set in the previous years are collected, provision for allowances are released and recognized as income under "Other Operating Income" account. Releases of current period provisions are made by the reversal of the amount from the "Provision for Impairment of Loans and Other Receivables" account.

### d. Available-for-sale financial assets:

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

# Notes to the Consolidated Financial Statements at 31 December 2010

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

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

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

### VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

Loans and other receivables are classified by the Parent Bank 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.

In accordance with the provisions of the legislation mentioned in the previous page, the Bank provides general loan loss provisions for loans and its receivables in addition to specific provisions. Based on the decision of Bank's Asset and Liability Management ("ALM"), total loans excluding loans originated from funds whose risk is not bore by the Bank and loans granted to institutions which are exempt from provisions according to Banking Law, general provision ratio is set as 3%. Additional provision provided upon this decision is presented under "Other provisions" within the balance sheet. Based on the decision of Bank's ALM, the Bank has cancelled general loan loss provisions for cash loans except credit cards lending from 6 March 2010 and provisions for possible risk based on ALM decision in accordance with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No. 27513 dated 6 March 2010.

### IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

As of the balance sheet date, there are securities lending transactions.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### **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 Immovable Assets 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.

### **XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

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

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

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

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

### **XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT**

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

Estimated depreciation rates of tangible fixed assets are as follows;

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

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

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### XIV. EXPLANATIONS ON LEASING TRANSACTIONS

The Group performs financial operations as "Lessor" and "Lessee".

#### a. Accounting of leasing transactions for the lessee:

##### Financial Lease

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

##### Operational Lease

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

#### b. Accounting of leasing transactions for lessor:

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined so as to form a fixed revenue return ratio using net investment method related to leased asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account.

### XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

The 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.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

#### a. Employment Termination and Vacation Benefits

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

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

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

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

#### b. Pension Rights

Some of the Parent Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. As of 31 December 2010 the number of personnel who benefit from the Fund, excluding dependents, is 11,625 (2009: 10,191). 8,339 of these members are active while 3,286 are passive members. (2009: 7,025 active members, 3,166 passive members).

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

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

It has been applied to the Constitutional Court at 19 June 2008 for cancellation of some articles of the new law about transfer of pension funds to Social Security Agency and requested them to be ineffective. As of the date of the publication of the financial statements, there is no decision of the Constitutional Court announced regarding the court case of abrogation.

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

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

The technical balance sheet report as of 31 December 2010 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.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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### XVII. EXPLANATIONS ON TAXATION

#### a. Current Tax

Turkish Tax Legislation does not permit the Parent Bank to file tax return over consolidated subsidiaries financial statements. Therefore, tax provisions which reflected to consolidated financial statements have been calculated per company.

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

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

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

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

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

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

Tax rates used in tax calculation considering the related countries' tax legislation as of 31 December 2010 are presented below:

Russia	20.00%
Kazakhstan	20.00%
Germany	15.00%
Bosnia Herzegovina	10.00%
Macedonia	10.00%

#### b. Deferred tax

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

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

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

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

### **XVIII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES**

#### **Technical Reserves**

Reserve for unearned insurance premiums, provisions for outstanding claims and reinsurer shares of these provisions which take place in the technical insurance accounts of financial statements are recorded in accordance with the below mentioned principles under Insurance Law No. 5684 effective as of 14 June 2007 and the provisions of the "Communiqué Regarding the Technical Reserves of Insurance and Reinsurance Companies and the Assets that these Reserves Recorded" published in Official Gazette No. 27655 dated 28 July 2010.

#### **Reserve for unearned premiums:**

Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense.

#### **Unexpired risk provision:**

In accordance with the "Communiqué Regarding the Technical Reserves of Insurance and Reinsurance Companies and the Assets that these Reserves Recorded", against the probability of compensations that may arise due to the in force insurance contracts being greater than reserve for premium deficiency, it is stated that the companies are obliged to perform adequacy test for a 12 month periods.

#### **Reserve for outstanding claims:**

Insurance companies provide reserve for outstanding claims, incurred and reported but not yet settled in the current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims. Within the calculation of reserve for outstanding claims, incurred and reported but not yet settled, entire shares of expense required for maturation of compensation reports including calculated or estimated expert, referee, consultant, court and communication expenses are taken into account and subrogation, salvage and similar revenue items are not discounted. Incurred subrogation, salvage and similar revenue items whose codes of practice will be determined by the undersecretariat are shown under the related credit account of the asset side of the balance sheet and interrelated with period income in condition that subrogation of rights has been gained.

#### **Offset provision:**

In Article 9 of "Communiqué Regarding the Technical Reserves of Insurance and Reinsurance Companies and the Assets that these Reserves Recorded" numbered 27655 dated 28 July 2010, it is stated that insurance companies provide offset provision for loan and earthquake assurances in order to compensate the possible fluctuations in the assurance rates and catastrophic risks in the succeeding accounting periods.

#### **Mathematical provisions:**

Mathematical provision is provided at sufficient level in accordance with actuarial principles in order to recompense the liabilities to policyholders of long-term life, health and individual accident insurance contracts and to the beneficiaries. In addition to the long-term life insurance contracts, on the condition that assurance given to individual accident, health, disability due to illness and serious illnesses, the mathematical provision for the amount of life insurance is made including the amount calculated in accordance with actuarial principles related to additional assurances.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

# Notes to the Consolidated Financial Statements at 31 December 2010

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### **XIX. 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.

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

### **XX. 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.

### **XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES**

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

### **XXII. EXPLANATIONS ON GOVERNMENT GRANTS**

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

### **XXIII. CASH AND CASH EQUIVALENTS**

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

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

### **XXIV. EXPLANATIONS ON SEGMENT REPORTING**

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

### **XXV. EXPLANATIONS ON OTHER MATTERS**

The General Assembly for year 2009 was carried out on 24 May 2010. In accordance with the decision taken, of the profit for the year 2009 amounting to TL3,510,955, TL161,584 is transferred to first legal reserves, TL92,619 is transferred to second legal reserves, TL102,857 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL800,000 is distributed to Undersecretariat of Treasury after deducting withholding tax of 15% (TL141,176) in cash on 26 May 2010. In addition to TL1,926,303 of the profit for the year 2009, deferred tax income amounting to TL279,274 is not distributed. The remaining part of dividend reserved to be distributed to personnel is transferred to account of Under Secretariat of Treasury of the Turkish Republic, net TL6,071 after deducting withholding tax of 15% (TL1,071).

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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### SECTION FOUR

#### EXPLANATIONS RELATED TO FINANCIAL POSITION OF THE BANK

##### I. EXPLANATIONS ON THE CONSOLIDATED CAPITAL ADEQUACY STANDARD RATIO

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

The Group's consolidated capital adequacy ratio calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 19.24% (2009: 23.09%).

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

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

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

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

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

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

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### Information related to capital adequacy ratio:

Current Period	Risk Weights						
	The Parent Bank						
	0%	10%	20%	50%	100%	150%	200%
<b>Credit Risk Base Amount</b>							
<b>Balance Sheet Items (Net)</b>	<b>51,566,459</b>	-	<b>4,906,371</b>	<b>13,127,561</b>	<b>41,412,283</b>	<b>55,855</b>	-
Cash	1,291,045	-	129	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Central Bank of the Republic of Turkey	6,549,245	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	4,543,751	-	97,392	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	2,424,645	-	-	-	-	-	-
Loans <sup>(1)</sup>	4,547,023	-	184,218	13,056,906	38,545,233	55,855	-
Loans Under Follow-up (Net) <sup>(1)</sup>	-	-	-	-	112,952	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	35,638,709	-	-	-	6,146	-	-
Receivables from Forward Sale of Assets	-	-	-	-	2,932	-	-
Miscellaneous Receivables	19,775	-	120	-	123,971	-	-
Interest and Income Accruals	753,601	-	1,722	70,655	846,303	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	731,084	-	-
Fixed Assets	-	-	-	-	840,797	-	-
Other Assets	342,416	-	176,431	-	105,473	-	-
<b>Off-Balance Sheet Items</b>	<b>248,224</b>	-	<b>167,813</b>	-	<b>4,924,591</b>	-	-
Non-cash Loans and Commitments	248,224	-	128,169	-	4,924,497	-	-
Derivative Financial Instruments	-	-	39,644	-	94	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>51,814,683</b>	-	<b>5,074,184</b>	<b>13,127,561</b>	<b>46,336,874</b>	<b>55,855</b>	-

<sup>(1)</sup> The balance of loans originated from funds whose risk does not belong to the Parent Bank which is presented in Loans Under Follow-up (Net) balance in the financial statements; is shown in the 0% risk weight column in the table above.

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Current Period	Risk Weights						
	Consolidated						
	0%	10%	20%	50%	100%	150%	200%
<b>Credit Risk Base Amount</b>							
<b>Balance Sheet Items (Net)</b>	<b>51,953,465</b>	-	<b>4,827,118</b>	<b>13,138,774</b>	<b>41,885,076</b>	<b>55,855</b>	-
Cash	1,345,825	-	129	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Central Bank of the Republic of Turkey	6,549,245	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	4,352,076	-	129,347	-	-
Interbank Money Market Placements	18,792	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	4,262	-	-	-	-	-	-
Required Reserve Deposits	2,427,351	-	-	-	-	-	-
Loans	4,799,777	-	296,640	13,068,119	39,271,603	55,855	-
Loans Under Follow-up (Net) <sup>(1)</sup>	-	-	-	-	117,165	-	-
Financial Lease Receivables	-	-	-	-	343,416	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-
Investments Held to Maturity	35,686,120	-	-	-	26,837	-	-
Receivables from Forward Sale of Assets	-	-	-	-	22,357	-	-
Miscellaneous Receivables	20,127	-	120	-	140,251	-	-
Interest and Income Accruals	753,601	-	1,722	70,655	846,303	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures) (Net)	-	-	-	-	12,109	-	-
Fixed Assets	-	-	-	-	863,230	-	-
Other Assets	348,365	-	176,431	-	112,458	-	-
<b>Off-Balance Sheet Items</b>	<b>248,224</b>	-	<b>167,813</b>	-	<b>4,951,665</b>	-	-
Non-cash Loans and Commitments	248,224	-	128,169	-	4,950,874	-	-
Derivative Financial Instruments	-	-	39,644	-	791	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>52,201,689</b>	-	<b>4,994,931</b>	<b>13,138,774</b>	<b>46,836,741</b>	<b>55,855</b>	-

<sup>(1)</sup> The balance of loans originated from funds whose risk does not belong to the Parent Bank which is presented in Loans Under Follow-up (Net) balance in the financial statements; is shown in the 0% risk weight column in the table above.

### Summary information about the capital adequacy standard ratio:

	Consolidated		The Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	54,488,897	34,011,948	53,999,274	34,086,345
Market Risk Base Amount (MRBA)	5,677,713	2,331,700	5,526,838	2,331,700
Operational Risk Base Amount (ORBA)	10,001,389	8,653,894	10,009,066	8,659,562
Shareholders' Equity	13,498,028	10,389,700	13,350,237	10,466,127
<b>Shareholders' Equity/(CRBA+MRBA+ORBA) * 100</b>	<b>19.24</b>	<b>23.09</b>	<b>19.20</b>	<b>23.22</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

## Information related to components of consolidated shareholders' equity:

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Inflation Adjustment for Paid-in Capital	543,482	543,482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	2,104,475	1,758,096
1st Degree Legal Reserves (TCC 466/1)	927,100	673,340
2nd Degree Legal Reserves (TCC 466/2)	1,177,375	1,084,756
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	3,584,002	1,378,424
Reserves Allocated per General Assembly Minutes	-	-
Retained Earnings	3,584,002	1,378,424
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	-	-
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	3,983,615	3,709,949
Net Profit of the Period	3,750,753	3,525,990
Retained Earnings	232,862	183,659
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	275,125	611,962
Subsidiary and Associate Shares and Gains on Sale of Real Estate to be Added to Capital	-	-
Primary Subordinated Loans (up to 15% of the Core Capital)	78,305	-
Loss (-) Portion of Losses that Cannot be Covered by Reserves	-	-
Net Loss of the Period	-	-
Accumulated Loss	-	-
Leasehold Improvements (-)	16,666	-
Prepaid Expenses (-)	98,113	6,502
Intangible Assets (-)	20,659	17,638
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in 3 <sup>rd</sup> Clause 56 <sup>th</sup> Article of the Banking Act (-)	-	-
<b>Total Core Capital</b>	<b>12,933,566</b>	<b>10,477,773</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

	Current Period	Prior Period
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	270,562	428,469
45% of Movable Assets Revaluation Fund	-	-
45% of Immovable Assets Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	17,295	2,158
Primary Subordinated Loans Excluding the Portion included in the Core Capital	-	-
Secondary Subordinated Loan	-	-
45% of Marketable Securities Revaluation Fund	349,992	222,434
From Subsidiaries and Associates	(647)	8,785
From Financial Assets Available for Sale	350,639	213,649
Inflation Adjustments for Capital Reserves, Profit Reserves and Retained Earnings/ Accumulated Losses (Except Inflation Adjustments for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
<b>Total Supplementary Capital</b>	<b>637,849</b>	<b>653,061</b>
<b>TIER-III CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>13,571,415</b>	<b>11,130,834</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>73,387</b>	<b>741,134</b>
Shares in Unconsolidated Banks and Financial Institutions	-	632,326
Loans to banks, Financial Institutions (Domestic/Foreign), Holders of Qualified Shares in the form of Secondary Subordinated Loan and Loan Instruments Purchased from those Parties Qualified as Primary or Secondary Subordinated Loan	-	2,243
Shares of banks and financial institutions equity pick-up method applied but assets and liabilities are not consolidated	73,197	106,428
Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or More of whose Capital is Owned by the Bank and which are Excluded from the Consolidation	-	-
Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose Capital is Owned by the Bank and that Exceeds 10% of the Total Core Capital and Supplementary Capital	-	-
Loans Granted not in Compliance with the Provisions Stated in Articles 50 and 51 of the Act	-	-
Total Net Book Value of the Bank's Real Estates in excess of 50% of the Equity and in accordance with Article 57 of the Act, Net Book Value of Real Estates and Commodities Acquired in Exchange of Loans and Receivables that should be Disposed of however; have not been Disposed for the Last 5 Years Since the Beginning of the Acquisition Date	190	137
Other	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>13,498,028</b>	<b>10,389,700</b>

### II. EXPLANATIONS ON CREDIT RISK

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The Parent Bank's credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Heads/Branches.

In line with the budgeted targets, TL/FC Cash/Non-Cash Commercial/SME loan placements are issued and followed on sectoral and regional basis.

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

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

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

The Parent Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors' credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Parent Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Parent Bank's credit risk significantly declines.

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

The Parent Bank makes provision in conformity with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to Be Set Aside".

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

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

Foreign financial institution and country risks of the Parent Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the clients.

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

In line with the Regulation on provisions, if the cash risk of a customer classified as nonperforming, the non-cash is classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the Parent Bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 cash loans in the total cash loan portfolio is 15% (2009: 14%).

The percentage of top 100 non-cash loans in the total non-cash loan portfolio is 75% (2009: 79%).

The percentage of top 100 cash and non-cash loans in the total cash and non-cash loan portfolio is 17% (2009: 24%).

General provision made by the Bank for the credit risk is TL270,562 (2009: TL428,469).

### Credit risk by types of borrowers and geographical concentration:

	Individual and Corporate Loans <sup>(4)</sup>		Loans to Banks and Other Financial Institutions <sup>(4)</sup>		Marketable Securities <sup>(1) (4)</sup>		Other Loans <sup>(2)</sup>	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Sectoral Distribution</b>	<b>56,631,955</b>	<b>35,551,518</b>	<b>1,957,870</b>	<b>1,000,974</b>	<b>76,568,113</b>	<b>70,987,861</b>	<b>5,654,200</b>	<b>6,205,067</b>
Private Sector	17,213,184	8,481,628	937,568	782,402	39,243	-	133,060	223,019
Public Sector	670,038	830,544	528,455	216,311	76,313,185	70,963,827	32,731	26,138
Banks	-	-	491,847	2,261	50,697	-	5,468,617	5,954,022
Individual Customers	38,748,733	26,239,346	-	-	-	-	2,932	1,888
Equity Instruments	-	-	-	-	164,988	24,034	16,860	-
<b>Geographical Distribution</b>	<b>56,631,955</b>	<b>35,551,518</b>	<b>1,957,870</b>	<b>1,000,974</b>	<b>76,568,113</b>	<b>70,987,861</b>	<b>5,654,200</b>	<b>6,205,067</b>
Domestic	55,450,917	35,134,711	1,891,029	943,922	76,041,839	70,620,143	4,430,641	295,806
European Union Countries	538,443	210,647	40,368	37,460	223,886	135,364	217,355	3,926,132
OECD Countries <sup>(3)</sup>	-	-	8,253	-	8,391	-	57,384	152,664
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	255,046	53,636	18,026	19,592	111,177	99,678	874,378	1,607,006
Other Countries	387,549	152,524	194	-	182,820	132,676	74,442	223,459

<sup>(1)</sup> Includes marketable securities designated at fair value through profit or loss, available for sale and held to maturity.

<sup>(2)</sup> Includes the transactions that are not presented in the first 3 columns but defined as loans and receivables in the 48th article of Banking Act numbered 5411. The unallocated other loans and receivables are presented under "individual customers" line.

<sup>(3)</sup> OECD countries other than EU countries, USA and Canada.

<sup>(4)</sup> Income accruals have not been included in the prior period balances.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Capital Expenditures	Net Income
<b>Current Period</b>					
Domestic	148,731,334	134,782,608	7,172,528	-	3,747,224
European Union Countries	1,099,715	1,721,763	45,346	-	(300)
OECD Countries <sup>(1)</sup>	11,350	1,146	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1,261,053	1,256,878	314,521	-	(786)
Other Countries	992,318	831,457	26,574	-	16,430
Subsidiaries, Investments and Joint Ventures	-	-	-	85,306	-
Unallocated Assets/Liabilities <sup>(2)</sup>	-	-	-	-	-
<b>Total</b>	<b>152,095,770</b>	<b>138,593,852</b>	<b>7,558,969</b>	<b>85,306</b>	<b>3,762,568</b>
<b>Prior Period</b>					
Domestic	120,900,705	111,298,720	5,158,133	-	3,514,697
European Union Countries	663,282	660,562	34,961	-	(3,357)
OECD Countries <sup>(1)</sup>	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	1,788,345	1,784,839	315,806	-	2,940
Other Countries	461,048	430,284	4,517	-	11,710
Subsidiaries, Investments and Joint Ventures	-	-	-	747,333	-
Unallocated Assets/Liabilities <sup>(2)</sup>	-	-	-	-	-
<b>Total</b>	<b>123,813,380</b>	<b>114,174,405</b>	<b>5,513,417</b>	<b>747,333</b>	<b>3,525,990</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada

<sup>(2)</sup> Assets and liabilities that could not be distributed on a consistent basis.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### Sectoral concentrations for cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	16,768,330	32.43	201,399	3.08	10,231,004	29.66	26,238	1.28
Farming and Raising Livestock	16,520,797	31.95	197,808	3.02	10,103,406	29.29	26,062	1.27
Forestry	-	-	-	-	-	-	-	-
Fishing	247,533	0.48	3,591	0.05	127,598	0.37	176	0.01
Manufacturing	3,598,316	6.96	2,124,240	32.45	1,668,764	4.85	1,201,577	58.43
Mining	416,967	0.81	121,208	1.85	250,367	0.73	76,357	3.71
Production	3,137,641	6.07	1,836,977	28.06	1,409,259	4.09	1,124,545	54.69
Electric, Gas and Water	43,708	0.08	166,055	2.54	9,138	0.03	675	0.03
Construction	669,062	1.29	207,551	3.17	982,973	2.85	14,673	0.71
Services	6,095,327	11.79	1,987,082	30.36	3,195,568	9.25	556,930	27.10
Wholesale and Retail Trade	1,971,802	3.81	237,473	3.63	923,553	2.68	51,536	2.51
Hotel Food and Beverage Services	311,606	0.60	215,407	3.29	90,615	0.26	258	0.01
Transportation and Telecommunication	889,433	1.72	113,919	1.74	546,561	1.58	36,145	1.76
Financial Institutions	1,237,690	2.39	720,180	11.00	748,270	2.17	44,314	2.16
Real Estate and Leasing Services	20,803	0.04	17,707	0.27	8,290	0.02	-	-
Self Employment Services	19,198	0.04	44	0.00	7,597	0.02	179	0.01
Education Services	64,166	0.12	2,781	0.04	21,046	0.06	-	-
Health and Social Services	1,580,629	3.06	679,571	10.38	849,636	2.46	424,498	20.65
Other <sup>(1)</sup>	24,569,850	47.52	2,025,252	30.94	18,416,846	53.39	257,919	12.48
<b>Total</b>	<b>51,700,885</b>	<b>100</b>	<b>6,545,524</b>	<b>100</b>	<b>34,495,155</b>	<b>100</b>	<b>2,057,337</b>	<b>100</b>

<sup>(1)</sup> Consumer loans are presented under other line.

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

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit/Loss	247,021	494,244
Banks	4,482,390	5,429,609
Interbank Money Market Placements	23,054	-
Available-for-sale Financial Assets	39,864,939	25,649,821
Held-to-maturity Investments	36,456,153	44,843,796
Loans	58,876,141	36,724,567
Other Assets	502,339	299,578
<b>Total credit risk exposure of balance sheet items</b>	<b>140,452,037</b>	<b>113,441,615</b>
Financial Guarantees	7,558,969	5,513,417
Commitments	21,569,892	18,825,146
<b>Total credit risk exposure of off-balance sheet items</b>	<b>29,128,861</b>	<b>24,338,563</b>
<b>Total credit risk exposure</b>	<b>169,580,898</b>	<b>137,780,178</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### Credit quality per class of financial assets is as follows:

Financial Assets	Current Period			Prior Period		Total
	Neither past due nor impaired	Past due but not impaired <sup>(1)</sup>	Total	Neither past due nor impaired	Past due but not impaired <sup>(1)</sup>	
Banks	4,482,390	-	4,482,390	5,429,609	-	5,429,609
Financial Assets at Fair Value Through Profit or Loss	247,021	-	247,021	494,244	-	494,244
Loans:	54,514,409	3,732,000	58,246,409	36,246,548	305,944	36,552,492
Commercial Loans	16,367,560	532,079	16,899,639	8,222,567	101,846	8,324,413
Retail Loans	22,767,869	2,258,563	25,026,432	18,148,580	57,731	18,206,311
Specialized Loans	15,378,980	941,358	16,320,338	9,875,401	146,367	10,021,768
Available-for-sale Financial Assets	39,864,939	-	39,864,939	25,649,821	-	25,649,821
Held-to-maturity Investments	36,456,153	-	36,456,153	44,843,796	-	44,843,796

<sup>(1)</sup> Only, amount of installments in arrear of loans under close monitoring are shown in past due but not impaired column in prior period, however; in current period remaining principal amount together with amount of installments in arrear is shown in this column.

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

	Current Period	Prior Period
Banks	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Loans:	<b>929,958</b>	<b>2,616,338</b>
Commercial Loans	556,985	148,804
Retail Loans	34,638	46,488
Specialized Loans	338,335	2,421,046
Other	-	-
Available-for-sale Financial Assets	-	-
Held-to-maturity Investments	-	-

### III. EXPLANATIONS ON THE MARKET RISK

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

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

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

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

### Information Related to Market Risk:

	Current Period	Prior Period
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	379,793	158,060
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	16,326	5,032
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	57,020	22,674
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	1,078	770
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting From Options - Standard Method	-	-
(VII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-	-
(VIII) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI)	454,217	186,536
<b>(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)</b>	<b>5,677,713</b>	<b>2,331,700</b>

### b) Average market risk table calculated at the end of each month during the period: (Values belong to the Parent Bank)

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	252,905	367,395	193,508	109,886	178,896	59,868
Equity Share Risk	20,668	26,352	3,846	3,594	3,844	3,450
Currency Risk	31,007	47,322	19,553	28,376	37,843	17,202
Commodity Risk	890	1,078	759	664	825	599
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
<b>Amount Subject to Total Risk</b>	<b>3,818,375</b>	<b>5,526,838</b>	<b>2,720,825</b>	<b>1,759,031</b>	<b>2,644,000</b>	<b>1,228,975</b>

## IV. EXPLANATIONS ON OPERATIONAL RISK

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

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

- Reports are submitted semi-annually to the Board of Directors and monthly to General Management, Members of Audit Committee, Chief Assistant General Managers, Internal System Units Directors and Asset Liability Committee. Under this reporting, risk intensities in lost database, measurements of operational risk base amount, results of risk mapping studies of the branches and Head Quarter, indicators of the key risks, operational risks realized on information system and various indicators, external sourced operational risks and similar subjects are included.
- Realized operational risks are followed in the "Operational Lost Database". At this database, under the context of the identification of operational risk, the lost operational risk information occurred at the Bank are collected appropriate to the standards anticipated at the Basel II.
- The calculation of economic capital with the Advanced Measurement Techniques that are projected to be performed by the banks rendering service on a global scale as envisaged within the framework of Basel II Accord is applied by the Bank and operations regarding the improvement of the techniques are continuing.
- "Operational Risk Map" studies have been conducted by the help of operational risk indicators, operational risk database and unit/volume information for transactions identified in order to determine risk levels of branches and general management units.
- "Self Evaluation Studies" are undertaken in the format of working groups that are formed with the personnel selected from branches and regional heads with the aim of carrying out on-site determination of risks with referrals as the opinions of personnel.
- Coordinated with other related departments of the Bank, a work for preparation of Bank Business Sustainability Plan is exercised.

**b) The Bank does not apply standard method.**

### V. EXPLANATIONS ON THE CURRENCY RISK

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

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

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

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

None.

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
<b>24.12.2010</b>	1.5361	2.0138	1.5439	0.27066	0.22461	1.6021	1.5289	0.25785	2.3758	0.39801	1.8523
<b>27.12.2010</b>	1.5361	2.0189	1.5418	0.27133	0.22499	1.6028	1.5261	0.25817	2.3716	0.39811	1.8542
<b>28.12.2010</b>	1.5470	2.0341	1.5675	0.27344	0.22665	1.6324	1.5520	0.26083	2.3854	0.40078	1.8846
<b>29.12.2010</b>	1.5497	2.0351	1.5739	0.27370	0.22681	1.6342	1.5524	0.26095	2.3968	0.40155	1.8897
<b>30.12.2010</b>	1.5411	2.0443	1.5626	0.27473	0.22807	1.6447	1.5430	0.26195	2.3774	0.39923	1.8831
<b>31.12.2010</b>	1.5390	2.0610	1.5660	0.27553	0.22847	1.6470	1.5413	0.26340	2.3990	0.39693	1.8888

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
	1,5128	1.9975	1.5054	0.26857	0.22113	1.5665	1.5035	0.25335	2.3615	0.39185	1.8162

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### Information on the foreign currency risk of the Bank:

	EUR	USD	Yen	Other FC <sup>(1)</sup>	Total
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	2,529,049	78,590	494	59,351	2,667,484
Banks	2,232,504	1,724,817	195	479,859	4,437,375
Financial Assets at Fair Value through Profit and Loss	22,261	3,968	-	-	26,229
Money Market Placements	-	2,227	-	16,565	18,792
Financial Assets Available-for-Sale	2,581,248	1,297,249	-	35,206	3,913,703
Loans <sup>(2)</sup>	2,958,446	3,429,386	-	162,813	6,550,645
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	2,423	23,025	-	1,086	26,534
Investments Held-to-Maturity	1,595,702	2,487,945	-	40,893	4,124,540
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Fixed Assets	4,828	1,011	-	19,600	25,439
Intangible Assets	864	919	-	1,014	2,797
Other Assets	232,884	74,411	-	20,157	327,452
<b>Total Assets</b>	<b>12,160,209</b>	<b>9,123,548</b>	<b>689</b>	<b>836,544</b>	<b>22,120,990</b>
<b>Liabilities</b>					
Interbank Deposits	68,518	211,167	-	8,740	288,425
Foreign Currency Deposits	12,353,685	10,089,801	286	572,618	23,016,390
Money Market Borrowings	20,611	-	-	-	20,611
Funds Provided from Other Financial Institutions	68,331	65,367	-	-	133,698
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	138,066	2,674	1,013	1,527	143,280
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	137,504	138,934	21	40,247	316,706
<b>Total Liabilities</b>	<b>12,786,714</b>	<b>10,507,943</b>	<b>1,320</b>	<b>623,132</b>	<b>23,919,110</b>
<b>Net Balance Sheet Position</b>	<b>(626,505)</b>	<b>(1,384,395)</b>	<b>(631)</b>	<b>213,412</b>	<b>(1,798,120)</b>
<b>Net Off-Balance Sheet Position <sup>(3)</sup></b>	<b>614,981</b>	<b>1,287,224</b>	<b>-</b>	<b>38,302</b>	<b>1,940,507</b>
Assets on Derivative Instruments	644,690	1,396,673	-	38,302	2,079,665
Liabilities on Derivative Instruments	29,709	109,449	-	-	139,158
<b>Non-cash Loans</b>	<b>1,422,690</b>	<b>3,445,529</b>	<b>1,357</b>	<b>88,845</b>	<b>4,958,421</b>
<b>Prior Period</b>					
Total Assets	11,151,762	7,732,475	2,059	455,663	19,341,959
Total Liabilities	11,179,848	7,764,558	1,428	440,875	19,386,709
<b>Net Balance Sheet Position</b>	<b>(28,086)</b>	<b>(32,083)</b>	<b>631</b>	<b>14,788</b>	<b>(44,750)</b>
<b>Net Off-Balance Sheet Position <sup>(3)</sup></b>	<b>(19,421)</b>	<b>(25,361)</b>	<b>-</b>	<b>45,279</b>	<b>497</b>
Financial Derivative Assets	857	27,797	-	56,598	85,252
Financial Derivative Liabilities	20,278	53,158	-	11,319	84,755
<b>Non-cash Loans</b>	<b>809,696</b>	<b>2,792,022</b>	<b>11,125</b>	<b>37,838</b>	<b>3,650,681</b>

<sup>(1)</sup> Of the foreign currencies presented in the other FC column of assets 29.86% is GBP, 16.55% is CHF, 7.34% is DKK, and the remaining 46.25% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 42.66% is GBP, 24.38% is CHF, 9.72% is DKK and the remaining 23.24% is other foreign currencies.

<sup>(2)</sup> TL2,745 equivalent of USD and TL2,376 equivalent of EUR loans are originated as foreign currency indexed loans (2009: TL5,208 equivalent of USD and TL3,022 equivalent of EUR).

<sup>(3)</sup> Indicates the net balance of receivables and payables on derivative financial instruments.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

	Change in exchange rate in %	Effect on Profit/Loss <sup>(1)(2)</sup>	
		Current Period	Prior Period
USD	%10 increase	(1,331)	(10,036)
	%10 decrease	1,331	10,036
EUR	%10 increase	(8,518)	(36,464)
	%10 decrease	8,518	36,464
Other	%10 increase	28,602	2,594
	%10 decrease	(28,602)	(2,594)

<sup>(1)</sup> The effects on profit or loss and shareholders' equity are presented before tax, in the above table.

<sup>(2)</sup> Investments related to subsidiaries and joint ventures operating abroad in foreign currency are followed by their fair values. Since TL amount of their fair values are fixed as of the valuation date, they do not create currency risk and is not considered in the analysis above.

### VI. EXPLANATIONS ON THE INTEREST RATE RISK

The Parent Bank's structural interest rate management policy and methods of applications are set under the scope of "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

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

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

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

Change in Interest Rate		Net Interest Income Effect <sup>(1)(2)</sup> Current Period	Net Interest Income Effect <sup>(1)(2)</sup> Prior Period
TL	FC		
3 points increase	1 point increase	(485,267)	(221,854)
2 points increase	0.66 point increase	(323,208)	(147,819)
1 point increase	0.33 point increase	(161,604)	(73,910)

<sup>(1)</sup> Demand deposits are excluded.

<sup>(2)</sup> Net interest income effect presented above reflects amounts before tax.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

Change in Interest Rate		Net Interest Income Effect <sup>(1)(2)</sup>	
TL	FC	Current Period	Prior Period
3 points decrease	1 point decrease	485,267	221,854
2 points decrease	0.66 point decrease	323,208	147,819
1 point decrease	0.33 point decrease	161,604	73,910

<sup>(1)</sup> Demand deposits are excluded.

<sup>(2)</sup> Net interest income effect presented above reflects amounts before tax.

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

Change in Interest Rate <sup>(1)</sup>		Effect on Profit and Loss	Effect on Shareholders' Equity	Effect on Profit and Loss	Effect on Shareholders' Equity
TL	FC	Current Period	Current Period	Prior Period	Prior Period
3 points increase	1 point increase	(1,939)	(809,272)	(4,148)	(342,885)
1 point increase	0.33 point increase	(664)	(277,327)	(1,400)	(116,133)

<sup>(1)</sup> The effects on profit and loss and shareholders' equity in the table above present the amounts before tax and values belong to the Parent Bank.

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

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

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

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	35,991	2,232	-	-	-	10,284,362	10,322,585
Banks	3,351,914	9,453	181,595	-	272	939,156	4,482,390
Financial Assets at Fair Value Through Profit and Loss	183,398	4,592	24,351	23,735	10,945	-	247,021
Money Market Placements	23,054	-	-	-	-	-	23,054
Financial Assets Available-for-Sale	10,862,955	6,026,177	9,714,304	10,138,196	2,757,369	365,938	39,864,939
Loans Given	17,565,009	3,988,212	14,121,019	20,017,543	2,517,668	323,274	58,532,725
Investments Held-to-Maturity	12,597,522	16,390,142	2,344,460	2,051,560	3,072,469	-	36,456,153
Other Assets	382	9	68	9	-	2,251,741	2,252,209
<b>Total Assets</b>	<b>44,620,225</b>	<b>26,420,817</b>	<b>26,385,797</b>	<b>32,231,043</b>	<b>8,358,723</b>	<b>14,164,471</b>	<b>152,181,076</b>
<b>Liabilities</b>							
Interbank Deposits	2,349,981	13,367	-	-	-	57,224	2,420,572
Other Deposits	81,728,633	16,179,636	6,309,738	169,989	783	19,323,478	123,712,257
Money Market Borrowings	5,024,088	-	-	-	-	-	5,024,088
Sundry Creditors	67	-	-	-	-	712,470	712,537
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	2,027	10,268	71,415	79,902	105	-	163,717
Other Liabilities	5,609	311	2,601	3,182,120	-	16,957,264	20,147,905
<b>Total Liabilities</b>	<b>89,110,405</b>	<b>16,203,582</b>	<b>6,383,754</b>	<b>3,432,011</b>	<b>888</b>	<b>37,050,436</b>	<b>152,181,076</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>10,217,235</b>	<b>20,002,043</b>	<b>28,799,032</b>	<b>8,357,835</b>	<b>-</b>	<b>67,376,145</b>
<b>Balance Sheet Short Position</b>	<b>(44,490,180)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,885,965)</b>	<b>(67,376,145)</b>
Off-Balance Sheet Long Position	20,606	108	202	-	-	-	20,916
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(44,469,574)</b>	<b>10,217,343</b>	<b>20,002,245</b>	<b>28,799,032</b>	<b>8,357,835</b>	<b>(22,885,965)</b>	<b>20,916</b>

<sup>(1)</sup> Balances without fixed maturity are shown in the "Up to 1 Month" and "Non-Interest Bearing" columns.

<sup>(2)</sup> TL3,180,350 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the "1 - 5 Years" column. TL345,108 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

<sup>(3)</sup> Deferred tax asset is shown under the non-interest bearing column.

<sup>(4)</sup> Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in other assets.

<sup>(5)</sup> Total shareholders' equity is shown under the non-interest bearing column.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

**Average interest rates applied to monetary financial instruments (Values belong to the Parent Bank):**

	EUR	USD	Yen	TL
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	5.00
Banks	0.84	1.05	-	-
Financial Assets at Fair Value Through Profit and Loss	3.56	5.58	-	8.78
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.68	6.04	-	8.22
Loans Given <sup>(2)</sup>	4.06	3.74	-	14.90
Investments Held-to-Maturity	6.23	7.00	-	8.79
<b>Liabilities</b>				
Interbank Deposits <sup>(3)</sup>	0.88	0.21	-	6.93
Other Deposits	1.65	2.23	-	6.95
Money Market Borrowings	-	-	-	6.66
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3.04	0.93	-	7.13

<sup>(1)</sup> The ratio in TL column shows interest rate applied to reserve requirement for Central Bank of Northern Cyprus

<sup>(2)</sup> Does not include credit card loans.

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	8,140,194	-	-	-	-	1,034,068	9,174,262
Banks	5,369,519	1,757	58,333	-	-	-	5,429,609
Financial Assets at Fair Value through Profit and Loss	247,603	65,795	141,012	37,497	1,293	1,044	494,244
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	6,935,603	6,049,733	7,373,963	4,428,971	802,363	59,188	25,649,821
Loans Given	11,428,281	1,841,569	3,239,205	16,708,164	3,335,273	-	36,552,492
Investments Held-to-Maturity	13,568,925	22,815,595	2,979,284	2,148,407	3,331,585	-	44,843,796
Other Assets	-	-	-	-	-	2,416,589	2,416,589
<b>Total Assets</b>	<b>45,690,125</b>	<b>30,774,449</b>	<b>13,791,797</b>	<b>23,323,039</b>	<b>7,470,514</b>	<b>3,510,889</b>	<b>124,560,813</b>
<b>Liabilities</b>							
Interbank Deposits	591,442	4,920	-	-	-	-	596,362
Other Deposits	65,293,170	12,146,384	5,094,630	44,725	-	15,354,196	97,933,105
Money Market Borrowings	9,144,070	-	-	-	-	-	9,144,070
Sundry Creditors	-	-	-	-	-	527,625	527,625
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	7,759	6,585	6,177	611	31	-	21,163
Other Liabilities	-	-	-	2,972,958	-	13,365,530	16,338,488
<b>Total Liabilities</b>	<b>75,036,441</b>	<b>12,157,889</b>	<b>5,100,807</b>	<b>3,018,294</b>	<b>31</b>	<b>29,247,351</b>	<b>124,560,813</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>18,616,560</b>	<b>8,690,990</b>	<b>20,304,745</b>	<b>7,470,483</b>	<b>-</b>	<b>55,082,778</b>
<b>Balance Sheet Short Position</b>	<b>(29,346,316)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,736,462)</b>	<b>(55,082,778)</b>
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(29,346,316)</b>	<b>18,616,560</b>	<b>8,690,990</b>	<b>20,304,745</b>	<b>7,470,483</b>	<b>(25,736,462)</b>	<b>-</b>

<sup>(1)</sup> Balances without fixed maturity are shown under the "Up to 1 Month" and "Non-Interest Bearing" column.

<sup>(2)</sup> TL2,972,958 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the "1 - 5 Years" column. TL272,433 of fund balance is not granted as loan and is shown under the "Non-Interest Bearing" column.

<sup>(3)</sup> Deferred tax asset is shown under the "Non-Interest Bearing" column.

<sup>(4)</sup> Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in other assets.

<sup>(5)</sup> Total shareholders' equity is shown under the "Non-Interest Bearing" column.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### Average interest rate applied to the monetary financial instruments (Values belong to the Parent Bank):

	EUR	USD	Yen	TL
<b>Prior Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	5.20
Banks	0.26	1.11	-	6.25
Financial Assets at Fair Value Through Profit and Loss	3.36	5.51	-	12.63
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4.05	5.80	-	9.75
Loans Given <sup>(1)</sup>	4.09	4.25	-	16.45
Investments Held-to-Maturity	5.90	7.00	-	9.96
<b>Liabilities</b>				
Interbank Deposits <sup>(2)</sup>	0.16	0.21	-	-
Other Deposits	1.86	1.83	-	8.74
Money Market Borrowings	-	-	-	7.23
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	3.75	4.05	-	9.64

<sup>(1)</sup> Does not include credit card loans.

<sup>(2)</sup> Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.

### VII. EXPLANATIONS ON THE LIQUIDITY RISK

General principles of liquidity and financial emergency state management and the related application procedures are considered in the scope of "Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management".

Regulation for Market and Financial Statement Risks and Liquidity and Financial Emergency State Management consist of subjects about early warning system and process of transition to liquidity and financial emergency state management.

The Bank calculates liquidity adequacy ratio and reports to BRSA on a weekly basis in accordance with the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 and dated 1 November 2006. The liquidity adequacy of the Bank is over the limit values specified in the mentioned regulation.

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.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

According to the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 26333 dated 1 November 2006, from June 1, 2007, at the weekly and monthly calculations of the banks, the liquidity ratio is required to 80% for the foreign currency assets/liabilities and 100% for the total assets at minimum. The liquidity ratios for 2010 and 2009 are as follows:

Current Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	590.41	458.90	285.73	204.77
Maximum (%)	718.37	573.02	362.97	228.54
Minimum (%)	446.74	381.04	259.59	182.13

Prior Period	First Maturity Segment (Weekly)		Second Maturity Segment (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	673.49	409.50	290.14	194.86
Maximum (%)	789.44	565.76	323.11	233.08
Minimum (%)	520.49	316.79	265.53	168.23

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

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

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

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

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

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### Presentation of liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (1) (2)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	10,316,198	4,155	2,232	-	-	-	-	10,322,585
Banks	955,644	3,335,426	9,726	181,594	-	-	-	4,482,390
Financial Assets at Fair Value through Profit and Loss	-	183,334	2,510	24,351	25,815	11,011	-	247,021
Money Market Placements	4,139	18,915	-	-	-	-	-	23,054
Financial Assets Available-for-Sale	-	830,390	1,262,668	4,277,277	21,732,610	11,597,007	164,987	39,864,939
Loans Given	-	2,334,110	4,444,984	24,046,998	24,627,446	2,792,872	286,315	58,532,725
Investments Held-to-Maturity	-	6,067,885	313,295	2,992,866	21,946,668	5,135,439	-	36,456,153
Other Assets	473,572	965	6,092	23,526	236,843	76,212	1,434,999	2,252,209
<b>Total Assets</b>	<b>11,749,553</b>	<b>12,775,180</b>	<b>6,041,507</b>	<b>31,546,612</b>	<b>68,569,382</b>	<b>19,612,541</b>	<b>1,886,301</b>	<b>152,181,076</b>
<b>Liabilities</b>								
Interbank Deposits	57,224	2,349,849	13,499	-	-	-	-	2,420,572
Other Deposits	19,323,498	81,728,613	16,179,636	6,309,738	169,989	783	-	123,712,257
Funds Provided from Other Financial Instruments	-	2,027	-	92,311	7,584	61,795	-	163,717
Money Market Borrowings	-	5,024,088	-	-	-	-	-	5,024,088
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	487,893	220,501	3,654	440	-	-	48	712,536
Other Liabilities <sup>(3)</sup>	946,432	513,623	269,264	42,844	3,182,711	601,601	14,591,431	20,147,906
<b>Total Liabilities</b>	<b>20,815,047</b>	<b>89,838,701</b>	<b>16,466,053</b>	<b>6,445,333</b>	<b>3,360,284</b>	<b>664,179</b>	<b>14,591,479</b>	<b>152,181,076</b>
<b>Liquidity Gap</b>	<b>(9,065,494)</b>	<b>(77,063,521)</b>	<b>(10,424,546)</b>	<b>25,101,279</b>	<b>65,209,098</b>	<b>18,948,362</b>	<b>(12,705,178)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	11,118,549	8,152,629	6,530,295	28,320,369	59,576,377	8,723,930	2,138,664	124,560,813
Total Liabilities	16,544,721	75,416,309	12,157,943	5,333,606	3,018,294	31	12,089,909	124,560,813
<b>Liquidity Gap</b>	<b>(5,426,172)</b>	<b>(67,263,680)</b>	<b>(5,627,648)</b>	<b>22,986,763</b>	<b>56,558,083</b>	<b>8,723,899</b>	<b>(9,951,245)</b>	<b>-</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Deferred tax asset is included under the "Undistributed" column.

<sup>(3)</sup> TL3,180,350 of the funds balance, whose risk is not borne by the Parent Bank, is included in other liabilities and shown under the "1-5 year" column, fund balance amounted to TL345,108 is not granted as loan and is included under "Up to One Month" column.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### Presentation of liabilities according to their remaining maturities:

Current Period <sup>(1)</sup>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank Deposits	2,408,588	13,462	-	-	34,955	2,457,005
Other Deposits	101,269,809	16,373,349	6,430,988	179,491	783	124,254,420
Funds borrowed from other financial institutions	2,013	-	102,506	7,913	61,588	174,020
Funds borrowed from Interbank money market	5,026,573	-	-	-	-	5,026,573
<b>Total</b>	<b>108,706,983</b>	<b>16,386,811</b>	<b>6,533,494</b>	<b>187,404</b>	<b>97,326</b>	<b>131,912,018</b>
<b>Prior Period<sup>(1)</sup></b>						
Bank Deposits	591,454	4,921	-	-	-	596,375
Other Deposits	80,796,763	12,295,285	5,210,604	47,005	-	98,349,657
Funds borrowed from other financial institutions	8,024	7,021	6,733	675	31	22,484
Funds borrowed from Interbank money market	9,152,596	-	-	-	-	9,152,596
<b>Total</b>	<b>90,548,837</b>	<b>12,307,227</b>	<b>5,217,337</b>	<b>47,680</b>	<b>31</b>	<b>108,121,112</b>

<sup>(1)</sup> Amounts related with the fund balances are not included in the table since decomposition on the basis of their remaining maturities could not be performed.

### VIII. EXPLANATIONS ON OPERATING SEGMENTS

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

The Group has operations in retail banking, corporate and commercial banking, agricultural banking, treasury transactions and international banking areas.

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

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

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

Treasury Transactions are conducted by the Fund Management and Fund Management Middle Office Departments. The Parent Bank's purchase and sale transactions of foreign exchange and marketable security are performed and Turkish Lira and foreign currency are provided due to the requirements of the Parent Bank by the aforementioned units by means of evaluating the liquidity position of the Parent Bank at national and international organized and over the counter markets.

By foregoing departments, the Parent Bank's liquidity is used for Turkish Lira, foreign exchange and securities transactions in local and international organized and over-the-counter markets, and enables sources of funds in Turkish Lira and foreign currencies according to the needs of the Parent Bank. The Parent Bank acts as an intermediary for transaction of securities and Eurobonds by the related departments, for transaction of shares and public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of investment funds founded by the Parent Bank and Ziraat Yatırım Menkul Değerler A.Ş. and keeps records of these financial instruments and the Parent Bank performs repo/reverse repo transactions. Besides the Parent Bank performs derivative transactions which are accounted as held for trading. As financial derivative transactions, the Parent Bank performs foreign currency forward agreements and currency swap transactions. Investment banking transactions have been developed more with the portfolio management services supplied by the investment consultants and group portfolio management and brokers.

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



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

Operations abroad include the banking operations of the Group in Germany, Bosnia, Kazakhstan, Macedonia and Russia.

As of 31 December 2010, explanations on segment reporting as shown below are in line with Communiqué on "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures".

### Table for Segment Reporting:

	Retail Banking	Commercial and SME Banking <sup>(1)</sup>	Specialized Banking <sup>(2)</sup>	Investment Banking	International Banking	Foreign Operations	Consolidation Adjustments	Total Operations of the Group
<b>Current Period</b>								
Total Operating Income/ Expense <sup>(3)</sup>	2,540,491	552,816	811,026	3,683,389	31,525	65,171	(44,737)	<b>7,639,681</b>
Net Operating Profit	1,270,227	358,416	524,149	2,373,259	20,369	6,441	(17,292)	<b>4,535,569</b>
Income from Subsidiaries <sup>(4)</sup>	-	-	-	-	-	-	-	<b>25,218</b>
Income Before Taxes	-	-	-	-	-	-	-	<b>4,542,204</b>
Tax Provision	-	-	-	-	-	-	-	<b>(779,636)</b>
<b>Net Profit for the Period</b>	-	-	-	-	-	-	-	<b>3,762,568</b>
Segment Assets-net <sup>(3)</sup>	25,427,301	15,674,203	16,685,924	89,202,577	2,634,472	1,824,303	(1,176,497)	<b>150,272,283</b>
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	-	-	<b>85,306</b>
Undistributed Assets <sup>(5)</sup>	-	-	-	-	-	-	-	<b>1,823,487</b>
<b>Total Assets</b>	-	-	-	-	-	-	-	<b>152,181,076</b>
Segment Liabilities - net <sup>(3)</sup>	21,283,067	13,067,593	17,770,987	79,567,149	2,642,211	1,307,963	(950,995)	<b>134,687,975</b>
Undistributed Liabilities <sup>(5)</sup>	-	-	-	-	-	-	-	<b>3,904,168</b>
Shareholders' Equity	-	-	-	-	-	-	-	<b>13,588,933</b>
<b>Total Liabilities</b>	-	-	-	-	-	-	-	<b>152,181,076</b>
<b>Other Segment Items</b>								
Capital Investment	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	<b>56,571</b>
Restructuring Costs	-	-	-	-	-	-	-	-

<sup>(1)</sup> Commercial and SME Banking column shows the Group's commercial and SME loans with interest and commission income related to these loans.

<sup>(2)</sup> Current period for Specialized Banking column shows agricultural loans with interest and commission income related to these loans.

<sup>(3)</sup> For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.

<sup>(4)</sup> "Dividend income", a part of operating income of the Parent Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed between segments.

<sup>(5)</sup> The total of tangible and intangible assets, tax asset and assets held for sale is shown in "Undistributed Assets" row, whereas the total of borrowings, miscellaneous payables, other liabilities, finance lease payables, provisions and tax liability is shown in "Undistributed Liabilities" row.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

	Retail Banking	Commercial and Corporate Banking <sup>(1)</sup>	Specialized Banking <sup>(2)</sup>	Treasury	International Banking	Total Operations of the Parent Bank
<b>Prior Period</b>						
Total Operating Income/Expense <sup>(3)</sup>	2,624,740	449,741	1,376,231	2,444,300	45,752	<b>6,940,764</b>
Net Operating Profit	349,171	315,484	1,376,231	2,357,635	14,454	<b>4,413,521</b>
Income from Subsidiaries <sup>(4)</sup>	-	-	-	-	-	<b>42,020</b>
Income Before Taxes	-	-	-	-	-	<b>4,431,770</b>
Tax Provision	-	-	-	-	-	<b>(905,780)</b>
<b>Net Profit for the Period</b>	-	-	-	-	-	<b>3,525,990</b>
Segment Assets-net <sup>(3)</sup>	18,442,392	6,576,354	10,791,604	84,002,161	2,811,792	<b>122,624,303</b>
Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	-	-	-	-	-	<b>747,433</b>
Undistributed Assets <sup>(5)</sup>	-	-	-	-	-	<b>1,189,077</b>
<b>Total Assets</b>	-	-	-	-	-	<b>124,560,813</b>
Segment Liabilities - net <sup>(3)</sup>	72,202,307	24,267,847	3,245,391	9,588,491	2,778,583	<b>112,082,619</b>
Undistributed Liabilities <sup>(5)</sup>	-	-	-	-	-	<b>2,091,786</b>
Shareholders' Equity	-	-	-	-	-	<b>10,386,408</b>
<b>Total Liabilities</b>	-	-	-	-	-	<b>124,560,813</b>
<b>Other Segment Items</b>						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	<b>50,298</b>
Restructuring Costs	-	-	-	-	-	-

<sup>(1)</sup> Commercial and corporate banking column includes results of operations and total assets and liabilities of 4 corporate and 28 commercial branches of the Parent Bank. Since any commercial and corporate banking operations in other branches could not be distributed; they are not included in this column.

<sup>(2)</sup> Real estate loans transferred from Emlak Bank and agricultural loans, liabilities regarding these loans and operating income related with them are included in "Specialized Banking" column. Besides, income from specialized banking operations are presented at "Specialized Banking" column and since the Parent Bank's deposit interest expense from related operations cannot be decomposed; these amounts are presented in operating profit row within "Retail Banking" column. Furthermore, since the operating expense related with "Specialized Banking" cannot be separated, it is presented in "Retail Banking" column.

<sup>(3)</sup> For the presentation of operating income, intradepartmental interest charged between branches and Treasury is considered in order to present operations of related departments accurately. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they could not be reported separately.

<sup>(4)</sup> "Dividend income", a part of operating income of the Parent Bank, is included in the "Income from Subsidiaries" row since it could not be decomposed between segments.

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### IX. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES

#### a) Information regarding the fair value of financial assets and liabilities:

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>139,359,261</b>	<b>112,647,793</b>	<b>140,101,946</b>	<b>114,107,817</b>
Due from Interbank Money Market	23,054	-	23,054	-
Banks	4,482,390	5,429,609	4,482,390	5,429,609
Available-for-sale Financial Assets	39,864,939	25,649,821	39,864,939	25,649,821
Held-to-maturity Investments	36,456,153	44,843,796	37,198,630	46,303,820
Loans	58,532,725	36,724,567	58,532,933	36,724,567
<b>Financial Liabilities</b>	<b>127,007,742</b>	<b>99,078,255</b>	<b>127,007,742</b>	<b>99,078,255</b>
Bank Deposits	2,420,572	596,362	2,420,572	596,362
Other Deposits	123,712,257	97,933,105	123,712,257	97,933,105
Funds Borrowed from Other Financial Institutions	162,377	21,163	162,377	21,163
Issued Marketable Securities	-	-	-	-
Miscellaneous Payables	712,537	527,625	712,537	527,625

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

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

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

The fair value of loans and other deposits are determined by adding the cost and the interest income/expense rediscunts.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### b) Information on fair value measurements recognized in the financial statements:

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related footnotes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Parent Bank's balance sheet, are presented with respect to such basis of classification in the table below:

Current Period	Level 1	Level 2	Level 3	Total
<b>Financial Assets at Fair Value Through Profit or (Loss) (Net)</b>	<b>216,861</b>	<b>30,158</b>	<b>2</b>	<b>247,021</b>
Government Debt Securities	216,861	-	-	216,861
Share Certificates	-	-	2	2
Trading Derivative Financial Assets	-	30,158	-	30,158
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	-	-	-
<b>Available-for-Sale Financial Assets (Net)</b>	<b>39,711,231</b>	<b>101,415</b>	<b>35,205</b>	<b>39,847,850</b>
Equity Securities <sup>(1)</sup>	47,415	100,411	73	147,899
Government Debt Securities	39,418,140	-	35,132	39,453,272
Other Marketable Securities	245,676	1,004	-	246,679
<b>Total Assets</b>	<b>39,928,093</b>	<b>131,573</b>	<b>35,207</b>	<b>40,094,872</b>
Trading Derivative Financial Liabilities	-	5,599	-	5,599
Hedging Derivative Financial Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>5,599</b>	<b>-</b>	<b>5,599</b>

<sup>(1)</sup> Since equity securities under the heading of 3rd Level of financial assets available for sale amounting to TL17,089 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

Prior Period	Level 1	Level 2	Level 3	Total
<b>Financial Assets at Fair Value Through Profit or (Loss) (Net)</b>	<b>493,198</b>	<b>1,046</b>	<b>-</b>	<b>494,244</b>
Government Debt Securities	493,198	-	-	493,198
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	1,045	-	1,045
Hedging Derivative Financial Assets	-	-	-	-
Other Marketable Securities	-	1	-	1
<b>Available-for-Sale Financial Assets (Net)</b>	<b>25,302,040</b>	<b>-</b>	<b>323,747</b>	<b>25,625,787</b>
Equity Securities <sup>(2)</sup>	-	-	-	-
Government Debt Securities <sup>(1)</sup>	25,302,040	-	323,747	25,625,787
Other Marketable Securities	-	-	-	-
<b>Total Assets</b>	<b>25,795,238</b>	<b>1,046</b>	<b>323,747</b>	<b>26,120,031</b>
Trading Derivative Financial Liabilities	-	286	-	286
Hedging Derivative Financial Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>286</b>	<b>-</b>	<b>286</b>

<sup>(1)</sup> The fair values of debt securities classified under 3rd Level are determined with the internal rate of return method.

<sup>(2)</sup> Since equity securities under the heading of financial assets available for sale TL24,034 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

**X. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES****1. Transaction, Custody, Management and Consultancy Services of the Parent Bank on behalf of Third Parties:**

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

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

The Parent Bank has no fiduciary transactions.

**SECTION FIVE****EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS****I. EXPLANATIONS AND NOTES RELATED TO ASSETS****1. a) Information on Cash and Balances with Central Bank of the Republic of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,081,166	234,490	864,420	165,324
Central Bank of the Republic of Turkey	6,573,935	2,399,955	6,503,974	1,636,220
Other	-	33,039	-	4,324
<b>Total</b>	<b>7,655,101</b>	<b>2,667,484</b>	<b>7,368,394</b>	<b>1,805,868</b>

**1. a.1) Information on Required Reserves:**

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to the Central Bank of the Republic of Turkey's Communiqué numbered 2005/1 "Required Reserves". The Bank's total domestic liabilities excluding the items stated in the Communiqué as deductibles and the deposits accepted on behalf of foreign branches from Turkey constitutes the required reserves liabilities.

The required reserve ratios are 6% for TL liabilities (2009: 5%) and 11% for foreign currency liabilities in USD or EURO (2009: 9%). As of 31 December 2010, the Central Bank of the Republic of Turkey does not accrue interest for required reserves (2009: 5.20%, No interest rate applied for FX required reserves).

As of 31 December 2010, the reserve requirement of the Group is total of TL9,006,929 including Central Banks abroad.

**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	6,549,245	-	6,484,581	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves <sup>(1)</sup>	24,690	2,399,955	19,393	1,636,220
<b>Total</b>	<b>6,573,935</b>	<b>2,399,955</b>	<b>6,503,974</b>	<b>1,636,220</b>

<sup>(1)</sup> Required reserve of branches abroad amounting to TL30,582 is presented in this line (2009: TL23,553).

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Securities	3,067	-	1	-
Other	-	-	-	-
<b>Total</b>	<b>3,067</b>	<b>-</b>	<b>1</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Assets Held-for-Trading				
Forward Transactions	253	21	133	10
Swap Transactions	27,435	2,449	-	902
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>27,688</b>	<b>2,470</b>	<b>133</b>	<b>912</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	501	1,218,748	-	1,621
Foreign Banks	44,514	3,218,627	6,695	5,421,293
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>45,015</b>	<b>4,437,375</b>	<b>6,695</b>	<b>5,422,914</b>

### b) Information on foreign banks accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	2,211,751	3,629,866	-	-
USA, Canada	826,223	1,607,006	-	-
OECD Countries <sup>(1)</sup>	89,217	152,664	-	-
Off-shore Banking Regions	-	-	-	-
Other	107,589	38,452	28,362	-
<b>Total</b>	<b>3,234,780</b>	<b>5,427,988</b>	<b>28,362</b>	<b>-</b>

<sup>(1)</sup> OECD countries except EU countries, USA and Canada.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	31,227	1,510,535
<b>Total</b>	<b>31,227</b>	<b>1,510,535</b>

**b) Information on financial assets available for sale:**

	Current Period	Prior Period
Debt Securities	39,710,655	25,625,885
Quoted in Stock Exchange	39,674,520	25,302,138
Not Quoted in Stock Exchange	36,135	323,747
Share Certificates	165,581	24,647
Quoted in Stock Exchange	47,519	-
Not Quoted	118,062	24,647
Provision for Impairment (-)	11,297	711
<b>Total</b>	<b>39,864,939</b>	<b>25,649,821</b>

**5. Information related to loans:****a) Information on all types of loans and advances given to shareholders and employees of the Group:**

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	-	<b>2,165</b>	-	-
Legal Entities	-	2,165	-	-
Individuals	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	<b>3,360</b>	-	-
<b>Loans Granted to Employees</b>	<b>212,820</b>	<b>2</b>	<b>173,736</b>	-
<b>Total</b>	<b>212,820</b>	<b>5,527</b>	<b>173,736</b>	-

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Cash Loans</b>				
<b>Non-Specialized Loans</b>	38,559,353	442,810	2,651,144	139,498
Discount Notes	4,813	-	-	-
Export Loans	1,697,104	-	1,982	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,898,580	-	29	-
International Loans	786,281	5,255	2,688	-
Consumer Loans	19,957,308	1,753	2,160,917	31,491
Credit Cards	1,132,197	1,488	63,467	-
Precious Metals Loans	-	-	-	-
Other <sup>(1)</sup>	13,083,070	434,314	422,061	108,007
<b>Specialized Lending</b>	<b>14,560,571</b>	<b>28,109</b>	<b>679,724</b>	<b>261,634</b>
<b>Other Receivables</b>	-	-	-	-
<b>Interest Income Accruals <sup>(2)</sup></b>	<b>923,566</b>	-	-	-
<b>Total</b>	<b>54,043,490</b>	<b>470,919</b>	<b>3,330,868</b>	<b>401,132</b>

<sup>(1)</sup> Since restructured loans in standard loans and other receivables amounting to TL368,356 cannot be decomposed, it is shown in Restructured or Rescheduled column.

<sup>(2)</sup> Interest income accruals of restructured standard loans and other receivables and those under close monitoring cannot be decomposed from existing data processing system.

### c) Loans according to maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled <sup>(1)</sup>	Loans and Other Receivables <sup>(1)</sup>	Restructured or Rescheduled <sup>(1)</sup>
<b>Short-term Loans</b>	18,307,319	30,442	566,754	147,720
Non-specialized Loans	10,398,744	8,596	228,251	3,560
Specialized Loans	7,908,575	21,846	338,503	144,160
Other Receivables	-	-	-	-
<b>Medium and Long-term Loans and Other Receivables</b>	35,736,171	440,477	2,764,114	253,412
Non-specialized Loans <sup>(2)</sup>	28,462,981	434,214	2,422,893	135,938
Specialized Loans	7,273,190	6,263	341,221	117,474
Other Receivables	-	-	-	-

<sup>(1)</sup> Decomposition of rediscount of restructured or rescheduled loans and loans and other receivables under close monitoring could not be obtained from existing data processing system.

<sup>(2)</sup> Non-specialized loans include restructured or rescheduled loans amounting to TL368,356 whose maturity cannot be decomposed.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	523,659	21,409,424	21,933,083
Real Estate Loans	2,895	7,008,346	7,011,241
Vehicle Loans	2,855	233,969	236,824
Consumer Loans	514,603	14,023,970	14,538,573
Abroad <sup>(2)</sup>	3,306	143,139	146,445
Other	-	-	-
Consumer Loans- Indexed to FC	-	26	26
Real Estate Loans	-	26	26
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	8,047	73,745	81,792
Real Estate Loans	-	3,060	3,060
Vehicle Loans	-	-	-
Consumer Loans	8,047	70,685	78,732
Other	-	-	-
Individual Credit Cards-TL	1,117,290	-	1,117,290
With Installment	293,500	-	293,500
Without Installment	823,790	-	823,790
Individual Credit Cards-FC	20,382	-	20,382
With Installment	18,974	-	18,974
Without Installment	1,408	-	1,408
Personnel Loans-TL	15,788	138,960	154,748
Real Estate Loans	-	943	943
Vehicle Loans	-	-	-
Consumer Loans	4,776	137,263	142,039
Abroad <sup>(2)</sup>	45	754	799
Other	10,967	-	10,967
Personnel Loans-Indexed to FC	52	310	362
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	52	310	362
Other	-	-	-
Personnel Loans-FC	554	2,123	2,677
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	554	2,123	2,677
Other	-	-	-
Personnel Credit Cards-TL	52,259	-	52,259
With Installment	17,406	-	17,406
Without Installment	34,853	-	34,853
Personnel Credit Cards-FC	269	-	269
With Installment	192	-	192
Without Installment	77	-	77
Overdraft Accounts-TL (Real Person)	205,425	-	205,425
Overdraft Accounts-FC (Real Person)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>1,943,725</b>	<b>21,624,588</b>	<b>23,568,313</b>

(1) TL189,981 of interest income accrual could not be decomposed therefore accruals are not included in the table above.

(2) TL799 of consumer loans used by the personnel abroad and TL146,445 of consumer loans have been shown under "International Loans" of 5-b Table.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	108,826	3,039,455	3,148,281
Business Loans	605	156,427	157,032
Vehicle Loans	3,906	149,664	153,570
Consumer Loans	94,018	2,473,224	2,567,242
Other	10,297	260,140	270,437
Commercial Installment Loans- Indexed to FC	8,653	7,789	16,442
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	8,653	7,789	16,442
Commercial Installment Loans - FC	706	28,584	29,290
Business Loans	-	114	114
Vehicle Loans	-	-	-
Consumer Loans	-	1,524	1,524
Other	706	26,946	27,652
Corporate Credit Cards-TL	26,053	-	26,053
With Installment	82	-	82
Without Installment	25,971	-	25,971
Corporate Credit Cards-FC	359	-	359
With Installment	-	-	-
Without Installment	359	-	359
Overdraft Account-TL (Legal Entity)	8,041	-	8,041
Overdraft Account-FC (Legal Entity)	34	-	34
<b>Total <sup>(1)</sup></b>	<b>152,672</b>	<b>3,075,828</b>	<b>3,228,500</b>

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

### f) Loans according to types of borrowers:

	Current Period	Prior Period
Public	1,336,305	1,038,517
Private	55,986,538	34,753,196
Interest Income Accruals of Loans	923,566	760,779
<b>Total</b>	<b>58,246,409</b>	<b>36,552,492</b>

### g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic Loans	56,528,619	35,545,352
Foreign Loans	794,224	246,361
Interest Income Accruals of Loans	923,566	760,779
<b>Total</b>	<b>58,246,409</b>	<b>36,552,492</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### h) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	-	35,001
Indirect loans granted to subsidiaries and investments	-	-
<b>Total <sup>(1)</sup></b>	<b>-</b>	<b>35,001</b>

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

### i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	16,529	79,800
Loans and other receivables with doubtful collectability	107,410	208,221
Uncollectible loans and other receivables	463,374	394,813
<b>Total</b>	<b>587,313</b>	<b>682,834</b>

### j) Information on non-performing receivables (net):

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

	Group III: Loans and receivables with limited collectability	Group IV: Loans and receivables with doubtful collectability	Group V: Uncollectible loans and receivables
<b>Current period</b>			
<b>(Gross amounts before the specific provisions)</b>	<b>7,855</b>	<b>11,087</b>	<b>38,965</b>
Loans and other receivables which are restructured	7,855	11,087	38,965
Rescheduled loans and other receivables	-	-	-
<b>Prior period</b>			
<b>(Gross amounts before the specific provisions)</b>	<b>4,973</b>	<b>24,124</b>	<b>46,116</b>
Loans and other receivables which are restructured	4,973	24,124	46,116
Rescheduled loans and other receivables	-	-	-

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 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
<b>Prior Period Ending Balance</b>	<b>82,742</b>	<b>235,689</b>	<b>536,478</b>
Addition to Scope of Consolidation	12,003	2,372	15,737
Additions (+)	415,473	89,512	142,565
Transfers from other Categories of Loans under Follow-Up (+)	-	252,861	261,946
Transfers to other categories of Loans under Follow-Up (-)	252,933	261,946	-
Collections (-) <sup>(1)</sup>	173,658	146,694	329,130
Write-offs (-)	-	733	8,655
Corporate and Commercial Loans	-	733	6,595
Retail Loans	-	-	2,060
Credit Cards	-	-	-
Other	-	-	-
<b>Current Period End Balance <sup>(2)</sup></b>	<b>83,627</b>	<b>171,061</b>	<b>618,941</b>
Specific Provision (-)	16,529	107,410	463,374
<b>Net Balance on Balance Sheet <sup>(2)</sup></b>	<b>67,098</b>	<b>63,651</b>	<b>155,567</b>

<sup>(1)</sup> The restructured and rescheduled loans are included on the stated sum.

<sup>(2)</sup> Includes fund sourced loans amounting to TL169,151; provision is not provided for such loans as their risk do not belong to the Bank.

### 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
<b>Current Period:</b>			
<b>Period Ending Balance</b>	<b>6,855</b>	<b>9,483</b>	<b>12,545</b>
Specific Provision (-)	(1,799)	(10,360)	(12,511)
Net Balance on Balance Sheet	5,056	(877)	34
<b>Prior Period:</b>			
<b>Period Ending Balance</b>	<b>220</b>	<b>4,261</b>	<b>5,113</b>
Specific Provision (-)	220	4,261	5,113
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

## 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
<b>Current Period (Net)</b>	<b>67,098</b>	<b>63,651</b>	<b>155,567</b>
Loans to Real Persons and Legal Entities (Gross)	83,627	123,507	618,941
Specific Provisions (-)	16,529	59,856	463,374
Loans to Real Persons and Legal Entities (Net)	67,098	63,651	155,567
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	47,554	-
Specific Provisions (-)	-	47,554	-
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>2,942</b>	<b>27,468</b>	<b>141,665</b>
Loans to Real Persons and Legal Entities (Gross)	82,742	190,877	536,478
Specific Provisions (-)	79,800	163,409	394,813
Loans to Real Persons and Legal Entities (Net)	2,942	27,468	141,665
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	44,812	-
Specific Provisions (-)	-	44,812	-
Other Loans and Receivables (Net)	-	-	-

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

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

## l) Explanations on write-off policy:

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### m) Other explanations and disclosures:

Current Period	Commercial <sup>(2)</sup>	SME	Retail <sup>(1)</sup>	Agricultural <sup>(1)</sup>	Total
Neither Past Due nor Impaired Loans	11,089,773	5,385,264	22,660,393	15,378,980	54,514,410
Past Due but not Impaired Loans	532,971	-	2,257,671	941,358	3,732,000
Impaired Loans	105,186	151,382	237,423	379,637	873,628
<b>Total</b>	<b>11,727,930</b>	<b>5,536,646</b>	<b>25,155,487</b>	<b>16,699,975</b>	<b>59,120,038</b>
Specific Provisions of Impaired Loans (-)	103,265	128,096	192,957	162,995	587,313
<b>Net Loan Amount</b>	<b>11,624,664</b>	<b>5,408,550</b>	<b>24,962,530</b>	<b>16,536,981</b>	<b>58,532,725</b>

<sup>(1)</sup> TL1,153,742 retail, TL2,093,805 agricultural, and TL168 commercial fund sourced loans whose risk does not belong to the Parent Bank, are shown under the Neither Past Due nor Impaired Loans.

<sup>(2)</sup> Because the overdue but non-impaired commercial and SME loans could not be decomposed, the whole amount has been shown under the Commercial column.

Prior Period	Commercial <sup>(2)</sup>	SME	Retail <sup>(1)</sup>	Agricultural <sup>(1)</sup>	Total
Neither Past Due nor Impaired	5,402,731	2,819,836	18,148,580	9,875,401	36,246,548
Past Due but not Impaired Loans <sup>(3)</sup>	101,846	-	57,731	146,367	305,944
Impaired Loans	101,037	180,606	219,472	353,794	854,909
<b>Total</b>	<b>5,605,614</b>	<b>3,000,442</b>	<b>18,425,783</b>	<b>10,375,562</b>	<b>37,407,401</b>
Specific Provisions of Impaired Loans (-)	101,037	180,606	219,472	181,719	682,834
<b>Net Loan Amount</b>	<b>5,504,577</b>	<b>2,819,836</b>	<b>18,206,311</b>	<b>10,193,843</b>	<b>36,724,567</b>

<sup>(1)</sup> TL1,185,045 retail, TL1,788,499 agricultural, and TL180 commercial fund sourced loans whose risk does not belong to the Parent Bank, are shown under the Neither Past Due nor Impaired Loans.

<sup>(2)</sup> Because the overdue but non-impaired commercial and SME loans could not be decomposed, the whole amount has been shown under the Commercial column.

<sup>(3)</sup> Amounts for overdue but non-impaired loans are overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans are equal to TL1,638,431.

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

Current Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables <sup>(1)</sup>					
Commercial Loans	66,055	17,093	8,160	-	91,308
Consumer Loans	79,316	16,506	5,688	-	101,510
Agricultural Loans	92,361	49,564	4,442	-	146,367
<b>Total</b>	<b>237,732</b>	<b>83,163</b>	<b>18,290</b>	<b>-</b>	<b>339,185</b>

<sup>(1)</sup> The amounts at the table are the total of the overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans which are equal to TL3,392,815.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

Prior Period	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Loans and Receivables <sup>(1)</sup>					
Commercial Loans	61,869	22,732	17,245	-	101,846
Retail Loans	37,772	14,159	5,800	-	57,731
Agricultural Loans	92,361	49,564	4,442	-	146,367
<b>Total</b>	<b>192,002</b>	<b>86,455</b>	<b>27,487</b>	<b>-</b>	<b>305,944</b>

<sup>(1)</sup> The amounts at the table are the total of the overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans which are equal to TL1,638,431.

**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	4,960,309	-	8,972,397	-
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>4,960,309</b>	<b>-</b>	<b>8,972,397</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	5,301,398	-	4,980,076	655,865
Other	-	-	-	-
<b>Total</b>	<b>5,301,398</b>	<b>-</b>	<b>4,980,076</b>	<b>655,865</b>

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

	Current Period	Prior Period
Government Bonds	36,388,471	44,838,854
Treasury Bills	40,618	-
Other Public Sector Debt Securities	-	-
<b>Total</b>	<b>36,429,089</b>	<b>44,838,854</b>

**c) Information on held-to-maturity investments:**

	Current Period	Prior Period
Debt securities	36,456,153	44,843,796
Quoted in a Stock Exchange	34,125,948	38,954,254
Not Quoted in a Stock Exchange	2,330,205	5,889,542
Provision for Impairment (-)	-	-
<b>Total</b>	<b>36,456,153</b>	<b>44,843,796</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### d) Movements of held-to-maturity investments:

	Current Period	Prior Period
<b>Beginning Balance</b>	<b>44,843,796</b>	<b>48,787,200</b>
Addition to Scope of Consolidation	75,656	-
Foreign Currency Differences on Monetary Assets	(17,236)	(64,785)
Purchases During the Year	1,559,127	8,799,714
Disposals through Sales and Redemptions	(10,005,190)	(12,678,333)
Provision for Impairment (-)	-	-
<b>Period End Balance</b>	<b>36,456,153</b>	<b>44,843,796</b>

Within the year 2008, the Parent Bank has reclassified securities previously classified in available for sale portfolio with nominal values of TL23,630,115, EUR717,616 thousand and USD1,483,317 thousand to held-to-maturity portfolio with fair values of TL22,971,669, EUR702,950 thousand and USD1,562,742 thousand respectively which have been taken into consideration as book values after reclassification. The Bank has also reclassified securities previously classified in financial assets at fair value through profit and loss portfolio with nominal values of EUR37,951 thousand and USD45,501 thousand to held-to-maturity portfolio with fair values of EUR37,178 thousand and USD62,311 thousand respectively which have been taken into consideration as book values after reclassification in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" published in the Official Gazette No. 27040 dated 31 October 2008 by TASB.

Revaluation differences of reclassified available for sale securities before deferred tax are TL68,984, EURO(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, positive revaluation difference, which is accounted under shareholders' equity, is TL1,228, negative revaluation differences which are accounted under shareholders' equity are USD14,378 thousand and EUR15,012 thousand respectively.

As of balance sheet date, the total fair values of reclassified held for trading securities to held to maturity securities are EUR42,193 thousand and USD72,890 thousand respectively.

If reclassified held for trading securities had not been reclassified, income accrual equal to TL28,054 would have been recorded. As of 31 December 2010, the reclassification from held for trading securities to held-to-maturity investments has an income impact equal to TL(21,553).

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

#### a) 1) Information about unconsolidated associates:

Description	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1 Bankalararası Kart Merkezi A.Ş.	İstanbul/Turkey	12.50	17.98
2 Kredi Kayıt Bürosu A.Ş.	İstanbul/Turkey	11.11	9.09
3 Gelişen Bilgi Teknolojileri A.Ş.	İstanbul/Turkey	20.00	5.05

	Total Assets <sup>(2)</sup>	Shareholders' Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)(3)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit/Loss <sup>(2)</sup>	Prior Period Profit/Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	21,011	15,865	6,792	912	-	1,465	1,067	-
2	44,767	36,805	1,998	2,322	-	14,132	9,103	-
3	433	431	-	490	-	356	747	-

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

<sup>(2)</sup> Current period information of associates has been provided from audited financial statements as of 31 December 2010. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2009.

<sup>(3)</sup> Total non-current assets include property and equipment.

<sup>(4)</sup> Trade name of Gelişen İşletme Piyasaları A.Ş. has been changed as Gelişen Bilgi Teknolojileri A.Ş. through changing the articles of association of the Company at the General Assembly on 5 April 2010.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

## b) 1) Explanation regarding consolidated associates:

Description	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1 Arap Türk Bankası A.Ş.	Istanbul/Turkey	20.00	15.43

	Total Assets <sup>(2)</sup>	Shareholders' Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit/Loss <sup>(2)</sup>	Prior Period Profit/Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	1,140,559	305,882	23,951	25,257	22,299	23,669	24,985	-

<sup>(1)</sup> Since shares of Arap Türk Bankası A.Ş. are not traded in the stock market, fair values cannot be identified.<sup>(2)</sup> Current period information of Arap Türk Bankası A.Ş. has been provided from audited financial statements as of 31 December 2010. Prior period profit/loss information of Arap Türk Bankası A.Ş. has been provided from audited financial statements as of 31 December 2009.

As of 31 December 2010, the Parent Bank included Arap Türk Bankası A.Ş. in scope of consolidation. Since the Parent Bank did not have a significant control in Axa Sigorta A.Ş., it is excluded from scope of consolidation and classified in Available for Sale Assets as of 31 December 2010.

## 2) Information about consolidated associates:

	Current Period	Prior Period
<b>Beginning Balance</b>	<b>106,428</b>	<b>87,702</b>
<b>Movement During the Period</b>	<b>(59,230)</b>	<b>18,726</b>
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	18,249
Addition to Scope of Consolidation <sup>(1)</sup>	47,198	-
Transfer <sup>(1)</sup>	(106,428)	-
Sales	-	-
Revaluation	-	3,691
Impairment Provision	-	(3,214)
<b>Ending Balance</b>	<b>47,198</b>	<b>106,428</b>
Capital Commitments	-	-
Period Ending Share of Capital Participation	-	-

<sup>(1)</sup> Axa Sigorta A.Ş. is classified under "Associates" in the prior period while it is classified under "Available for Sale Securities" in the current period; in addition Arap Türk Bankası A.Ş. has been added to the consolidation scope.

## 3) Sector information about consolidated associates:

	Current Period	Prior Period
Banks	47,198	-
Insurance Companies	-	106,428
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

## 4) Consolidated associates quoted to a stock exchange:

None (2009: None).

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

#### a) 1) Information about unconsolidated subsidiaries:

Description	Address (City/Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1 Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	İstanbul/Turkey	75.00	52.50
2 Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/Turkey	62.50	64.60

	Total Assets <sup>(2)</sup>	Shareholders' Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit/Loss <sup>(2)</sup>	Prior Period Profit/Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	20,267	11,607	2,340	216	2	5,993	2,888	-
2	8,205	4,225	104	202	51	344	311	-

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

<sup>(2)</sup> Current period information of subsidiaries has been provided from audited financial statements as of 31 December 2010. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2009.

#### b) 1) Information about consolidated subsidiaries:

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. <sup>(1)</sup>	İstanbul/Turkey	100.00	99.98
2 Ziraat Sigorta A.Ş. <sup>(1)</sup>	İstanbul/Turkey	100.00	99.98
3 Ziraat Finansal Kiralama A.Ş.	İstanbul/Turkey	100.00	50.01
4 Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100.00	62.00
5 Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	60.00	65.44
6 Ziraat Bank International A.G.	Frankfurt/Germany	100.00	100.00
7 Turkish Ziraat Bank Bosnia dd	Sarajevo/Bosnia Herzegovina	100.00	100.00
8 Ziraat Bank (Moscow) CJSC	Moscow/Russia	100.00	99.91
9 Kazakistan Ziraat Int. Bank	Almaty/Kazakhstan	100.00	97.62
10 Ziraat Banka Ad Skopje	Skopje/Macedonia	100.00	100.00

<sup>(1)</sup> The establishment phase of Ziraat Hayat Emeklilik A.Ş. and Ziraat Sigorta A.Ş. whose establishment processes started based on the decision of Board of Directors and whose articles of association were published at the Trade Registry Gazette dated 15 May 2009, has been completed. The capitals of the entities are TL20,000 and all the capitals have been paid. Both of the entities have started their operational activities during January 2010.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

	Total Assets <sup>(3)</sup>	Shareholders' Equity <sup>(3)</sup>	Total Non-Current Assets <sup>(3)</sup>	Interest Income <sup>(3)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit/Loss <sup>(3)</sup>	Prior Period Profit/Loss <sup>(3)</sup>	Fair Value <sup>(1)</sup>
1	437,162	68,427	216	21,873	-	48,521	(92)	-
2	112,596	33,034	366	3,809	-	13,738	(704)	-
3	392,423	111,049	204	29,615	(390)	15,408	13,086	-
4	71,482	60,802	816	5,437	1,489	8,989	12,959	-
5	8,576	8,325	17	678	18	1,909	1,783	-
6	1,417,100	315,364	1,716	29,970	5,654	1,696	4,420	323,328
7	183,711	71,723	7,556	9,562	701	97	910	48,632
8	71,006	41,470	3,024	3,916	101	1,105	1,241	43,477
9	113,614	62,995	7,906	6,000	594	1,003	46	68,070
10	94,263	37,973	2,953	4,637	1,443	1,865	2,040	37,469

<sup>(1)</sup> The subsidiaries that are not presented with fair value are carried at cost less impairment, since they are not traded in stock exchange and accordingly, fair value cannot be determined and they are carried at cost less impairment if any. For the subsidiaries having fair value, fair value amounts Ziraat Banks's portion.

<sup>(2)</sup> The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are representing the net sales.

<sup>(3)</sup> Information on subsidiaries shown in the above table has been provided from the financial statements which form the basis of the consolidated financial statements as of 31 December 2010, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2009.

### 2) Information about consolidated subsidiaries:

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	-	-
<b>Movements During the Period</b>	<b>629,955</b>	-
Additions to Scope of Consolidation <sup>(1)</sup>	629,955	-
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	-	-
Transfers to Available for Sale Assets	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>629,955</b>	-
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> According to the Communiqué Related to Making Amendments to Communiqué about Publicly Announced Financial Statements of Banks and Related Disclosures issued in the Official Gazette numbered 27824 dated 23 January 2011, the Parent Bank consolidates all of its financial subsidiaries as of 31 December 2010.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 3) Sectoral information on subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	520,975	-
Insurance Companies	39,984	-
Factoring Companies	-	-
Leasing Companies	49,860	-
Financing Companies	-	-
Other Financial Subsidiaries	19,136	-

### c) Subsidiaries which are quoted on a stock exchange::

None (2009: None)

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

Entities under Common Control (Joint Ventures) <sup>(1)</sup>	The Parent Bank's Share <sup>(2)</sup>	Group's Share	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	4,973	4,973	65,685	5,192	4,803	5,629	4,343
Uzbekistan- Turkish Bank	8,940	8,943	125,383	3,736	1,210	5,679	3,835
Azer Türk Bank ASC	11,115	12,083	66,737	51,555	624	17,112	15,010
<b>Total</b>	<b>25,028</b>	<b>25,999</b>	<b>257,805</b>	<b>60,483</b>	<b>6,637</b>	<b>28,420</b>	<b>23,188</b>

<sup>(1)</sup> Information on entities under joint control is provided from the audited financial statements as of 31 December 2010.

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

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

### 10. Information on finance lease receivables (net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	39,921	33,303	-	-
1-5 Years	280,383	233,901	-	-
More than 5 Years	91,358	76,212	-	-
<b>Total</b>	<b>411,662</b>	<b>343,416</b>	-	-

### 11. Information on derivative financial assets for hedging purposes:

None (2009: None).

### 12. Information on investment property:

None (2009: None).

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

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

The Parent Bank's immovable assets acquired in relation to its commercial receivables amount to TL15,463. Total depreciation expense is TL280 for these held for sale assets.

### 14. Explanations on property and equipment:

	Immovable Assets	Tangibles- Financial Leasing	Vehicles	Other Tangibles	Total
<b>Prior Period End:</b>					
Cost	1,341,623	53,062	28,393	418,048	1,841,126
Accumulated Depreciation (-)	588,712	42,811	20,492	373,097	1,025,112
<b>Net Book Value</b>	<b>752,911</b>	<b>10,251</b>	<b>7,901</b>	<b>44,951</b>	<b>816,014</b>
<b>Current Period End:</b>					
Net Book Value at the Beginning of the Period	752,911	10,251	7,901	44,951	816,014
Addition to Scope of Consolidation	17,738	-	907	6,358	25,003
Change During the Period (Net)	10,451	(156)	(3,750)	(217,165)	(210,620)
Depreciation – net (-)	18,443	4,084	(9,905)	(230,439)	(217,817)
Impairment	24	-	-	-	24
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-
Cost at Period End	1,370,685	52,906	26,155	225,088	1,674,834
Accumulated Depreciation at Period End (-)	(608,004)	(46,895)	(11,192)	(160,505)	(826,596)
<b>Closing Net Book Value</b>	<b>762,681</b>	<b>6,011</b>	<b>14,963</b>	<b>64,583</b>	<b>848,238</b>

### 15. Explanations on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	21,066	4,402	16,664	-	-	-
Establishment Costs	4,831	2,880	1,951	3,481	1,593	1,888
Goodwill	-	-	-	-	-	-
Intangible Rights	33,222	14,512	18,710	23,740	7,990	15,750
<b>Total</b>	<b>59,119</b>	<b>21,794</b>	<b>37,325</b>	<b>27,221</b>	<b>9,583</b>	<b>17,638</b>

### 16. Information on deferred tax asset:

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

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the financial statements.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

	Current Period	Prior Period
Deferred Tax Assets	317,557	351,874
Deferred Tax Liabilities	277	7,055
Net Deferred Tax Assets	317,280	344,819
Net Deferred Tax Income	51,793	279,274

	Current Period	Prior Period
Reserve for Employment Termination Benefits	22,649	85,800
Short Term Employee Benefits	97,940	22,720
Other Provisions	17,443	21,592
Valuation of Financial Assets	178,552	212,652
Other	696	2,055
<b>Net Deferred Tax Assets</b>	<b>317,280</b>	<b>344,819</b>

	Current Period	Prior Period
<b>As of 1 January</b>	<b>344,819</b>	<b>170,462</b>
Addition to Scope of Consolidation	1,283	-
Effect of Change in the Effective Tax Rate	-	-
Deferred Tax Income/(Expense)	51,793	279,274
<b>Deferred Tax Expenses (Net)</b>	<b>51,793</b>	<b>279,274</b>
Deferred Tax recognized Under Shareholders' Equity	(80,615)	(104,917)
<b>Deferred Tax Assets</b>	<b>317,280</b>	<b>344,819</b>

### 17. Information on other assets:

As of 31 December 2010 and 2009, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### II. EXPLANATIONS AND NOTES TO LIABILITIES

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

##### 1) For deposit banks:

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	6,140,203	-	10,634,241	38,091,351	2,802,331	396,027	550,097	-	58,614,250
Foreign Currency Deposits	3,739,464	-	5,126,887	7,205,763	2,182,635	759,053	4,002,588	-	23,016,390
Residents in Turkey	3,222,839	-	4,924,481	6,709,710	1,664,318	464,778	3,647,069	-	20,633,195
Residents Abroad	516,625	-	202,406	496,053	518,317	294,275	355,519	-	2,383,195
Public Sector Deposits	5,873,427	-	1,631,287	4,803,742	678,124	2,410	13,871	-	13,002,861
Commercial Inst. Deposits	2,492,029	-	3,990,121	10,889,272	882,668	241,408	37,746	-	18,533,244
Other Inst. Deposits	1,078,355	-	1,178,823	7,111,987	1,119,916	50,230	6,201	-	10,545,512
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	57,224	-	2,310,761	36,307	12,417	-	3,863	-	2,420,572
CBRT	3,531	-	1,539	-	-	-	-	-	5,070
Domestic Banks	11,899	-	2,278,123	23,920	10,356	-	3,863	-	2,328,161
Foreign Banks	32,424	-	31,099	12,387	2,061	-	-	-	77,971
Participation Banks	9,370	-	-	-	-	-	-	-	9,370
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>19,380,702</b>	<b>-</b>	<b>24,872,120</b>	<b>68,138,422</b>	<b>7,678,091</b>	<b>1,449,128</b>	<b>4,614,366</b>	<b>-</b>	<b>126,132,829</b>

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	4,212,153	-	9,336,800	34,035,101	1,837,397	323,397	435,010	-	50,179,858
Foreign Currency Deposits	2,952,445	-	4,720,555	5,751,125	1,221,403	233,488	3,536,112	-	18,415,128
Residents in Turkey	2,872,011	-	4,544,395	5,394,360	1,032,605	179,131	3,220,678	-	17,243,180
Residents Abroad	80,434	-	176,160	356,765	188,798	54,357	315,434	-	1,171,948
Public Sector Deposits	5,647,835	-	1,064,436	4,083,692	188,930	928	3,374	-	10,989,195
Commercial Inst. Deposits	1,786,631	-	2,432,373	5,374,605	291,099	304,426	189,188	-	10,378,322
Other Inst. Deposits	755,132	-	1,125,729	5,065,187	955,041	58,893	10,620	-	7,970,602
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	48,284	-	546,791	1,287	-	-	-	-	596,362
CBRT	1,489	-	1,047	-	-	-	-	-	2,536
Domestic Banks	13,894	-	540,824	-	-	-	-	-	554,718
Foreign Banks	32,901	-	4,920	1,287	-	-	-	-	39,108
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15,402,480</b>	<b>-</b>	<b>19,226,684</b>	<b>54,310,997</b>	<b>4,493,870</b>	<b>921,132</b>	<b>4,174,304</b>	<b>-</b>	<b>98,529,467</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 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 (Values belong to the Parent Bank):

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	30,321,570	27,565,729	28,173,799	22,427,342
Foreign Currency Saving Deposits	7,624,247	6,778,514	7,058,653	6,622,555
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance <sup>(1)</sup>	287,445	245,795	22,157	26,484
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

<sup>(1)</sup> In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and balances in insurance limit are calculated by the system, TL6,730, TL1,450, and TL3,352 of legal entity's deposits of Sofia, Athens and Komotini respectively, cannot be decomposed therefore included in the table above (2009: Sofia, Athens and Komotini respectively TL6,739, TL771 and TL4,954).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL3,541 of demand deposits is not included in the above calculation, since the Parent Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş..

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the Banks. As total of capital amount and interest expense accruals of saving deposits up to TL50 attributable to a real person is covered by the insurance, TL349,204 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 7 November 2006 and numbered 26339.

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

The Parent Bank's head office is located in Turkey.

#### 3) Amounts which are not covered by deposit insurance:

##### a) Saving deposits not covered by the deposit insurance fund: (Values belong to the Parent Bank)

	Current Period	Prior Period
Deposits and Other Accounts in Branches Abroad	33,935	4,392
Deposits of Ultimate Shareholders and Their Close Families	-	-
Deposits of Chairman and Members of the Board of Directors and Their Close Families	2,038	1,484
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> 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	-	-



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 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	241	-	108	-
Swap Transactions	5,273	85	-	178
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>5,514</b>	<b>85</b>	<b>108</b>	<b>178</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	28,679	14,941	15,316	5,283
Foreign Banks, Institutions and Funds	-	118,757	-	564
<b>Total</b>	<b>28,679</b>	<b>133,698</b>	<b>15,316</b>	<b>5,847</b>

#### b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	27,090	22,055	15,285	5,237
Medium and Long-Term	1,589	111,643	31	610
<b>Total</b>	<b>28,679</b>	<b>133,698</b>	<b>15,316</b>	<b>5,847</b>

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

82.88% of the Group's liabilities consist of deposits. Deposits are having a diversified base and have steady structures. The Group's liabilities are not subject to a significant concentration risk.

#### 4. If other liabilities exceed 10% of the balance sheet total, name and amount of sub-accounts constituting at least 20% of these liabilities:

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

#### 5. Information on finance lease payables (net):

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

#### Information on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1	1	1	-
Between 1-5 Years	-	-	1	1
More than 5 Years	-	-	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 6. Information on derivative financial liabilities for hedging purposes:

There are no derivative financial liabilities for hedging purposes.

### 7. Explanations on provisions:

#### a) Information on general provisions:

	Current Period	Prior Period
<b>General Provisions</b>	<b>270,562</b>	<b>428,469</b>
Allocated for Group-I Loans and Receivables	129,527	288,459
Allocated for Group-II Loans and Receivables	74,796	56,909
Allocated for Non-cash Loans	24,963	20,800
Other	41,276	62,301

Since loans extended in the related period are closed, the Parent Bank has given up the application of temporary 1<sup>st</sup> clause of Regulation for Provisions related with general provisions and started to calculate general provision for all loans and receivables balance except for transactions that are not subject to loan restrictions according to the Banking Law using the current rates.

Moreover, in accordance with temporary 4<sup>th</sup> clause of Regulation for Provisions, the Bank has cancelled general loan loss provisions for cash loans except credit cards lending from 6 March 2010 with the effective date of regulation.

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

There are no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables.

#### c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amount to TL3,047.

#### d) Information on other provisions:

##### 1) Information on generic provisions for possible risks:

As a result of a change in the application of general provisions, in addition to 1% and 2% provision set for standard loans and loans under close-monitoring respectively; total of 3% provision is continued to be set together with the generic provisions based on the decision of the Parent Bank's Assets and Liabilities Committee.

	Current Period	Prior Period
Generic provisions for possible risks <sup>(1)</sup>	275,125	611,962

<sup>(1)</sup> Based on the decision of the Parent Bank's Assets and Liabilities Committee, TL266,330 (2009: TL604,309) of generic provision is allocated for possible risks as general loan loss provision at a rate of %3, except for the fund sourced loans and loans granted to institutions which are exempt from provisions according to Banking Law. Moreover, the Bank has cancelled provisions for possible risk from cash loans except credit cards lending from 6 March 2010 in parallel with application in general loan loss provision.

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

Since the Parent Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, based on the information provided by the legal department, lawsuits against the Parent Bank over TL100 amounts to TL60,443. Full provision has been provided in the accompanying financial statements for law suits ended against the Parent Bank but not finalized yet, amounting to TL10,090. In addition to these, for the interest expenses calculated for the lawsuits against the Parent Bank concerning the remuneration liabilities related to KOSGEB and National Productivity Center, generic provision equal to TL62,933 has been provided. The provision made in previous periods for Umumi Hayata Müessir Afetlere Yardım Fonu has been cancelled.

TL376,128 of other provision amount consists of TL3,047 for unindemnified non-cash loans, TL8,500 for cash transfers made by the clerks, TL266,330 for additional provision in relation with the decision made by the Assets and Liabilities Committee, TL14,646 for unconfirmed current account recordings and TL11,613 for other provisions.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### e) Liabilities on reserve for employee termination benefits:

#### 1) Employment termination benefits and unused vacation rights

The Group accounts for its vacation and retirement pay obligations in accordance with the TAS 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
As of 1 January	429,000	407,100
Addition to Scope of Consolidation	1,638	-
Payments in the Period	(43,453)	(44,200)
Charge for the Period	104,309	66,100
<b>Total</b>	<b>491,494</b>	<b>429,000</b>

As of 31 December 2010, unpaid vacation liability amounted to TL111,922 (2009: TL113,600) is presented under the "Employee Benefits Provision" in the financial statements.

#### 2) Pension Rights related to the Parent Bank

The technical balance sheet report as of 31 December 2010 which is prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9.80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2010 and 2009.

The liability related to the Parent Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9.80% real discount rate, etc.).

According to related Actuary Report, the Fund's surplus is TL633,381 (2009: TL391,770) as of 31 December 2010.

	Current Period	Prior Period
Present value of funded obligations	(121,619)	(301,230)
-Pension benefits transferable to SSI	(316,767)	(406,064)
-Post employment medical benefits transferable to SSI	195,148	104,834
Fair value of plan assets	755,000	693,000
<b>Actuarial Surplus</b>	<b>633,381</b>	<b>391,770</b>

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	%9.80	%9.80
- Post employment medical benefits transferable to SSI	%9.80	%9.80

To represent mortality rates both before and after retirement, CSO 1980 Female/Male mortality table is used.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Bank Placements	583,664	77	463,875	66
Property and Equipment	160,323	21	140,129	17
Marketable Securities	5,972	1	87,915	13
Other	5,041	1	1,081	4
<b>Total</b>	<b>755,000</b>	<b>100</b>	<b>693,000</b>	<b>100</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 8. Information on tax liability:

#### a) Information on current tax liability:

##### 1) Information on tax provisions:

As of 31 December 2010, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL263,512 (2009: TL230,992).

##### 2) Information on current taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	263,512	230,992
Taxation on Income From Securities	90,373	95,406
Property Tax	747	495
Banking Insurance Transactions Tax (BITT)	31,125	26,624
Foreign Exchange Transactions Tax	4	3
Value Added Tax Payable	1,713	1,021
Other	28,658	33,067
<b>Total</b>	<b>416,132</b>	<b>387,608</b>

##### 3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	92	16
Social Security Premiums - Employer	26	23
Bank Social Aid Pension Fund Premium - Employee	110	68
Bank Social Aid Pension Fund Premium - Employer	192	122
Pension Fund Membership Fees and Provisions - Employee	6	5
Pension Fund Membership Fees and Provisions - Employer	16	8
Unemployment Insurance - Employee	164	142
Unemployment Insurance - Employer	364	282
Other	12	11
<b>Total</b>	<b>982</b>	<b>677</b>

#### b) Information on deferred tax liabilities, if any:

The Group's deferred tax liability amounts to TL277 (2009: TL7,055). The net deferred tax asset is TL317,280 (2009: TL344,819) in the accompanying financial statements.

### 9. Information on subordinated loans:

There is no subordinated loan.

### 10. Information on shareholders' equity:

#### a) Presentation on paid-in capital:

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

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

The Parent Bank does not have a registered capital system.

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

There is no share capital increase and increased capital shares.

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

There is no increase from capital reserves.

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

The Parent Bank has no capital commitments.

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

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

### g) Information on preferred shares:

The Bank has no preferred shares.

### h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	-	(647)	-	19,521
Revaluation Difference	-	(647)	-	19,521
Foreign Exchange Difference	-	-	-	-
From Available for Sale Marketable Securities	670,695	107,711	466,616	8,161
Revaluation Difference	937,985	107,711	582,264	8,161
Deferred Tax Effect	(196,156)	-	(115,648)	-
Foreign Exchange Differences	(71,134)	-	-	-
<b>Total</b>	<b>670,695</b>	<b>107,064</b>	<b>466,616</b>	<b>27,682</b>

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

### 1. Information on off-balance sheet liabilities:

#### a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	2,303,870	2,371,778
Asset Purchase Commitments	262,409	390,634
Commitments for Credit Card Expenditure Limits	2,687,394	1,929,243
Loan Granting Commitments	10,446	256,804
Other Irrevocable Commitments	918,360	284,846
Subsidiaries and Associates Capital Contribution Commitments	2,000	3,638
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	10,958	1,861
<b>Total</b>	<b>6,195,437</b>	<b>5,238,804</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 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	6,525,045	4,809,499
Bank Acceptances	42,433	33,753
Letter of Credits	991,491	670,165
<b>Total</b>	<b>7,558,969</b>	<b>5,513,417</b>

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

	Current Period	Prior Period
Letter of Temporary Guarantees	203,060	84,804
Letter of Certain Guarantees	3,376,221	2,375,668
Letters of Advance Guarantees	2,187,538	1,588,973
Letters of Guarantees given to Customs Offices	113,749	113,807
Other Letters of Guarantees	632,647	646,247
<b>Total</b>	<b>6,513,215</b>	<b>4,809,499</b>

#### c) 1) Total non-cash loans:

	Current Period	Prior Period
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>587,103</b>	<b>621,622</b>
With Original Maturity of One Year or Less	32,410	47,888
With Original Maturity of More than One Year	554,693	573,734
<b>Other Non-Cash Loans</b>	<b>6,971,865</b>	<b>4,891,795</b>
<b>Total</b>	<b>7,558,970</b>	<b>5,513,417</b>

#### c) 2) Information on sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	53,810	2.07	63,253	1.28	29,641	1.59	4,066	0.11
Farming and Raising Livestock	52,446	2.02	62,556	1.26	28,782	1.54	3,689	0.10
Forestry	-	0.00	-	0.00	-	-	-	-
Fishing	1,364	0.05	697	0.01	859	0.05	377	0.01
Manufacturing	684,400	26.32	3,224,012	65.02	576,846	30.96	2,340,129	64.12
Mining	151,356	5.82	310,049	6.25	163,385	8.77	316,642	8.68
Production	431,248	16.58	2,852,062	57.52	340,797	18.29	1,985,091	54.39
Electric, Gas and Water	101,796	3.91	61,901	1.25	72,664	3.90	38,396	1.05
Construction	305,715	11.76	195,078	3.93	122,583	6.58	69,472	1.90
Services	1,453,625	55.90	764,862	15.43	1,047,415	56.19	617,017	16.90
Wholesale and Retail Trade	255,478	9.82	73,751	1.49	160,702	8.62	40,842	1.12
Hotel, Food and Beverage Services	8,996	0.35	2,193	0.04	5,975	0.32	307	0.01
Transportation and Telecommunication	338,884	13.03	83,423	1.68	286,915	15.39	37,265	1.02
Financial Institutions	524,792	20.18	201,229	4.06	420,948	22.59	205,537	5.63
Real Estate	1,105	0.04	4	0.00	586	0.03	4	-
Self-employment Services	5,038	0.19	103	0.00	2,691	0.14	-	-
Education Services	5,636	0.22	13,698	0.28	3,639	0.20	21,311	0.58
Health and Social Services	313,696	12.06	390,461	7.87	165,959	8.90	311,751	8.54
Other	102,998	3.96	711,216	14.34	87,222	4.68	619,026	16.97
<b>Total</b>	<b>2,600,548</b>	<b>100</b>	<b>4,958,421</b>	<b>100</b>	<b>1,863,707</b>	<b>100</b>	<b>3,649,710</b>	<b>100</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

## c) 3) Information on the non-cash loans classified under Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
<b>Non-Cash loans</b>	<b>2,568,495</b>	<b>4,957,192</b>	<b>32,053</b>	<b>1,229</b>
Letters of Guarantee	2,566,263	3,913,880	32,053	1,019
Bank Acceptances	2,000	39,203	-	57
Letters of Credit	232	987,964	-	153
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	16,145	-	-

## 2. Explanations on derivative transactions:

	Current Period	Prior Period
<b>Types of Trading Transactions</b>		
Foreign Currency Related Derivative Transactions: (I)	4,271,234	205,380
Forward Transactions	19,705	71,781
Swap Transactions	4,251,529	133,599
Futures Transactions	-	-
Option Transactions	-	-
Interest Related Derivative Transactions (II)	-	-
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	-	-
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
<b>A. Total Trading Derivative Transactions (I+II+III)</b>	<b>4,271,234</b>	<b>205,380</b>
<b>Types of Hedging Derivative Transactions</b>		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
<b>B. Total Hedging Derivative Transactions</b>	<b>-</b>	<b>-</b>
<b>Total Derivative Transactions (A+B)</b>	<b>4,271,234</b>	<b>205,380</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	20,606	108	202	-	-	<b>20,916</b>
- Inflow	2,081,265	30,493	34,317	-	-	<b>2,146,075</b>
- Outflow	(2,060,659)	(30,385)	(34,115)	-	-	<b>(2,125,159)</b>
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total inflow</b>	<b>2,081,265</b>	<b>30,493</b>	<b>34,317</b>	-	-	<b>2,146,075</b>
<b>Total outflow</b>	<b>(2,060,659)</b>	<b>(30,385)</b>	<b>(34,115)</b>	-	-	<b>(2,125,159)</b>

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	358	102	54	-	-	<b>514</b>
- Inflow	65,456	18,777	18,714	-	-	<b>102,947</b>
- Outflow	(65,098)	(18,675)	(18,660)	-	-	<b>(102,433)</b>
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total inflow</b>	<b>65,456</b>	<b>18,777</b>	<b>18,714</b>	-	-	<b>102,947</b>
<b>Total outflow</b>	<b>(65,098)</b>	<b>(18,675)</b>	<b>(18,660)</b>	-	-	<b>(102,433)</b>



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 3. Explanations on contingent assets and liabilities:

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

The Group's liability resulting from the cheques given to its customers amounts to TL2,303,870 (2009: TL2,371,778).

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

### 4. Explanations on services in the name of others:

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

## IV. EXPLANATIONS AND NOTES TO THE INCOME STATEMENT

### 1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans <sup>(1)</sup>	5,648,961	167,587	5,572,365	67,808
Short Term Loans	1,775,750	51,793	2,080,100	49,545
Medium and Long Term Loans	3,766,364	115,569	3,391,101	18,263
Interest on Non-Performing Loans	106,847	225	101,164	-
Premiums from Resource Utilization Support Fund	-	-	-	-

<sup>(1)</sup> 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	153,347	-	295,813	-
Domestic Banks	3,189	677	592	261
Foreign Banks	704	19,814	711	19,087
Head Office and Branches	-	-	-	-
<b>Total</b>	<b>157,240</b>	<b>20,491</b>	<b>297,116</b>	<b>19,348</b>

### c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	19,754	1,419	89,179	2,378
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	2,524,817	182,111	1,566,549	271,759
From Held-to-maturity Investments	3,440,266	258,546	6,008,115	291,599
<b>Total</b>	<b>5,984,837</b>	<b>442,076</b>	<b>7,663,843</b>	<b>565,736</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### d) Information on interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	-	1,653

### 2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks <sup>(1)</sup>	1,609	4,339	2,211	361
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	1,599	4,218	2,211	347
Foreign Banks	10	121	-	14
Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>1,609</b>	<b>4,339</b>	<b>2,211</b>	<b>361</b>

<sup>(1)</sup> Includes fees and commissions expenses on cash loans.

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	-	1,738

### c) Information on interest given on securities issued:

The Parent bank has no securities issued.

### d) 1) Maturity structure of the interest expense on deposits:

Account Name	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	3,196	-	-	-	-	-	3,196
Saving Deposit	53	804,648	2,966,689	159,364	28,115	38,633	-	3,997,502
Public Sector Deposit	3,281	106,047	328,588	54,239	108	633	-	492,896
Commercial Deposit	885	245,374	653,939	39,297	16,961	10,311	-	966,767
Other Deposit	32	93,627	538,500	111,591	2,453	670	-	746,873
Deposit With 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,251</b>	<b>1,252,892</b>	<b>4,487,716</b>	<b>364,491</b>	<b>47,637</b>	<b>50,247</b>	<b>-</b>	<b>6,207,234</b>
FC								
Foreign Currency Deposit	8,177	63,905	125,152	42,389	10,302	82,400	-	332,325
Bank Deposit	599	100	9	-	-	-	-	708
Deposit With 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8,776</b>	<b>64,005</b>	<b>125,161</b>	<b>42,389</b>	<b>10,302</b>	<b>82,400</b>	<b>-</b>	<b>333,033</b>
<b>Grand Total</b>	<b>13,027</b>	<b>1,316,897</b>	<b>4,612,877</b>	<b>406,880</b>	<b>57,939</b>	<b>132,647</b>	<b>-</b>	<b>6,540,267</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

**3. Explanations on dividend income:**

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-Sale Financial Assets	16,487	2,501
Other <sup>(1)</sup>	8,731	21,270
<b>Total</b>	<b>25,218</b>	<b>23,771</b>

<sup>(1)</sup> Shows the Group's dividend income from equity investments, subsidiaries, associates and entities under common control.**4. Information on trading profit/loss (net):**

	Current Period	Prior Period
<b>Profit</b>	<b>1,519,177</b>	<b>316,982</b>
Profit from the Capital Market Transactions	24,725	16,148
Profit on Derivative Financial Instruments	493,611	5,673
Foreign Exchange Gains	1,000,841	295,161
<b>Loss (-)</b>	<b>1,527,151</b>	<b>255,530</b>
Loss from the Capital Market Transactions	1,080	-
Loss on Derivative Financial Instruments	381,388	4,725
Foreign Exchange Loss	1,144,683	250,805

**5. Information on profit/loss on derivative financial operations:**

	Current Period	Prior Period <sup>(1)</sup>
Effect of the change in exchange rates on profit/loss	72,619	948
Effect of the change in interest rates on profit/loss	39,604	-
<b>Total</b>	<b>112,223</b>	<b>948</b>

<sup>(1)</sup> In 2009, the Parent Bank values its derivative financial transactions according to discounted values. Therefore, as of 31 December 2009 profit/loss from derivative financial transactions are considered as resulted from the change in exchange rates.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 6. Information on other operating income:

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

There are no significant matters covering the recent developments which have significant effect on the Parent Bank's income. Main component of the Parent Bank's other operating income consists of reversals from prior period provisions amounting to TL(839,655).

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

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables <sup>(1)</sup>	145,323	342,187
Group III Loans and Receivables	18,362	74,623
Group IV Loans and Receivables	56,623	171,352
Group V Loans and Receivables	70,338	96,212
General Provision Expenses <sup>(2)</sup>	9,110	145,767
Provision Expenses for the Possible Losses <sup>(2)</sup>	1,748	90,943
Marketable Securities Impairment Expense	218	185
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available for Sale	218	185
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	39,196	420
Associates	39,196	-
Subsidiaries	-	420
Entities under Common Control	-	-
Investment Securities Held to Maturity	-	-
Other <sup>(3)</sup>	563	52,682
<b>Total</b>	<b>196,158</b>	<b>632,184</b>

<sup>(1)</sup> The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL249,590 are presented in other operating income (2009: TL50,925).

<sup>(2)</sup> The relevant balances include the expenses related to the current period. The provision reversals within the period amounting to TL512,797 are presented in other operating income (2009: TL151,023).

<sup>(3)</sup> TL14,899 of prior period balance is the generic provision expense set for the prior periods' current account deficits of the branches, TL37,300 is the generic provision expense set for the remuneration liabilities subject to law suit.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 8. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses <sup>(1)</sup>	1,286,290	1,046,194
Reserve for Employee Termination Benefits <sup>(1)</sup>	104,357	69,200
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	1,329
Depreciation Expenses of Tangible Fixed Assets	48,546	46,951
Intangible Assets Impairment Expense	781	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	8,025	3,347
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	182	100
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	1,008,566	367,378
Operational Leasing Expenses	52,071	35,170
Maintenance Expenses	32,786	50,529
Advertisement Expenses	21,253	22,237
Other Expenses	902,456	259,442
Loss on Sales of Assets	405	807
Other <sup>(2)</sup>	450,802	359,753
<b>Total</b>	<b>2,907,954</b>	<b>1,895,059</b>

<sup>(1)</sup> In prior period, TL44,200 which includes retirement grant paid from personnel expense with payment in lieu of notice and employee termination benefit is shown in employee termination benefit provision line.

<sup>(2)</sup> TL159,153 (2009: TL176,773) of other item consists of Saving Deposit Insurance Fund accrual expense while TL176,299 (2009: 115,201 TL) consists of taxes, duties and charges expense.

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

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

	Current Period	Prior Period
Net Interest Income	5,445,395	6,068,776
Net Fees and Commissions Income	621,466	436,997
Dividend Income	25,218	23,771
Trading Income/Expense (Net)	(7,974)	61,452
Other Operating Income	1,555,576	349,768
Provision for Loan or Other Receivables Losses (-)	196,158	632,184
Other Operating Expenses (-)	2,907,954	1,895,059
Earning/Loss from Subsidiaries Consolidated with Equity Pick-up	6,635	-
<b>Income/(Loss) From Continuing Operations</b>	<b>4,542,204</b>	<b>4,413,521</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### 10. Information on tax provision for continued and discontinued operations

As of 31 December 2010, TL(779,636) (2009: TL(905,780)) of the Group's total tax provision expense which amounts to TL(831,429) (2009: TL(1,185,054)) consists of current tax expense while TL51,793 (2009: TL279,274) consists of deferred tax income.

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

The Group's net operating income after tax amounts to TL3,750,753 (2009: TL3,525,990).

### 12. Information on net profit/loss:

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

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

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

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period (2009: None).

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

As of 31 December 2010, the Group's other fee and commission income amounting to TL711,063 (2009: TL508,041) consists of TL143,277 (2009: TL129,584) of credit card fees and commission income, TL114,945 (2009: TL73,022) of insurance commissions, TL78,514 of pension funds management fees and the remaining TL374,327 (2009: TL305,435) of money order, account management fee and other commission income.

## V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

### 1. In accordance with the Turkish Accounting Standards, the disclosures on shareholders' equity are made accordingly in the order of financial statement items in this section:

#### a) Explanations on inflation adjustment differences for equity items:

As per the BRSA's Circular numbered 5 announced on 28 April 2005 it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA' decree numbered 1623 on 21 April 2005.

#### b) Explanations on profit distribution:

The General Assembly for year 2009 was carried out on 24 May 2010. In accordance with the decision taken, of the profit for the year 2009 amounting to TL3,510,955, TL161,584 is transferred to first legal reserves, TL92,619 is transferred to second legal reserves, TL102,857 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL800,000 is distributed to Undersecretariat of Treasury after deducting withholding tax of 15% (TL141,176) in cash on 26 May 2010. In addition to TL1,926,303 of the profit for the year 2009, deferred tax income amounting to TL279,274 is not distributed. The remaining part of dividend reserved to be distributed to personnel is transferred to account of Under Secretariat of Treasury of the Turkish Republic, net TL6,071 after deducting withholding tax of 15% (TL1,071).

As explained in disclosure VIII of Fifth Section, profit distribution for the year 2010 is approved by General Assembly.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

### c) Explanations on Available For Sale Financial Assets:

Available for sale financial assets are not included in the current income statement, until their collections, disposals, sales or losses are realized and those assets are recognized under the "Marketable Securities Revaluation Fund" under equity. In accordance with TAS 39 and due to the change in the Parent Bank's intention to hold the previously classified as available for sale securities to maturity the Bank has reclassified the securities under available for sale portfolio to held to maturity portfolio. The valuation differences of these securities is presented under shareholders' equity as a "Marketable Securities Valuation Differences" and transferred to profit/loss with subject to redemption with proportional to the maturity of security.

### d) Profit Reserves:

As of the balance sheet date, legal reserves amount to TL2,104,475, extraordinary reserves amount to TL3,000,593 and other profit reserves amount to TL583,409.

## VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

### 1. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

"Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL3,352,678 is composed mainly from interest received from loans and securities amounting to TL12,096,781 and interest paid to deposit and money market operations which is amounting to TL6,963,088. Other earnings consists primarily net fee, commission income and other operation losses.

The effect of the change in the foreign exchange rate on the cash and cash equivalents is stated, approximately, TL190,559 as of 31 December 2010 (2009: TL184,071).

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as "cash"; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as "cash equivalents".

### Period opening and end cash and cash equivalents balance:

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,029,744	702,276
Central Bank of the Republic of Turkey and Other Banks	11,786,829	12,186,525
Money Market Operations	-	-
<b>Total Cash and Cash Equivalents</b>	<b>12,816,573</b>	<b>12,888,801</b>

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	1,315,656	1,029,744
Central Bank of the Republic of Turkey and Other Banks	11,743,235	13,458,791
Money Market Operations	23,054	-
<b>Total Cash and Cash Equivalents</b>	<b>13,081,945</b>	<b>14,488,535</b>

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

## VII. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE PARENT BANK

## 1) Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

## a) Current Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance <sup>(1)</sup>	9,275	-	-	-	-	-
<b>Interest and Commissions Income</b>	-	-	-	-	-	-

## 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 <sup>(2)(3)</sup>	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	793,049	293,439	-	-	-	-
Closing Balance <sup>(1)</sup>	811,676	305,249	-	-	-	-
<b>Interest and Commissions Income</b>	<b>1,653</b>	-	-	-	-	-

<sup>(1)</sup> Accrual amount for period-end cash loans are not included in the table since it could not be decomposed from the existing data processing system.

<sup>(2)</sup> The cash loans balance includes the investments to associates, subsidiaries and entities under common control.

<sup>(3)</sup> Placements to foreign banks in the risk group amounting to TL61,523 are included in the cash loans.

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposits</b>						
Opening Balance <sup>(1)</sup>	100,952	103,835	-	-	-	-
Closing Balance <sup>(1)</sup>	879,379	100,952	-	-	-	-
<b>Interest Expense On Deposits</b>	<b>56,547</b>	<b>1,738</b>	-	-	-	-

<sup>(1)</sup> Accruals are not included in the table above since they could not be decomposed.



## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	The Fair Value Differences Through Profit and Loss					
Opening Balance	12,768	28,894	-	-	-	-
Closing Balance	-	12,768	-	-	-	-
<b>Total Profit/Loss</b>	<b>(228)</b>	<b>(37)</b>	-	-	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-

**3) Information about fees paid to the Group's top executives:**

Fees paid to the Group's key management amount to TL16,569 (2009: TL13,851).

**VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS****Changes in required reserve ratio**

1. Published in the Official Gazette No. 27788 dated 17 December 2010 and No. 2010/13 on the Amendment of the Communiqué on the Required Provisions Scale obligation dated 7 January 2011, to be effective with the Turkish lira liabilities required reserve ratio for deposits/participation were differentiated in terms of the maturity structure of funds.

a) For Turkish Lira Liabilities;

TL Liabilities	Required Reserve Ratio (%)
Demand deposits, notice deposits, private current accounts	8
Deposits/participation accounts up to 1-month maturity (including 1 month)	8
Deposits/participation accounts up to 3 month maturity (including 3 months)	7
Deposits/participation accounts up to 6 month maturity (including 6 months)	7
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/ participation accounts	5
Special Funds	Ratios correspond to maturities
Other than deposits/participation accounts	8

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Notes to the Consolidated Financial Statements at 31 December 2010

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

b) Required reserve ratio for foreign currency liabilities is 11%.

2. Published in the Official Gazette No. 27825 dated 24 January 2011 and 2011/2 Required Provisions of the Amendment to the Communiqué on the Scale to be valid obligation dated 4 February 2011, the Turkish lira demand required reserve ratios is as below:

<b>TL Liabilities</b>	<b>Required Reserve Ratio (%)</b>
Demand deposits, notice deposits, private current accounts	12
Deposits/participation accounts up to 1-month maturity (including 1 month)	10
Deposits/participation accounts up to 3 month maturity (including 3 months)	9
Deposits/participation accounts up to 6 month maturity (including 6 months)	7
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5
Special Funds	Ratios corresponding to maturities
Other than deposits/participation accounts	9

3. According to BRSA's temporary 3<sup>rd</sup> and 4<sup>th</sup> article of the "Regulation On The Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to Be Set Aside" dated 10 February 2011 numbered 4065 following decisions have been taken;

- Loans and other receivables classified in 2<sup>nd</sup> group can be rescheduled maximum of two times,
- Increasing the possibility of restructuring and rescheduling loans and other receivables classified as non-performing loan with more flexible conditions from two to three,
- Deadline for the temporary practice which will end in 1 March 2011 enabling banks, whose capital adequacy ratio is above 16%, general provision ratio can be applied as 0% will not be extended.

4. Published in the Official Gazette No. 27884 dated 24 March 2011 and No. 2011/5 on the Amendment of the Communiqué on the Required Provisions Scale obligation dated 1 April 2011, to be effective with the Turkish lira liabilities required reserve ratio for deposits/participation were differentiated in terms of the maturity structure of funds.

<b>TL Liabilities</b>	<b>Required Reserve Ratio (%)</b>
Demand deposits, notice deposits, private current accounts	15
Deposits/participation accounts up to 1-month maturity (including 1 month)	15
Deposits/participation accounts up to 3 month maturity (including 3 months)	13
Deposits/participation accounts up to 6 month maturity (including 6 months)	9
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5
Special Funds	Ratios corresponding to maturities
Other than deposits/participation accounts	13

5. The General Assembly for year 2010 was carried out on 1 March 2011. In accordance with the decision taken, of the profit for the year 2010 amounting to TL3,712,602, TL183,099 is transferred to legal reserves, TL95,359 is transferred to second legal reserves, TL116,000 is distributed as dividend to employees provided that dividend amount does not exceed two month gross wage for each employee and TL818,205 is distributed to Undersecretariat of Treasury after deducting withholding tax of 15% (TL144,389) in cash on 30 March 2011. Besides, TL2,304,918 of the profit has been preserved and deferred tax income amounting to TL50,632 is not distributed.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

## Notes to the Consolidated Financial Statements at 31 December 2010

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

**IX. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK****Information on the Parent Bank's domestic and foreign branches and foreign representatives of the Bank:**

	Number	Number of Employees		Total Assets	Statutory Share Capital
Domestic Branch <sup>(1)</sup>	1,379	18,602			
			<b>Country of Incorporation</b>		
Foreign Representative Office	1	1	1- Iran		
Foreign Branch <sup>(2)</sup>	1	3	1- USA	1,248,830	180,779
	1	3	2- England	696,083	81,741
	4	4	3- Bulgaria	53,429	29,015
	1	5	4- Georgia	21,373	13,193
	1	3	5- Iraq	13,164	10,773
	3	4	6- Greece	141,582	37,098
	9	32	7- T.R. of Northern Cyprus	582,956	26,610
Off-shore Banking Region Branches	-	-		-	-

<sup>(1)</sup> Includes the employees of the domestic branches, excluding the employees of head office and districts' head offices.<sup>(2)</sup> Excluding the local employees of the foreign branches.**SECTION SIX****OTHER EXPLANATIONS AND NOTES****I. OTHER EXPLANATIONS ON THE GROUP'S OPERATIONS**

None.

**SECTION SEVEN****EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT****I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT**

As of 31 December 2010, consolidated financial statements and explanatory notes disclosed herein were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor's Report dated 13 April 2011 is presented preceding the financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS**

None.

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Directory

### T.C. Ziraat Bankası A.Ş.

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www.ziraatbank.com.tr  
zmail@ziraatbank.com.tr

### International Branches

#### New York Branch

122 East 42nd Street Suite 310 New York NY 10168 USA  
Tel: (1 212) 557 56 12  
Fax: (1 212) 490 80 76  
E-mail: info@ziraatnewyork.com  
www.ziraatnewyork.com

#### London Branch

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Tel: (44 207) 600 49 85  
Fax: (44 207) 600 49 87  
E-mail: main@ziraatbank.co.uk

#### Sofia Branch

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Tel: (359 2) 980 00 87 - 980 66 61  
Fax: (359 2) 980 21 13  
E-mail: info@ziraatbank.bg  
www.ziraatbank.bg

#### Plovdiv Sub-Branch

4 Tsabribrod 4000 Plovdiv BULGARIA  
Tel: (359 32) 511 921-24  
Fax: (359 32) 511 925

#### Kardzhali Sub-Branch

2A Bulair Str. 6600 Kardzhali BULGARIA  
Tel: (359 361) 54 650-58  
Fax: (359 361) 54 659

#### Varna Sub-Branch

24 Slivnitza Str. Varna BULGARIA  
Tel: (359 52) 912 500-502-503-504  
Fax: (359 52) 912 505

#### Baghdad Branch

Weziriyeh Area 301 St. District No:19 Baghdad IRAQ  
Tel: (964 790) 418 13 90  
E-mail: baghdad@ziraatbank.com.tr

#### Tbilisi Branch

Uznadze 117 / David Agmashenebeli Ave. No:148 0164  
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Fax: (995 32) 94 38 34  
E-mail: tbilisi@ziraatbank.ge

#### Athens Branch

Ermou 2 5th Floor 10563 Athens GREECE  
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Fax: (30 210) 322 17 96  
E-mail: athens@ziraatbank.com.tr

#### Komotini Branch

Platia Irinis 17&Papaflesa 1 T.K. 69100 Komotini GREECE  
Tel: (30 253) 108 59 30  
Fax: (30 253) 108 59 27  
E-mail: komotini@ziraatbank.com.tr

#### Xanthi Branch

M.Karaoli 68 67100 Xanthi GREECE  
Tel: (30 254) 106 94 20  
Fax: (30 254) 106 66 41  
E-mail: xanthi@ziraatbank.com.tr

### TRNC Branches

#### Lefkoşa Main Branch

Girne Kapı Cad. İbrahim Paşa Sk. No: 105 Lefkoşa TRNC  
Tel: (90 392) 227 10 27 - 228 30 50  
Fax: (90 392) 228 24 01 - 228 86 09  
E-mail: lefkosa@ziraatbank.com.tr

#### Gönyeli Branch

Günaydın Sokak No:1 Gönyeli Lefkoşa TRNC  
Tel: (90 392) 224 05 16 - 224 05 22  
(90 392) 224 05 34 - 224 05 52  
Fax: (90 392) 224 07 24

#### Girne Branch

Atatürk Cad. Phelecia Court Sitesi  
Kordonboyu No: 37 Girne TRNC  
Tel: (90 392) 815 33 58 - 815 22 10  
Fax: (90 392) 815 25 84  
E-mail: girne@ziraatbank.com.tr

#### Gazimağusa Branch

Karakol Mahallesi Salamis Yolu Üzeri İsmet İnönü Bulvarı  
No: 118 Gazimağusa TRNC  
Tel: (90 392) 365 56 91-92 - 365 56 95  
Fax: (90 392) 365 56 99  
E-mail: gazimagusa@ziraatbank.com.tr

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Directory

### Güzelyurt Branch

Ecevit Cad. No: 231 Güzelyurt TRNC  
Tel: (90 392) 714 21 48 - 714 22 99  
Fax: (90 392) 714 27 63  
E-mail: guzelyurt@ziraatbank.com.tr

### Near East University Sub-Branch

Yakın Doğu Üniversitesi Kampüsü  
İç Mimarlık Fakültesi Altı Lefkoşa TRNC  
Tel: (90 392) 224 13 15 - 16  
Fax: (90 392) 224 13 17

### Çatalköy Sub-Branch

22 Uğur Mumcu Caddesi No: 4-5 Karakum Ozanköy Mevkii  
Girne TRNC  
Tel: (90 392) 815 63 49 - 815 63 82-83  
(90 392) 815 63 95 - 815 63 99  
Fax: (90 392) 815 63 35

### Karaoğlanoğlu Sub-Branch

Dr. Bekir Paşaoğlu İş Merkezi No: 5-6  
Karaoğlanoğlu Girne TRNC  
Tel: (90 392) 822 36 32- 822 36 34/35  
(90 392) 822 36 43  
Fax: (90 392) 822 36 33

### Paşaköy Sub-Branch

İnönü Cad. No: 42 Paşaköy Tüm. Kom. 3 Nolu Nizamiye Yanı  
Paşaköy-Gazimağusa TRNC  
Tel: (90 392) 236 88 00  
Fax: (90 392) 236 87 99

### Representative Office

#### Tehran Representative Office

Africa Blvd. Anahita Tower No:184 Suit 604 6th Floor Tehran IRAN  
Tel: (98 21) 8878 34 17 - 8878 34 18  
Fax: (98 21) 8878 35 26  
E-mail: info@ziraatbanktehran.com

### International Subsidiaries

#### ZIRAAT BANK INTERNATIONAL A.G.

Am Hauptbahnhof 16 60329 Frankfurt am Main / GERMANY  
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#### TURKISH ZIRAAT BANK BOSNIA dd

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www.ziraatbosnia.com

#### ZIRAAT BANK (MOSCOW) CJSC

Mosalarko Plaza One Marksistkaya 109147 Moscow RUSSIA  
Tel: (7 495) 232 67 37  
Fax: (7 495) 232 67 36  
E-mail: finance@ziraatbank.ru  
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#### ZIRAAT BANKA AD. SKOPJE

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#### KAZAKHSTAN ZIRAAT INT. BANK

Klochkov Street No: 132 480057 Almaty KAZAKHSTAN  
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#### UZBEKISTAN-TURKISH BANK (UT-BANK)

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Fax: (998 71) 120 63 62 - 273 90 51  
E-mail: utbank@utbk.com  
www.utbk.com

#### TURKMEN TURKISH JOINT-STOCK COMMERCIAL BANK

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E-mail: tmtrcombank@online.tm; info@turkmenturkbank.com

#### AZER - TURK BANK ASC

Hocalı Prospekti No: 55 AZ 1025 Baku AZERBAIJAN  
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Fax: (994 12) 464 42 03  
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www.azerturkbank.biz

## Türkiye Cumhuriyeti Ziraat Bankası A.Ş. Directory

### Domestic Subsidiaries

#### ZİRAAT SİGORTA A.Ş.

Aksaray Mah. Turgut Özal Millet Cad. No.7  
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www.ziraatsigorta.com.tr

#### ZİRAAT HAYAT VE EMEKLİLİK A.Ş.

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www.ziraatemeklilik.com.tr

#### ZİRAAT FİNANSAL KİRALAMA A.Ş.

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Fax: (90 212) 286 18 36-37  
E-mail: info@ziraatleasing.com.tr  
www.ziraatleasing.com.tr

#### ZİRAAT YATIRIM MENKUL DEĞERLER A.Ş.

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İstanbul  
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#### ZİRAAT PORTFÖY YÖNETİMİ A.Ş.

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Fax: (90 212) 279 47 51  
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#### BİLEŞİM ALTERNATİF DAĞITIM KANALLARI VE ÖDEME SİSTEMLERİ A.Ş.

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#### FİNTEK FİNANSAL TEKNOLOJİ HİZMETLERİ A.Ş.

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