

INDEPENDENT AUDITOR'S REPORT

Convenience Translation of the Independent Auditor's Report Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

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

A) Audit of Unconsolidated Financial Statements

Qualified Opinion

We have audited the unconsolidated financial statements of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2019 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards for the matters not regulated by the aforementioned legislations.

Basis for Qualified Opinion

As disclosed in section five footnote II.9.3.1, the accompanying unconsolidated balance sheet as at 31 December 2019 include a general reserve of total of TL 830.000 thousands, of which TL 952.000 thousand was recognised in prior years and 122.000 thousands have been reversed in the current period, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in the economy or market conditions.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of loans measured at amortised cost

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VIII of the unconsolidated financial statements.

Key audit matter	How the matter is addressed in our audit
<p>As of 31 December 2019, loans measured at amortised cost comprise 67% of Bank’s total assets.</p> <p>The Bank recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the “Regulation”) published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard (“Standard”).</p> <p>The Bank applies the “expected credit loss model” in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually.</p> <p>The significant assumptions and estimates of the Bank’s management are as follows:</p> <ul style="list-style-type: none"> - significant increase in credit risk; - incorporating the forward looking macroeconomic information in calculation of credit risk; and - design and implementation of expected credit loss model. <p>The determination of the impairment of loans measured at amortised cost depends on the (i) credit default status, (ii) the model based on the change in the credit risk at the first recognition date and (iii) the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Bank calculates expected credit losses on a collective basis. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations and the forward looking expectations are reflected by macroeconomic models.</p> <p>Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.</p>	<p>Our procedures for testing the impairment of loans included below:</p> <p>We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank’s impairment accounting policy compared with the Regulation and Standard.</p> <ul style="list-style-type: none"> - We evaluated the Banks’s business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist. - We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information and macroeconomic variables. - We tested the accuracy and the completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. - We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. - We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. - We evaluated the adequacy of the unconsolidated financial statements’ disclosures related to impairment provisions.

INDEPENDENT AUDITOR'S REPORT

Pension plan

The details of accounting policies and significant judgements of pension plan are presented in Section III No: XVI of the unconsolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Bank's defined benefit pension plan (the "Plan") is managed by "T.C. Ziraat Bankası ve T. Halk Bankası Mensupları Emekli ve Yardım Sandığı (TZHEMSAN) Vakfı" (the "Fund") established as per the provisional article 20 of the Social Security Law No. 506 and the Bank's employees are the members of this Fund (TZHEMSAN).</p> <p>As disclosed in the footnote 3.16 to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to Social Security Foundation ("SSF") as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the non-transferable social rights and pension benefits provided under the Plan will be covered by the funds and the institutions that employ the funds' members.</p> <p>As of 31 December 2019, the Bank's transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377.</p> <p>As of 31 December 2019, the liabilities of the Bank which are not related to the current period are calculated by an independent actuary according to TAS 19 Employee Benefits.</p> <p>The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in Pension Plan.</p> <p>Management uses independent actuaries to assist in assessing the uncertainty around these assumptions.</p> <p>The key judgments and assumptions used in calculation of transferrable liabilities, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the law, we considered this to be a key audit matter.</p>	<p>Our procedures for testing the defined benefit pension plan in accordance with the key assumptions made by management include below:</p> <p>We evaluated the design and implementation of the controls that the Bank has set for the liability calculations related to the pension plan was tested.</p> <ul style="list-style-type: none">- We have assessed whether there have been any significant changes in actuarial assumptions, methods and underlying regulations used in calculations compared to the prior period.- Significant changes during the period in pension plan benefits, plan assets or membership profiles which affect liabilities have been evaluated.- We have evaluated whether the TZHEMSAN plan assets are adequate to cover the Pension Plan liabilities, under the methods and assumptions used.- The adequacy of the unconsolidated financial statements' disclosures related to the pension plan, including disclosures of key assumptions and judgements have been evaluated.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I of Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative


Erdal Tıkınak, SMMM
Partner

12 February 2020
İstanbul, Turkey

THE UNCONSOLIDATED FINANCIAL AUDIT REPORT OF TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2019

The Bank's Headquarter Address: Hacıbayram Mahallesi Atatürk Bulvarı
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Facsimile: (312) 584 49 63
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The unconsolidated financial report for the year ended 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 AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- AUDIT REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for the year ended 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.

Dr. Ahmet GENÇ
Chairman of the Board

Hüseyin AYDIN
Member of the Board,
CEO

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

Yusuf BİLMEZ
Member of the Board,
Member of the Audit Committee

Bilgehan KURU
Executive Vice President of
Financial Management

Neslihan ARAS
Senior Vice President of Financial
Coordination

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

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019**

(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. All shares of The Bank, which was given the authority to perform all the banking activities, belonged to the Republic of Turkey Prime Ministry Undersecretariat of Treasury (“Treasury”) transferred to the Turkish Wealth Fund with the decision of the Council of Ministers numbered 2017/9756 dated 24 January 2017. The Bank’s head office is located in Ankara.

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 total share capital of the Bank is TL 6.100.000. This capital is divided into 6.100.000.000 registered share with a nominal value of TL 1 each and is fully paid. The Bank’s sole shareholder is the Turkish Wealth Fund.

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

Name	Administrative Function
Members of the Board of Directors	
Dr. Ahmet GENÇ	Chairman
Hüseyin AYDIN	CEO and Member
Yusuf DAĞCAN	Vice Chairman and Member
Faruk ÇELİK ⁽¹⁾	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Mehmet Nihat ÖMEROĞLU ⁽¹⁾	Member
Serruh KALELİ ⁽¹⁾	Member
Yusuf BİLMEZ	Member
Audit Committee Members	
Yusuf BİLMEZ	Member
Feyzi ÇUTUR	Member
Executive Vice Presidents	
Ali KIRBAŞ	Banking Operations and Communication
Alpaslan ÇAKAR	Retail Branch Banking -2
Bilgehan KURU	Financial Management
Mehmet Cengiz GÖĞEBAKAN	Loan Policies
Musa ARDA	Loan Allocation and Management
Süleyman TÜRETKEN	Retail Branch Banking-1
Yüksel CESUR	Internal Systems

⁽¹⁾ Appointed at the Ordinary General Assembly held on 27 May 2019 and started duty as of 28 May 2019.

The Bank’s Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Deputy General Managers do not own any shares of the Bank.

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
Turkish Wealth Fund	6.100.000	100	6.100.000	-

The Bank’s sole shareholder is the Turkish Wealth Fund.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

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 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 2019, Bank carries its activities with a grand total of 1.758 branches; 1.734 domestic branches including 19 corporate branches, 67 entrepreneurial branches, 1.643 branches and 5 mobile branches (31 December 2018: 1.750 domestic branches including 1.638 branches, 20 corporate branches, 87 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren, Peja and Ferizaj branch in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran. The Bank's number of employee is 24.563 (31 December 2018: 24.647).

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

According to Communiqué regarding the Preparation of the Consolidated Financial Statements and Turkish Accounting Standards, Arap Türk Bankası A.Ş., one of the associates of the Bank, and Turkmen Turkish Joint Stock Commercial Bank which is an entity of Bank under common control will be taken into the scope of consolidation “Equity Method” in accompanying consolidated financial statements of the Bank.

Ziraat Teknoloji A.Ş. and Onko İlaç Sanayi ve Ticaret A.Ş. which are subsidiary of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of the Preparation Consolidated Financial Statements since this entity is not financial institution. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi and ve Platform Ortak Kartlı Sistemler A.Ş. which are associates of the bank are not consolidated but carried at cost since these entities are not controlled by the Bank and are not financial companies.

All other subsidiaries are fully consolidated.

VII. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE IMMEDIATE TRANSFER OF SHAREHOLDERS' EQUITY OR REPAYMENT OF DEBT BETWEEN THE BANK AND ITS SUBSIDIARIES

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

UNCONSOLIDATED BALANCE SHEET

(STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2019

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period 31 December 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
ASSETS							
I- FINANCIAL ASSETS (NET)		81.195.185	91.776.103	172.971.288	63.165.314	70.226.928	133.392.242
1.1 Cash and Cash Equivalents		3.304.146	54.084.654	57.388.800	5.688.933	40.547.786	46.236.719
1.1.1. Cash and Balances with Central Bank	(1)	2.846.413	49.361.246	52.207.659	4.824.521	35.667.113	40.491.634
1.1.2. Banks	(4)	129.851	4.723.528	4.853.379	865.081	4.881.130	5.746.211
1.1.3. Receivables from Money Markets		328.596	-	328.596	-	-	-
1.1.4. Allowance for Expected Credit Losses (-)		714	120	834	669	457	1.126
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(2)	1.890.575	7.310	1.897.885	501.172	6.230.452	6.731.624
1.2.1. Government Securities		1.890.575	7.310	1.897.885	501.172	5.892.281	6.393.453
1.2.2. Equity Securities		-	-	-	-	-	-
1.2.3. Other Financial Assets		-	-	-	-	338.171	338.171
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5),(6)	74.704.727	36.181.990	110.886.717	55.426.682	22.960.841	78.387.523
1.3.1. Government Securities		74.042.653	35.552.979	109.595.632	55.241.367	22.570.485	77.811.852
1.3.2. Equity Securities		132.561	397.578	530.139	120.095	249.956	370.051
1.3.3. Other Financial Assets		529.513	231.433	760.946	65.220	140.400	205.620
1.4 Derivative Financial Assets	(3)	1.295.737	1.502.149	2.797.886	1.548.527	487.849	2.036.376
1.4.1. Derivative Financial Assets Measured at Fair Value Through Profit or Loss		1.295.737	1.502.149	2.797.886	1.548.527	487.849	2.036.376
1.4.2. Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		320.935.164	131.587.049	452.522.213	257.237.375	123.962.374	381.199.749
2.1. Loans	(7)	329.429.223	118.553.528	447.982.751	260.187.307	119.143.769	379.331.076
2.2. Receivables from Leasing Transactions		-	-	-	-	-	-
2.3. Factoring Receivables	(12)	-	-	-	-	-	-
2.4. Other Financial Assets Measured at Amortized Cost	(8)	4.480.563	13.069.520	17.550.083	5.404.610	4.850.029	10.254.639
2.4.1. Government Securities		4.395.402	13.068.073	17.463.475	5.207.791	4.848.753	10.056.544
2.4.2. Other Financial Assets		85.161	1.447	86.608	196.819	1.276	198.095
2.5. Allowance for Expected Credit Losses (-)		12.974.622	35.999	13.010.621	8.354.542	31.424	8.385.966
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “FROM DISCONTINUED OPERATIONS (Net)”	(15)	4.781.720	-	4.781.720	1.225.389	-	1.225.389
3.1. Held for Sale		4.781.720	-	4.781.720	1.225.389	-	1.225.389
3.2. Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		4.345.336	3.257.115	7.602.451	4.380.385	3.222.928	7.603.313
4.1 Investments in Associates (Net)	(9)	99.539	-	99.539	94.912	-	94.912
4.1.1. Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2. Unconsolidated Associates		99.539	-	99.539	94.912	-	94.912
4.2 Subsidiaries (Net)	(10)	4.245.797	3.146.056	7.391.853	4.285.473	3.115.172	7.400.645
4.2.1. Unconsolidated Financial Subsidiaries		4.188.969	3.146.056	7.335.025	4.279.236	3.115.172	7.394.408
4.2.2. Unconsolidated Non-Financial Subsidiaries		56.828	-	56.828	6.237	-	6.237
4.3 Joint Ventures (Net)	(11)	-	111.059	111.059	-	107.756	107.756
4.3.1. Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2. Unconsolidated Joint Ventures		-	111.059	111.059	-	107.756	107.756
V. TANGIBLE ASSETS (Net)	(16)	5.462.267	16.380	5.478.647	5.032.628	12.574	5.045.202
VI. INTANGIBLE ASSETS (Net)	(19)	732.176	12.913	745.089	597.576	11.817	609.393
6.1. Goodwill		-	-	-	-	-	-
6.2. Other		732.176	12.913	745.089	597.576	11.817	609.393
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		1.683	-	1.683	52.297	-	52.297
IX. DEFERRED TAX ASSET	(20)	1.148.611	-	1,148,611	1,545,993	-	1,545,993
X. OTHER ASSETS (Net)	(22)	3,187,722	1,316,767	4,504,489	3,490,657	2,991,892	6,482,549
TOTAL ASSETS		421,789,864	227,966,327	649,756,191	336,727,614	200,428,513	537,156,127

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
UNCONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2019

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

II- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 31 December 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	241.031.548	206.219.425	447.250.973	178.236.637	152.829.846	331.066.483
II. FUNDS BORROWED	(3)	4.462.415	30.066.075	34.528.490	2.668.613	31.503.040	34.171.653
III. MONEY MARKET FUNDS	(4)	28.801.883	20.473.527	49.275.410	55.960.316	12.390.480	68.350.796
IV. SECURITIES ISSUED (Net)	(5)	3.279.260	9.826.766	13.106.026	2.817.528	12.612.940	15.430.468
4.1 Bills		2.268.570	279.678	2.548.248	1.806.838	106.896	1.913.734
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		1.010.690	9.547.088	10.557.778	1.010.690	12.506.044	13.516.734
V. FUNDS		6.066.464	-	6.066.464	6.073.748	-	6.073.748
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.066.464	-	6.066.464	6.073.748	-	6.073.748
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	536.536	1.122.322	1.658.858	1.156.322	487.170	1.643.492
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		536.536	1.122.322	1.658.858	1.156.322	487.170	1.643.492
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	(7)	565.614	56.146	621.760	-	221	221
X. PROVISIONS	(9)	3.362.285	456.293	3.818.578	2.750.935	80.626	2.831.561
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.664.035	-	1.664.035	1.312.520	-	1.312.520
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.698.250	456.293	2.154.543	1.438.415	80.626	1.519.041
XI. CURRENT TAX LIABILITY	(10)	1.714.874	5.713	1.720.587	1.462.416	4.278	1.466.694
XII. DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	(12)	-	9.565.957	9.565.957	-	-	-
14. Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	9.565.957	9.565.957	-	-	-
XV. OTHER LIABILITIES	(6)	8.960.448	3.118.098	12.078.546	8.094.847	10.624.770	18.719.617
XVI. SHAREHOLDERS' EQUITY	(13)	71.106.589	(1.042.047)	70.064.542	59.987.459	(2.586.065)	57.401.394
16.1 Paid-in capital		6.100.000	-	6.100.000	6.100.000	-	6.100.000
16.2 Capital Reserves		(571)	-	(571)	(483)	-	(483)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(571)	-	(571)	(483)	-	(483)
16.3. Other Accumulated Comprehensive Income that Will not be Reclassified in Profit or Loss		5.728.837	123.518	5.852.355	5.505.954	206.516	5.712.470
16.4. Other Accumulated Comprehensive Income that Will be Reclassified in Profit or Loss		807.677	(1.165.565)	(357.888)	(3.637.328)	(2.792.581)	(6.429.909)
16.5 Profit Reserves		52.110.376	-	52.110.376	37.320.380	-	37.320.380
16.5.1 Legal Reserves		4.750.183	-	4.750.183	4.026.361	-	4.026.361
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		47.360.193	-	47.360.193	31.732.384	-	31.732.384
16.5.4 Other Profit Reserves		-	-	-	1.561.635	-	1.561.635
16.6 Profit or (Loss)		6.360.270	-	6.360.270	14.698.936	-	14.698.936
16.6.1 Prior Periods' Profit or (Loss)		173.382	-	173.382	6.737.998	-	6.737.998
16.6.2 Current Period Profit or (Loss)		6.186.888	-	6.186.888	7.960.938	-	7.960.938
TOTAL LIABILITIES AND EQUITY		369.887.916	279.868.275	649.756.191	319.208.821	217.947.306	537.156.127

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET
COMMITMENTS AS OF 31 DECEMBER 2019**

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

III. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		138.892.389	301.480.421	440.372.810	95.217.645	212.317.845	307.535.490
I. GUARANTEES AND WARRANTIES	(1),(3)	39.120.560	80.704.053	119.824.613	38.147.431	83.037.589	121.185.020
1.1 Letters of Guarantee		38.884.228	52.376.336	91.260.564	37.852.640	56.901.700	94.754.340
1.1.1 Guarantees Subject to State Tender Law		1.045.669	12.331.455	13.377.124	1.545.763	12.362.178	13.907.941
1.1.2 Guarantees Given for Foreign Trade Operations		33.271.753	38.990.248	72.262.001	31.771.450	43.373.060	75.144.510
1.1.3 Other Letters of Guarantee		4.566.806	1.054.633	5.621.439	4.535.427	1.166.462	5.701.889
1.2 Bank Acceptances		9.724	8.192.527	8.202.251	26.238	8.286.735	8.312.973
1.2.1 Import Letter of Acceptance		6.517	8.187.488	8.194.005	26.238	8.284.661	8.310.899
1.2.2 Other Bank Acceptances		3.207	5.039	8.246	-	2.074	2.074
1.3 Letters of Credit		226.608	19.165.683	19.392.291	268.553	17.647.062	17.915.615
1.3.1 Documentary Letters of Credit		226.608	19.150.134	19.376.742	268.553	17.590.326	17.858.879
1.3.2 Other Letters of Credit		-	15.549	15.549	-	56.736	56.736
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	969.507	969.507	-	202.092	202.092
1.5.1 Endorsements to the Central Bank of Turkey		-	969.507	969.507	-	202.092	202.092
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	-	-	-	-	-
1.9 Other Warranties		-	-	-	-	-	-
II. COMMITMENTS	(1),(3)	52.637.562	14.557.536	67.195.098	35.804.240	10.058.079	45.862.319
2.1 Irrevocable Commitments		52.637.562	14.557.536	67.195.098	35.804.240	10.058.079	45.862.319
2.1.1 Asset Purchase and Sale Commitments		2.091.236	11.505.500	13.596.736	2.164.112	5.010.133	7.174.245
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		7.500	-	7.500	-	-	-
2.1.4 Loan Granting Commitments		11.842.898	2.120	11.845.018	8.547.764	393	8.548.157
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		3.695.596	-	3.695.596	2.773.071	-	2.773.071
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		24.220.013	-	24.220.013	13.341.463	-	13.341.463
2.1.10 Commitments for Credit Cards and Banking Services Promotions		36.161	-	36.161	23.620	-	23.620
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		10.744.158	3.049.916	13.794.074	8.954.210	5.047.553	14.001.763
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	47.134.267	206.218.832	253.353.099	21.265.974	119.222.177	140.488.151
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-

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

UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2019

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

III. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
3.2	Trading Transactions	47134.267	206.218.832	253.353.099	21.265.974	119.222.177	140.488.151
3.2.1	Forward Foreign Currency Buy/Sell Transactions	3.854.913	6.418.511	10.273.424	2.522.130	5.522.841	8.044.971
3.2.1.1	Forward Foreign Currency Transactions-Buy	1.626.296	3.507.008	5.133.304	1.014.221	2.937.649	3.951.870
3.2.1.2	Forward Foreign Currency Transactions-Sell	2.228.617	2.911.503	5.140.120	1.507.909	2.585.192	4.093.101
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	43.277.330	199.771.811	243.049.141	18.722.244	113.675.362	132.397.606
3.2.2.1	Foreign Currency Swap-Buy	1.340.652	98.363.800	99.704.452	6.779	51.842.375	51.849.154
3.2.2.2	Foreign Currency Swap-Sell	41.796.678	57.191.367	98.988.045	18.715.465	33.287.327	52.002.792
3.2.2.3	Interest Rate Swap-Buy	70.000	22.108.322	22.178.322	-	14.272.830	14.272.830
3.2.2.4	Interest Rate Swap-Sell	70.000	22.108.322	22.178.322	-	14.272.830	14.272.830
3.2.3	Foreign Currency, Interest rate and Securities Options	2.024	28.510	30.534	21.600	23.974	45.574
3.2.3.1	Foreign Currency Options-Buy	1.012	14.255	15.267	10.800	11.987	22.787
3.2.3.2	Foreign Currency Options-Sell	1.012	14.255	15.267	10.800	11.987	22.787
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell	-	-	-	-	-	-
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell	-	-	-	-	-	-
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	1.907.087.847	238.577.007	2.145.664.854	1.320.273.303	203.877.366	1.524.150.669
IV.	ITEMS HELD IN CUSTODY	801.784.528	43.695.339	845.479.867	483.537.169	28.520.249	512.057.418
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	16.068.422	21.363.653	37.432.075	18.593.440	9.756.471	28.349.911
4.3	Checks Received for Collection	10.470.124	1.397.404	11.867.528	10.552.360	1.236.933	11.789.293
4.4	Commercial Notes Received for Collection	11.290.277	775.924	12.066.201	9.896.272	757.409	10.653.681
4.5	Other Assets Received for Collection	8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering	738.596.223	-	738.596.223	421.798.436	-	421.798.436
4.7	Other Items Under Custody	25.349.017	20.158.358	45.507.375	22.686.196	16.769.436	39.455.632
4.8	Custodians	1.649	-	1.649	1.649	-	1.649
V.	PLEDGES RECEIVED	1.104.055.321	191.572.318	1.295.627.639	835.481.621	172.435.494	1.007.917.115
5.1	Marketable Securities	2.446.267	1.146.602	3.592.869	1.499.608	996.893	2.496.501
5.2	Guarantee Notes	15.642.486	1.989.052	17.631.538	16.636.075	1.778.629	18.414.704
5.3	Commodity	934.751	95.196	1.029.947	1.085.366	85.485	1.170.851
5.4	Warranty	-	-	-	-	-	-
5.5	Immovable	877.668.953	124.665.021	1.002.333.974	732.484.160	113.437.562	845.921.722
5.6	Other Pledged Items	207.357.655	63.654.787	271.012.442	83.771.203	56.117.548	139.888.751
5.7	Pledged Items-Depository	5.209	21.660	26.869	5.209	19.377	24.586
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	1.247.998	3.309.350	4.557.348	1.254.513	2.921.623	4.176.136
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		2.045.980.236	540.057.428	2.586.037.664	1.415.490.948	416.195.211	1.831.686.159

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

IV. STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period 1 January-31 December 2019	Prior Period 1 January-31 December 2018
I.	INTEREST INCOME	(1)	65.602.283	53.053.807
1.1	Interest on Loans		52.764.423	41.027.918
1.2	Interest Received from Reserve Deposits		439.830	697.410
1.3	Interest Received from Banks		305.757	248.312
1.4	Interest Received from Money Market Transactions		7.099	22.490
1.5	Interest Received from Marketable Securities Portfolio		11.966.108	10.977.126
1.5.1	Financial Assets at Fair Value Through Profit or Loss		12.463	5.665
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		10.603.117	9.871.894
1.5.3	Financial Assets Measured at Amortized Cost		1.350.528	1.099.567
1.6	Financial Lease Interest Income		-	-
1.7	Other Interest Income		119.066	80.551
II.	INTEREST EXPENSE (-)	(2)	40.290.277	31.137.996
2.1	Interest on Deposits		27.989.002	19.674.540
2.2	Interest on Funds Borrowed		1.672.114	1.429.422
2.3	Interest on Money Market Transactions		8.927.479	8.793.448
2.4	Interest on Securities Issued		1.366.368	1.087.134
2.5	Financial Lease Interest Expenses		97.619	15
2.6	Other Interest Expenses		237.695	153.437
III.	NET INTEREST INCOME (I - II)		25.312.006	21.915.811
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		3.589.771	2.637.794
4.1	Fees and Commissions Received		5.708.022	3.557.787
4.1.1	Non-cash Loans		900.911	668.217
4.1.2	Other		4.807.111	2.889.570
4.2	Fees and Commissions Paid		2.118.251	919.993
4.2.1	Non-cash Loans		1.463	949
4.2.2	Other		2.116.788	919.044
V.	DIVIDEND INCOME	(3)	1.060.357	290.900
VI.	TRADING PROFIT/(LOSS) (Net)	(4)	(7.817.493)	(3.834.183)
6.1	Profit/Losses from Capital Market Transactions		219.437	8.791
6.2	Profit/Losses from Derivative Financial Transactions		(8.483.899)	(3.506.435)
6.3	Foreign Exchange Profit/Losses		446.969	(336.539)
VII.	OTHER OPERATING INCOME	(5)	1.613.869	1.433.843
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		23.758.510	22.444.165
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(6)	6.313.395	4.701.631
X.	OTHER PROVISION EXPENSES (-)	(6)	111.766	17.056
XI.	PERSONNEL EXPENSE (-)		3.460.423	2.839.925
XII.	OTHER OPERATING EXPENSES (-)	(7)	6.224.812	4.851.869
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		7.648.114	10.033.684
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(8)	7.648.114	10.033.684
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(1.461.226)	(2.072.746)
18.1	Current Tax Provision		(2.738.530)	(2.242.602)
18.2	Expense Effect of Deferred Tax (+)		(3.375.545)	(2.722.000)
18.3	Income Effect of Deferred Tax (-)		4.652.849	2.891.856
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(10)	6.186.888	7.960.938
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Other Expenses from Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/(LOSS) (XVIII+XXII)	(11)	6.186.888	7.960.938
	Earnings/(Loss) per share (in TL full)		1,014	1,403

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

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

V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Current Period 1 January- 31 December 2019	Prior Period 1 January- 31 December 2018
I. CURRENT PERIOD PROFIT/LOSS	6.186.888	7.960.938
II. OTHER COMPREHENSIVE INCOME	6.022.966	(3.385.555)
2.1 Other Comprehensive Income That Will Not be Reclassified to Profit or Loss	(49.055)	1.796.306
2.1.1 Property and Equipment Revaluation Increase/Decrease	(223.184)	(107.965)
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(30.066)	74.380
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	166.260	2.235.617
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	37.935	(405.726)
2.2 Other Comprehensive Income That Will be Reclassified to Profit or Loss	6.072.021	(5.181.861)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	7.784.642	(6.321.870)
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(1.712.621)	1.140.009
III. TOTAL COMPREHENSIVE INCOME (I+II)	12.209.854	4.575.383

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss		
					1	2	3
Current Period							
31 December 2019							
I. Balance at the beginning of the period	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-
III. New balance (I+II)	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231
IV. Total comprehensive income (loss)	-	-	-	-	(200.866)	(24.053)	175.864
V. Capital increase in cash	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-
Increase (decrease) through other changes, equity	-	-	-	(88)	188.940	-	-
XI. Profit distribution	-	-	-	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-
Balance at the end of the period (III+IV+... ...+X+XI)	6.100.000	-	-	(571)	3.748.812	(81.552)	2.185.095

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Total Equity
4	5	6				
-	(6.429.909)	-	37.320.380	14.698.936	-	57.401.394
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(6.429.909)	-	37.320.380	14.698.936	-	57.401.394
-	6.072.021	-	-	-	6.186.888	12.209.854
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	143.700	120.742	-	453.294
-	-	-	14.646.296	(14.646.296)	-	-
-	-	-	-	-	-	-
-	-	-	14.574.793	(14.574.793)	-	-
-	-	-	71.503	(71.503)	-	-
-	(357.888)	-	52.110.376	173.382	6.186.888	70.064.542

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss		
					1	2	3
Prior Period							
31 December 2018							
I. Balance at the beginning of the period	5.600.000	-	-	(252)	3.858.888	(119.482)	1.320.744
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-
III. New balance (I+II)	5.600.000	-	-	(252)	3.858.888	(119.482)	1.320.744
IV. Total comprehensive income (loss)	-	-	-	-	(98.150)	61.983	1.832.473
V. Capital increase in cash	500.000	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	(231)	-	-	(1.143.986)
XI. Profit distribution	-	-	-	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-
Balance at the end of the period (III+IV+...+X+XI)	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior period net profit/ (loss)	Current period net profit/(loss)	Total Equity
4	5	6				
-	(1,250.450)	-	29,660.259	7,940.121	-	47,009.828
-	2,402	-	-	5,518.877	-	5,521.279
-	-	-	-	-	-	-
-	2,402	-	-	5,518.877	-	5,521.279
-	(1,248.048)	-	29,660.259	13,458.998	-	52,531.107
-	(5,181.861)	-	-	-	7,960.938	4,575.383
-	-	-	-	-	-	500.000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,219.121	-	74.904
-	-	-	7,660.121	(7,940.121)	-	(280.000)
-	-	-	-	(280.000)	-	(280.000)
-	-	-	7,582.399	(7,582.399)	-	-
-	-	-	77.722	(77.722)	-	-
-	-	-	-	-	-	-
-	(6,429.909)	-	37,320.380	6,737.998	7,960.938	57,401.394

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

VII. STATEMENT OF CASH FLOWS		Note (Section VI)	Current Period 1 January-31 December 2019	Prior Period 1 January-31 December 2018
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		(11.924.072)	2.203.126
1.1.1	Interest Received		58.879.738	47.282.174
1.1.2	Interest Paid		(39.652.756)	(29.442.439)
1.1.3	Dividend Received		1.037.071	290.900
1.1.4	Fees and Commissions Received		5.708.022	3.557.787
1.1.5	Other Income		2.280.275	1.433.843
1.1.6	Collections from Previously Written-off Loans and Other Receivables		1.926.028	1.154.673
1.1.7	Cash Payments to Personnel and Service Suppliers		(3.950.537)	(3.465.410)
1.1.8	Taxes Paid		(3.350.308)	(2.355.477)
1.1.9	Other		(34.801.605)	(16.252.925)
1.2	Changes in Operating Assets and Liabilities		30.364.918	21.112.523
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		4.942.930	(6.714.626)
1.2.2	Net (increase)/decrease in due from banks and other financial institutions		(8.050.821)	9.908.304
1.2.3	Net (increase)/decrease in loans		(60.324.845)	(68.324.344)
1.2.4	Net (increase)/decrease in other assets		2.311.198	(6.930.126)
1.2.5	Net increase/(decrease) in bank deposits		5.594.469	22.202.162
1.2.6	Net increase/(decrease) in other deposits		110.319.101	53.034.467
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	1.095.723
1.2.8	Net increase/(decrease) in funds borrowed		309.613	4.950.035
1.2.9	Net increase/(decrease) in matured payables		-	-
1.2.10	Net increase/(decrease) in other liabilities		(24.736.727)	11.890.928
I.	Net Cash Provided from Banking Operations		18.440.846	23.315.649
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES			
II.	Net Cash Provided from Investing Activities		(21.215.135)	(17.597.250)
2.1	Cash paid for acquisition of investments, associates and subsidiaries		(108.692)	(1.539.904)
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of tangible assets		(1.227.226)	(79.232)
2.4	Disposals of tangible assets		497.581	235.203
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(42.117.386)	(26.023.741)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		20.341.757	11.798.189
2.7	Purchase of Financial Assets Measured at Amortized Cost		(10.608.138)	(3.501.862)
2.8	Sale of Financial Assets Measured at Amortized Cost		3.875.246	2.607.480
2.9	Other		8.131.723	(1.093.383)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities		5.612.313	1.265.269
3.1	Cash Obtained from Funds Borrowed and Securities Issued		16.239.183	8.758.603
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(10.346.528)	(7.993.108)
3.3	Issued Equity Instruments		-	500.000
3.4	Dividends Paid		-	-
3.5	Payments for Lease Liabilities		(280.342)	(226)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	1.934.786	3.390.382
V.	Net Decrease/Increase in Cash and Cash Equivalents (I+II+III+IV)		4.772.810	10.374.050
VI.	Cash and Cash Equivalents at the Beginning of the Period	(1)	23.389.729	13.015.679
VII.	Cash and Cash Equivalents at the End of the Period	(1)	28.162.539	23.389.729

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

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2019

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

VIII. PROFIT DISTRIBUTION STATEMENT ^(*)	Current Period 31 December 2019	Prior Period 31 December 2018
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 Current Year Income	7.648.114	10.033.684
1.2 Taxes And Duties Payable (-) ^(**)	2.738.530	2.242.602
1.2.1 Corporate Tax (Income tax)	2.738.530	2.242.602
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	4.909.584	7.791.082
1.3 Prior Year Losses (-)	-	-
1.4 First Legal Reserves (-)	-	389.554
1.5 Other Statutory Reserves (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	4.909.584	7.401.528
1.6 First Dividend To Shareholders (-)	-	-
1.6.1 To Owners Of Ordinary Shares	-	-
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 (-)	-	-
1.8 Dividends To Board Of Directors (-)	-	-
1.9 Second Dividend To Shareholders (-)	-	-
1.9.1 To Owners Of Ordinary Shares	-	-
1.9.2 To Owners Of Privileged Shares	-	-
1.9.3 To Owners Of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders Of Profit And Loss Sharing Certificates	-	-
1.10 Second Legal Reserves (-)	-	-
1.11 Statutory Reserves (-)	-	7.401.528
1.12 Extraordinary Reserves	-	-
1.13 Other Reserves	-	-
1.14 Special Funds	-	-
II. DISTRIBUTION OF RESERVES	-	-
2.1 Appropriated Reserves	-	-
2.2 Second Legal Reserves (-)	-	-
2.3 Dividends To Shareholders (-)	-	-
2.3.1 To Owners Of Ordinary Shares	-	-
2.3.2 To Owners Of Privileged Shares	-	-
2.3.3 To Owners Of Preferred Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders Of Profit And Loss Sharing Certificates	-	-
2.4 Dividends To Personnel (-)	-	-
2.5 Dividends To Board Of Directors (-)	-	-
III. EARNINGS PER SHARE	0,8048	1,3735
3.1 To Owners Of Ordinary Shares	80,48	137,35
3.2 To Owners Of Ordinary Shares (%)	-	-
3.3 To Owners Of Privileged Shares	-	-
3.4 To Owners Of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1 To Owners Of Ordinary Shares	-	-
4.2 To Owners Of Ordinary Shares (%)	-	-
4.3 To Owners Of Privileged Shares	-	-
4.4 To Owners Of Privileged Shares (%)	-	-

^(*) 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.

^(**) The deferred tax benefit amounted TL 1.277.304 is included in profit distribution (31 December 2018: The deferred tax benefit amounted TL 169.856 is not taken into account in profit distribution)

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

The unconsolidated financial statements have been prepared in thousands of Turkish Lira (“TL”), under the historical cost convention, except for the financial assets and liabilities carried at fair value.

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

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

In accordance with the “Communiqué amending the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” published in the Official Gazette dated 1 February 2019 with No. 30673, the accompanying previous period financial statements were made compatible with the new financial statement formats.

Changes in Accounting Policies

The Bank has started to apply TFRS 16 Leases standard (“TFRS 16”) in the accompanying financial statements starting from 1 January 2019. For the transactions the Bank is lessee, the Bank used the model the standard projects except for the low value assets and short term leasings (1 year or less).

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the present accounting of finance leases which is balance sheet based, singular accounting model. Standard brought a single model for lease accounting to lessees. The bank as a lessee, has shown right of use assets representing right of use of underlying assets and lease payment which the Bank is liable, in its financial statements. For lessors, the accounting stays almost the same.

This standard is applied with modified retrospective approach recognizing the cumulative effect of initially applying the standard at the date of initial implementation. In this context, the Bank did not restate comparative information.

The Bank recognizes a lease liability and a right-of-use asset at the date of initial implementation of TFRS 16 for leases previously classified as an operating lease while applying TAS 17. The Bank measures that lease liability by the present value of the remaining lease payments, discounted using the Bank’s incremental borrowing rate at the date of initial implementation. Besides, the Bank measures that right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the financial statements immediately before the date of initial implementation.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

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

IFRS 16 Leases Standard Transition Effect

	31 December 2018	IFRS 16 Reclassification Effect	IFRS 16 Transition Effect	1 January 2019
Tangibles (Net)	4.584.479	16.313	555.555	5.156.347
Intangibles (Net)	421.089	-	92.500	513.589
Other Assets (Net)	6.482.549	(16.313)	-	6.466.236
Lease Payables (Net) ⁽¹⁾	221	-	648.055	648.276

⁽¹⁾ The weighted average of alternative borrowing interest rates applied to the Bank's lease obligations are 18,1% for Turkish Lira and 4,6% for Euro.

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

Main activity of the Bank comprises of banking services, such as; launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits in Turkish Lira and foreign currencies. The Bank's main funding sources are Turkish Lira deposits, repurchase agreements, issued securities and shareholders' equity. 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 higher 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 card are the most important risk areas within the off-balance sheet accounts.

Since the Bank's total debt to the market is low among its total liabilities, the Bank can borrow easily from short-term markets, such as; Borsa Istanbul ("BIST"), Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of the Bank is not presumed to be significantly affected from liquidity risk 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 valued by Bank's prevailing counter currency buying rate at transaction date and reflected to records. At period ends, foreign currency asset and liability balances are valued at the Bank's period end counter currency buying rates and converted to Turkish currency and the resulting exchange differences are recognized as a "foreign exchange profit or loss".

Capital payments in US Dollar amounts transferred to the subsidiaries operating abroad and evaluation differences, are converted to Turkish Liras by effective exchange rate on valuation date and presented on the financial statements. For currency risk arising from foreign currency conversion of subsidiaries' capital that is paid in Euro amounts, Euro deposits are used for hedging purposes. The total capital amount linked to this purpose is EUR 268.075 thousand.

Assets and liabilities of the overseas branches of the Bank are converted into Turkish Lira with the Bank's prevailing counter currency buying rates at the balance sheet date.

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

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

Investments related to subsidiaries and joint ventures which are operating abroad and recorded in foreign currency are accounted by their fair values. Fair values have been determined by the valuation reports prepared for these subsidiaries and joint ventures and recognized under shareholders' equity as of the valuation date.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Bank's derivative transactions include cross currency swaps, interest rate swaps, currency and precious metal swaps, long-term financing transactions, full indemnity options and forward foreign currency buy/sell transactions. The Bank has no embedded derivative instruments separated from the articles of association.

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Derivative financial instruments of the Bank are classified under “IFRS 9 Financial Instruments Standard”, Derivative Financial Assets Designated at Fair Value through Profit or Loss or Derivative Financial Assets Designated at Fair Value through Other Comprehensive Income.

Derivative financial instruments are initially recognized at fair value. Derivative transactions, depending on the fair value being positive or negative is shown as financial assets at fair value through profit/loss or financial liabilities at fair value through profit/loss in the following periods of the recording. Differences arising from the fair value of the valuation result are recognized in statement of profit or loss in profit/losses from derivative financial transactions under trading profit/loss.

The fair value of the derivative financial instruments are calculated considering quoted market prices or by applying TL Libor based discounted cash flow models.

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognized according to the effective interest method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

Interest income from financial assets are recognized as gross carrying amount according to the effective interest rate method except for interest income from purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets.

If the expectations for the cash flows in the financial asset are revised for reasons other than the credit risk, the amendment is reflected in the carrying amount of the asset and in the related profit or loss statement line and is amortized over the estimated life of the financial asset.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Income and losses from banking, agency and intermediary services are recognized as income/loss and conformant with IFRS 15 Revenue from Contracts with Customers on the date they are collected.

Prepaid expense amounts are recognized as expense on an accrual basis during the service period.

Commission income from consumer, corporate and entrepreneurial loans are transferred to income accounts according to periodicity principle using effective interest rate method on an accrual basis.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to IFRS 9 Financial Instruments Part 3 Recognition and Derecognition. Financial assets are measured at fair value at initial recognition in the financial statements. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

The Bank classifies and recognizes its financial assets as “Fair value through profit/loss”, “Fair value through other comprehensive income” or “Measured at amortized cost”. This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

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.

Classification And Measurement Within The Scope of IFRS 9

In accordance with IFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;

- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets.

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Financial Assets At Fair Value Through Profit or Loss

Financial assets at fair value through profit/loss are financial assets that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making.

Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the profit or loss statement.

Government Bonds and Treasury Bills which are included in financial assets at fair value through profit or loss are valued at the weighted average exchange prices of BIST on the balance sheet date and which are not traded in BIST are valued at prices of T.C. Central Bank. Eurobonds are carried at prices in the over the counter markets. All gains and losses arising from these valuations are reflected in the profit or loss account.

Financial Assets At Fair Value Through Other Comprehensive Income

Financial assets are classified as fair value through other comprehensive income if the assets are being held in line with a business model that aims collection of contractual cash flows or sale of assets and additionally if the contractual terms of the financial asset lead to cash flows that solely include the payments of principal and interest on certain dates.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to profit or loss statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the profit or loss statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in the equity are reflected to the profit or loss statement.

Equities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair value can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost less provision for impairment. Regarding the banking operations of the Bank, there exist ineffective shares of Kredi Garanti Fonu, Türk Ticaret Bankası in liquidation, Borsa İstanbul, Borica Bank Services AD, Central Bank of the Republic of Turkey and Milli Reasürans T.A.Ş. The related investments are classified under financial assets at fair value through other comprehensive income and are carried at book value.

Financial Assets Measured at Amortized Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in profit or loss statement.

Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Bank include Consumer Price Index (CPI) Linked Bonds. Mentioned Securities are valued and accounted according to the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. As it is mentioned in the Under secretariat of Treasury's Investor Guide to CPI Linked Bonds, the reference index used during the calculation of the actual coupon payment amount is the previous two months CPI's. The Bank determines its expected inflation rates in compliance with this guide.

The Bank also updates the estimated inflation rate in case of necessity.

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Loans

Loans consist of financial assets which are created by providing money, goods or services to the debtor. Loans are initially recognized at acquisition cost presenting their fair value and thereafter measured at amortized cost using the “Effective Interest Rate Method”.

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity and collateral structures. Foreign exchange loans are recognized with fixed price and 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.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- 12-Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss Provision (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

Impairment

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument and the following aspects are important for the measurement:

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of the money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions at the time of reporting.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

12 Month Expected Credit Losses (Stage 1)

These are the financial assets that do not have a significant increase in credit risk at the time of recognition or since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. For such assets, impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the credit quality.

The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of life time loss expectancy.

Significant Increase in Credit Risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While the expected loss provision is calculated for the following 1-year for loans at stage 1, and the expected loss provision for loans at stage 2 is calculated by taking into consideration the full remaining maturity.

The main criteria taken into consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the stage 2 are, the number of delinquency being 30 days and above, and the Bank’s internal early warning system note.

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Credit-Impaired Losses (Stage 3)

Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

It is considered a debt as default on these two conditions;

- Objective Default Definition: It means debt having past due more than 90 days.
- Subjective Default Definition: It means it is considered that a debt is unlikely to be paid. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

Collective assessment of financial instruments is based on homogeneous group assets referring to portfolio segmentation including similar credit risk and product characteristics.

Credits that differ in cash flows or have different characteristics with other credits may be subject to individual valuation instead of aggregate valuation. A credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original expected Effective Interest Rate value and discounted cash flows. When cash flows are estimated, the following situations are considered:

- During the expected life of the financial instrument, all contractual terms of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

In the calculation of the expected credit loss, the basic parameters which are expressed as probability of default, loss in default and default amount are used.

Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time.

In default probability models, sectorial information for the corporate portfolio and product information for the individual portfolio are taken as the basis.

Default Amount

The default amount represents the expected gross receivable if a loan is defaulted.

Loss Given Default

Loss given default refers to the ratio of the economic net loss resulting from the default of a loan to the default amount. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. The main macroeconomic indicators that create these estimation models are Gross Domestic Product (GDP) and Consumer Price Index (CPI). Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

The Methodology of Behavioral Maturity Calculation

The loans in Stage 1, expected loss provision is calculated until their maturity for the ones which have less than one year to due date and for 1 year which have more than one year to due date. The loans in Stage 2, expected loss provision is calculated for lifetime (until maturity date) of the loan. In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analysing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

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IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities 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 (“Repos”) are classified as “Financial assets at fair value difference through profit or loss”, “Financial assets at fair value difference through other comprehensive income” and “Measured at amortized cost” in the balance sheet according to the investment purposes and measured according to the portfolio of the Bank to which they belong. Funds obtained under repurchase agreements are accounted under “Funds provided under repurchase agreements” in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the “Effective interest (internal return) method”.

Funds given against securities purchased under agreements (“Reverse Repo”) to resell are accounted under “Receivables from Money Markets” on the balance sheet and interest income accrual is calculated using internal rate of return method.

XI. INFORMATION ON NON-CURRENTS ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

Non-currents assets or disposal groups “held for sale” consist of tangible assets that were acquired due to under follow-up loans and receivables, and are accounted in the financial statements in accordance with the regulations of “IFRS 5 Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations”.

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. To have a high possibility of sale, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers.

The properties obtained from the Bank’s receivables are shown at the Non-current assets or disposal groups “held for sale” and “from discontinued operations” line according to the execution of the forward sales agreement.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Bank does not have any discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

The Bank recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that do qualify as development are added to software’s initial costs and amortized over 3 years considering the useful lives. The Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 33,3% to 6,7%.

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XIII. EXPLANATIONS ON TANGIBLE ASSETS

Tangible assets are 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. As of 31 January 2014 the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Bank's inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950. As of 31 December 2016 the valuation studies have been done and valuation results are reflected to accounting records. As of 31 December 2019, the fair value difference of the net real estates amounting to TL 3.559.872 is followed under shareholders' equity.

Tangible assets (except for immovables) are presented in the financial statements over their remaining cost after deducting accumulated depreciation from cost amounts, if any, and after deducting accumulated depreciation from their fair values. Tangible assets are depreciated over their estimated useful lives using the straight-line method. The amortization method applied in the current period has not been changed.

Estimated useful lives and amortization rates of tangible assets are below:

	Estimated Useful Lives (Year)	Amortization Rate
Buildings	50	2%
Safe-deposit boxes	50	2%
Other movable properties	3-25	4-33,33%
Assets held under financial leases	4-5	20-25%

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in Accordance with TFRS 16

The Bank, measures the operational lease liabilities based on the present value of the lease payments that have not been paid at the date of lease is actually started, in accordance with TFRS 16. Lease payments are discounted by using the Bank's incremental borrowing rate.

After the date of lease actually started, the Bank increases book value to reflect the interest on lease liability, decreases book value to reflect lease payments that is made and remeasures to reflect the changes made in lease or revised fixed lease payments.

The interest on the lease liability for each period of the lease term, is the amount calculated by charging a fixed periodic interest rate on remaining balance of lease liability.

After the date of lease actually started, the Bank remeasures the lease liability to reflect the changes in lease payments. The Bank, reflects the remeasurement part of the lease liability, in financial statements as adjustments in right to use assets.

The Bank, applies a discount rate that reflects the changes in the interest rate in a scenario where the Bank used purchase option at the initial lease term.

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The Bank, remeasures the lease liability by discounting the revised lease payments using a revised discount rate for a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification. The revised discount rate is determined as the alternative borrowing interest rate at the effective date of the modification. The Bank decreases carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognized in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

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 Liabilities”, 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 Liabilities” 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”.

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

Provisions other than provisions for impairment 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 from the Bank cannot be made, it is considered that a “contingent” liability exists and it is disclosed in the related notes to the financial statements.

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

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

The Bank recognizes its liabilities of employment terminations and vacation benefits in accordance with TAS 19 “Turkish Accounting Standard about Benefits for Employee” and estimates the net present value of future liabilities arising from employment terminations and vacation benefits and reflects this provision amount in the financial statements.

Under the Turkish legislation as supplemented by union agreements, Employment Termination Benefit payments are made in case of retirement or employment termination or resignation depending on the arise of the legal conditions. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, retirement bonus pension/severance payments are calculated for the hours that the personnel has worked. Employment termination is calculated based on actuarial assumptions. These assumptions based on the calculation are below:

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The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 31 December 2019, retirement benefit obligation is TL 1.038.524 (31 December 2018: TL 824.520).

	Current Period	Prior Period
Discount Rate	12,15%	16,30%
Inflation	8,68%	12,00%

Communiqué on "Turkish Accounting Standard ("TAS19") about Benefits for Employee (No:9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority ("POA") on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TL 81.552 was classified under shareholders' equity in the financials.

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

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

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

Some of the Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33. As of 31 December 2019 the number of personnel who benefit from the Fund, excluding dependents, is 23.720 (31 December 2018: 23.308). 19.832 of these members are active while 3.888 are passive members. (31 December 2018: 19.458 active members, 3.850 passive members).

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.

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 Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

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

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

Based on the Council of Ministers' decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

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Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; “Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law.

The technical balance sheet report as of 31 December 2019 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

Current Tax

The corporate tax rate of 20% designated in Corporate Tax Law No. 5520 which was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205, will be applied as 22% for corporation earnings for three years from 1 January 2018 with the regulation dated 28 November 2017 numbered 7061. Furthermore, Cabinet is made authorized to decrease this ratio to 20% from 22%. The bank applies new regulations to its current and deferred tax responsibilities. 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. If there is no dividend distribution, no further tax charges are made.

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 22% on their corporate income. Advance tax is declared by the 17th 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.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations’ 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from corporation tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017).

This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warranters’ real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors’ revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from corporation tax (Changed with 89th article of code 7061 that entries into force in 5 December 2017).

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.

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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 end 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.

Deferred Tax

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

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

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

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

Deferred tax asset and deferred tax liability are presented as net in these unconsolidated financial statements.

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

XVIII. EXPLANATIONS ON BORROWINGS

The Bank recognizes its debt instruments in accordance with TFRS 9 “Financial Instruments” and all financial liabilities are carried at amortized cost by using effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXII. CASH AND CASH EQUIVALENTS

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

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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 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

Explanation on Profit Distribution

It was proposed to set aside the general legal reserve TL 389.554 from the net profit for the period of TL 7.960.938; to keep TL 7.401.528 remaining from the distributions in the Bank; to set aside the legal reserve of TL 334.268 from the accumulated profit of TL 6.685.358 remaining after deducting TL 37.639 which is the negative valuation difference balance that is monitored in the fund account under the equity, that is required to be liquidated in accordance with TFRS 9 Standard, and that resulted from the reclassification of a party of securities in 2008, and TL 11.370, which is the amount of the tax provision for real estate sales revenues monitored in the special fund account, from the total of TL 5.518.877, which is monitored in the accumulated profits and which was created by the recalculation of the provisions in accordance with the regulations of the Turkish Financial Reporting Standard called “TFRS 9 Financial Instruments” that started to be implemented as of 1 January 2018, of TL 1.143.986, which is the sales revenue of certain share certificates in the Bank’s portfolio, and of TL 71.503, which is the part of the real estate sales revenues that subjects to the profit distribution, and to transfer the remaining amount of TL 6.351.090 to the extraordinary reserves; to transfer TL 52.640, which is the part of 50% of the sales revenue from the real estate sold in 2018, to the other reserves so as to be monitored in a special fund account; and to transfer TL 280.000, which was set aside from the profit for 2017 to be paid to the shareholder, to the extraordinary reserves in accordance with the resolution made at the General Assembly Meeting for 2017.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

As of 31 December 2019 Bank’s total regulatory capital has been calculated as TL 83.636.178 (31 December 2018: TL 61.008.521), capital adequacy ratio is 17,02% (31 December 2018:14,82%). This ratio is well above the minimum ratio required by the legislation.

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1. Information Related to The Components of Shareholders' Equity

	Current Period 31 December 2019	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.110.376	-
Gains recognized in equity as per TAS	6.643.351	-
Profit	6.360.270	-
Current Period Profit	6.186.888	-
Prior Period Profit	173.382	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Common Equity Tier 1 Capital Before Deductions	71.231.385	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.166.843	-
Improvement costs for operating leasing	20.164	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	745.089	745.089
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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	Current Period 31 December 2019	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	1.932.096	-
Total Common Equity Tier I Capital	69.299.289	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	9.246.580	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	9.246.580	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	9.246.580	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	78.545.869	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.185.668	-
Tier II Capital Before Deductions	5.185.668	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5.185.668	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	83.731.537	-

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	Current Period 31 December 2019	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	83.731.537	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	95.359	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	83.636.178	-
Total Risk Weighted Assets	491.404.718	-
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	14,10	-
Tier I Capital Ratio (%)	15,98	-
Capital Adequacy Ratio (%)	17,02	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2,52	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,02	-
c) Higher bank buffer requirement ratio (%) ^(*)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,60	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	180.672	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	90.883	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.148.611	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	5.185.668	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.185.668	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions.

(*) The systemic significant bank buffer ratio has been shown as "-" in the unconsolidated financial report since it is necessary to fill in the systematic significant banks that are not required to prepare financial statements in the context of the 4th paragraph of Article 4 of the "Regulation on Systemic Significant Banks".

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	Prior Period 31 December 2018	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	35.758.745	-
Gains recognized in equity as per TAS	7.349.739	-
Profit	14.698.936	-
Current Period Profit	7.960.938	-
Prior Period Profit	6.737.998	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Common Equity Tier 1 Capital Before Deductions	63.924.808	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	6.523.415	-
Improvement costs for operating leasing	39.634	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	609.393	609.393
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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	Prior Period 31 December 2018	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	7.172.442	-
Total Common Equity Tier I Capital	56.752.366	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions		
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	56.752.366	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	4.258.026	-
Tier II Capital Before Deductions	4.258.026	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	4.258.026	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	61.010.392	-

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Total Capital (The sum of Tier I Capital and Tier II Capital)	61.010.392	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	1.871	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	61.008.521	-
Total Risk Weighted Assets	411.815.001	-
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	13,78	-
Tier I Capital Ratio (%)	13,78	-
Capital Adequacy Ratio (%)	14,82	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	1,89	-
a) Capital conservation buffer requirement (%)	1,88	-
b) Bank specific countercyclical buffer requirement (%)	0,016	-
c) Higher bank buffer requirement ratio (%) (**)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	5,78	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	174.201	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	83.917	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.545.993	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	4.258.026	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.258.026	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions

(**) The systemic significant bank buffer ratio has been shown as “-” in the unconsolidated financial report since it is necessary to fill in the systematic significant banks that are not required to prepare financial statements in the context of the 4th paragraph of Article 4 of the “Regulation on Systemic Significant Banks”.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period	
Issuer	T.C. Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and/or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	9.247
Nominal value of instrument (TL million)	9.247
Accounting classification of the instrument	347001-Subordinated Debts
Original date of issuance	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24 April 2024
Interest/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliance with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliance with Article 7 of the Regulation on Bank Capital.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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3. Necessary Explanations in order to Reach an Agreement Between the Statement of Shareholders’s Equity and Balance-Sheet Amounts

	Current Period	Prior Period
Balance Sheet - Equity	70.064.542	57.401.394
Operational Leasing Development Costs	(20.164)	(39.634)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(745.089)	(609.393)
TIER 2 Capital (Provisions)	5.185.668	4.258.026
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	9.246.580	-
Other deductions from common equity	(95.359)	(1.871)
Amount recognized in regulatory capital	83.636.178	61.008.521

II. EXPLANATIONS ON CREDIT RISK

1. Information on Credit Risk

Credit risk is the possibility of loss that the bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

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

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The bank’s credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Directorates/Branches.

The limits, subjects, collateral structure, maturities, accounts booked, outstanding balances of the loans allocated by the branches are periodically analyzed depending on the number of customers and monitored 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, collateral, etc.).

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.

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On January 2011 the Bank started applying internal ratings processes as a decision support system for analysing credit worthiness and determining credit allocation for Corporate/Commercial/Entrepreneurial consumer loans.

The Bank makes provision in conformity with the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

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

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

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

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.

Non-cash risks of customers classified as non-performing loans in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions" are subjected to expected loss provision (Stage 3) under the same regulation, when the related risks are reimbursed and transformed into cash receivables, they are followed up in the same risk group as the cash loan which was previously classified as non-performing loans and the expected losses provision (Stage 3) continues to be provided.

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

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 28% and 33% respectively (31 December 2018: 30% and 35%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 53% and 65% respectively (31 December 2018: 53% and 65%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 29% and 36% respectively (31 December 2018: 30% and 38%).

IFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 5.156.710 (31 December 2018: TL 3.263.642)

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

2. The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Current Period								
Domestic	137.119.329	649.567	581.951	-	-	30.278.276	242.777.485	162.502.935
European Union Countries	192.382	-	-	-	-	37.447.957	351.183	58.204
OECD Countries ⁽¹⁾	-	-	-	-	-	700.891	66.044	-
Off-shore Banking Regions	-	-	-	-	-	3.108	-	-
USA, Canada	-	-	-	-	-	3.564.230	2.130.965	-
Other Countries	430.598	4.546	24	-	-	4.291.190	8.584.026	153.925
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	4.950.341	72.791	6.343
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-
Total	137.742.309	654.113	581.975	-	-	81.235.993	253.982.494	162.721.407

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

⁽¹⁾ OECD Countries other than EU countries, USA and Canada.

⁽²⁾ Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Prior Period								
Domestic	101.715.907	681.851	534.943	-	-	18.509.633	231.082.507	134.307.296
European Union Countries	64.088	-	-	-	-	25.482.569	184.327	64.831
OECD Countries ⁽¹⁾	-	-	-	-	-	986.769	107.465	-
Off-shore Banking Regions	-	-	-	-	-	26.699	-	-
USA, Canada	-	-	-	-	-	3.945.698	1.059.853	454
Other Countries	1.941.939	2.049	62	-	-	1.082.143	1.259.928	146.447
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	4.429.032	1.180.659	6.066
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-
Total	103.721.934	683.900	535.005	-	-	54.462.543	234.874.739	134.525.094

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

⁽¹⁾ OECD Countries other than EU countries, USA and Canada

⁽²⁾ Assets and liabilities that could not be distributed on a consistent basis

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments ⁽³⁾	Other receivables	Total
68.652.934	3.755.751	1.764.652	-	-	-	2.532.901	131.194	27.127.402	677.874.377
-	1.168	459	-	-	-	-	-	-	38.051.353
-	-	-	-	-	-	-	-	-	766.935
-	-	-	-	-	-	-	-	-	3.108
-	-	-	-	-	-	-	-	-	5.695.195
59.609	134.670	1.514.600	-	-	-	-	22.447	-	15.195.635
-	-	878.509	-	-	-	2.050.000	-	-	7.957.984
-	-	-	-	-	-	-	-	-	-
68.712.543	3.891.589	4.158.220	-	-	-	4.582.901	153.641	27.127.402	745.544.587

Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other Receivables ⁽³⁾	Total
54.822.568	1.872.545	1.003.055	-	-	-	2.080.910	119.091	20.387.062	567.117.368
-	1.727	803	-	-	-	-	9	-	25.798.354
-	-	-	-	-	-	-	-	-	1.094.234
-	-	-	-	-	-	-	-	-	26.699
-	-	-	-	-	-	-	-	-	5.006.005
32.141	287	1.841.225	-	-	-	-	23.906	-	6.330.127
-	-	687.555	-	-	-	1.300.000	-	-	7.603.312
-	-	-	-	-	-	-	-	-	-
54.854.709	1.874.559	3.532.638	-	-	-	3.380.910	143.006	20.387.062	612.976.099

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3. Risk Profile by Sectors or Counterparties

	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Sectors/Counter Parties								
Agriculture	112	353	7.963	-	-	-	2.505.961	6.341.181
Farming and Stockbreeding	33	353	7.963	-	-	-	2.392.545	5.848.131
Forestry	79	-	-	-	-	-	39.541	223.205
Fishing	-	-	-	-	-	-	73.875	269.845
Manufacturing	67.650	1.382	8.825	-	-	-	108.757.468	12.710.581
Mining and Quarrying	-	-	-	-	-	-	5.566.878	204.605
Production	67.643	14	670	-	-	-	74.328.563	12.344.423
Electric, Gas and Water	7	1.368	8.155	-	-	-	28.862.027	161.553
Construction	-	-	167.519	-	-	-	36.209.152	4.968.720
Services	49.380.973	3.884	175.287	-	-	66.741.196	102.132.987	32.164.573
Wholesale and Retail Trade	3	25	12.223	-	-	-	27.641.100	22.967.302
Hotel Food and Beverage Services	2.027	35	3.685	-	-	-	6.639.928	2.023.079
Transportation and Telecommunication	4.047	539	112.907	-	-	-	34.325.042	3.227.959
Financial Institutions	49.098.894	-	11.454	-	-	58.948.210	8.973.732	171.164
Real Estate and Leasing Services	142.733	2.955	3.017	-	-	7.792.986	23.378.226	2.897.592
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	128.764	-	16.152	-	-	-	555.842	329.224
Health and Social Services	4.505	330	15.849	-	-	-	619.117	548.253
Other	88.293.574	648.494	222.381	-	-	14.494.797	4.376.926	106.536.352
Total	137.742.309	654.113	581.975	-	-	81.235.993	253.982.494	162.721.407

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

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

Risk Classes												
Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporatse	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	TL	FC	Total	
1.106.346	95.849	7.046	-	-	-	-	-	42.491	282.940	9.824.362	10.107.302	
1.062.074	89.660	6.612	-	-	-	-	-	41.877	252.272	9.196.976	9.449.248	
27.145	2.768	345	-	-	-	-	-	477	11.236	282.324	293.560	
17.127	3.421	89	-	-	-	-	-	137	19.432	345.062	364.494	
2.752.266	538.875	157.395	-	-	-	-	-	7.278	69.510.688	55.491.032	125.001.720	
37.818	4.755	648	-	-	-	-	-	95	4.492.104	1.322.695	5.814.799	
2.692.466	432.079	156.542	-	-	-	-	-	7.051	42.740.623	47.288.828	90.029.451	
21.982	102.041	205	-	-	-	-	-	132	22.277.961	6.879.509	29.157.470	
1.396.361	587.628	946.980	-	-	-	236.607	-	25.850	19.579.872	24.958.945	44.538.817	
6.950.568	1.162.540	1.397.353	-	-	-	4.346.294	153.641	53.955	126.354.608	138.308.643	264.663.251	
4.019.577	629.278	117.401	-	-	-	-	-	35.697	9.652.478	45.770.128	55.422.606	
1.131.387	180.176	16.497	-	-	-	-	-	6.663	6.551.507	3.451.970	10.003.477	
652.408	33.426	10.533	-	-	-	-	-	6.885	15.800.489	22.573.257	38.373.746	
3.623	52	1.178.041	-	-	-	4.024.426	153.641	158	71.446.100	51.117.295	122.563.395	
826.622	303.363	14.699	-	-	-	321.868	-	4.058	22.426.857	13.261.262	35.688.119	
-	-	-	-	-	-	-	-	-	-	-	-	
132.411	8.703	59.229	-	-	-	-	-	165	381.699	848.791	1.230.490	
184.540	7.542	953	-	-	-	-	-	329	95.478	1.285.940	1.381.418	
56.507.002	1.506.697	1.649.446	-	-	-	-	-	26.997.828	60.028.025	241.205.472	301.233.497	
68.712.543	3.891.589	4.158.220	-	-	-	4.582.901	153.641	27.127.402	275.756.133	469.788.454	745.544.587	

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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

	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Sectors/Counter Parties								
Agriculture	119	473	11.578	-	-	-	3.121.694	5.123.165
Farming and Stockbreeding	37	473	11.578	-	-	-	2.376.041	4.730.831
Forestry	82	-	-	-	-	-	538.135	170.433
Fishing	-	-	-	-	-	-	207.518	221.901
Manufacturing	74.812	6.082	31.472	-	-	-	100.315.586	9.095.844
Mining and Quarrying	-	-	-	-	-	-	5.110.036	161.125
Production	74.806	19	2.115	-	-	-	68.941.250	8.839.853
Electric, Gas and Water	6	6.063	29.357	-	-	-	26.264.300	94.866
Construction	-	-	58.284	-	-	-	49.455.899	4.688.200
Services	40.073.793	2.927	302.575	-	-	54.462.538	79.329.844	27.255.605
Wholesale and Retail Trade	18	1.435	6.357	-	-	-	23.069.403	19.717.803
Hotel Food and Beverage Services	302	13	1.237	-	-	-	4.765.048	1.602.016
Transportation and Telecom.	4.786	249	152.113	-	-	-	15.625.958	2.733.835
Financial Institutions	39.828.794	-	16.951	-	-	49.011.495	11.828.099	14.050
Real Estate and Leasing Services	138.682	248	792	-	-	5.451.043	23.074.862	2.455.183
Self Employment Services	-	-	-	-	-	-	-	261
Education Services	100.492	-	115.705	-	-	-	376.173	263.689
Health and Social Services	719	982	9.420	-	-	-	590.301	468.768
Other	63.573.210	674.418	131.096	-	-	5	2.651.716	88.362.280
Total	103.721.934	683.900	535.005	-	-	54.462.543	234.874.739	134.525.094

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

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

Risk Classes												
Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securiti-sation posi-tions	Short-term from banks, brokerage houses and corporatse	Investments similar to collective investment funds	Investments in Equity Instru-ments	Other receivables	TL	FC	Total	
975.339	87.725	16.504	-	-	-	-	-	328.546	8.710.157	954.986	9.665.143	
937.276	83.914	16.266	-	-	-	-	-	327.429	8.149.536	334.309	8.483.845	
18.775	2.409	43	-	-	-	-	-	930	251.299	479.508	730.807	
19.288	1.402	195	-	-	-	-	-	187	309.322	141.169	450.491	
1.735.010	380.891	220.417	-	-	-	-	-	171.547	39.699.621	72.332.040	112.031.661	
24.312	4.515	485	-	-	-	-	-	79	902.499	4.398.053	5.300.552	
1.690.739	373.774	20.115	-	-	-	-	-	171.327	33.095.196	47.018.802	80.113.998	
19.959	2.602	199.817	-	-	-	-	-	141	5.701.926	20.915.185	26.617.111	
1.386.611	183.196	290.794	-	-	-	166.360	-	27.021	19.100.258	37.156.107	56.256.365	
5.297.109	590.941	1.253.641	-	-	-	3.214.550	143.006	93.421	87.437.600	124.582.350	212.019.950	
2.935.788	383.934	28.163	-	-	-	-	-	60.818	35.046.120	11.157.599	46.203.719	
796.019	41.885	154.028	-	-	-	-	-	6.717	2.636.566	4.730.699	7.367.265	
513.701	25.225	4.333	-	-	-	-	-	20.172	4.495.195	14.585.177	19.080.372	
2.430	41	1.002.368	-	-	-	2.889.876	143.006	754	28.773.187	75.964.677	104.737.864	
849.168	131.275	63.276	-	-	-	324.674	-	4.496	14.713.414	17.780.285	32.493.699	
-	-	-	-	-	-	-	-	-	-	261	261	
80.587	5.926	170	-	-	-	-	-	194	670.889	272.047	942.936	
119.416	2.655	1.303	-	-	-	-	-	270	1.102.229	91.605	1.193.834	
45.460.640	631.806	1.751.282	-	-	-	-	-	19.766.527	165.717.886	57.285.094	223.002.980	
54.854.709	1.874.559	3.532.638	-	-	-	3.380.910	143.006	20.387.062	320.665.522	292.310.577	612.976.099	

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4. Analysis of maturity-bearing exposures according to remaining maturities

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	5.499.256	691.240	5.242.281	6.095.258	120.214.274
Conditional and unconditional exposures to regional governments or local authorities	5.015	965	16.993	79.697	551.443
Conditional and unconditional receivables from administrative units and non-commercial enterprises	8.138	4.752	1.555	60.848	506.682
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	54.333.299	6.598.017	972.735	1.277.718	18.054.224
Conditional and unconditional exposures to corporates	3.876.842	12.376.234	8.149.123	42.226.013	187.354.282
Conditional and unconditional retail exposures	4.640.466	5.058.020	7.962.738	33.582.880	111.477.303
Conditional and unconditional exposures secured by real estate property	154.963	412.416	737.342	4.882.727	62.525.095
Past due receivables	3.025.437	9	1	21	866.121
Receivables defined in high risk category by BRSA	1.105.340	33.328	2.911	127.587	2.889.054
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	166.213	-	10.287	1.017.244	3.389.157
Investments in Equity Instruments	-	-	-	-	153.641
Grand Total	72.814.969	25.174.981	23.095.966	89.349.993	507.981.276

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

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Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	3.190.166	120.489	2.228.434	3.748.742	94.434.103
Conditional and unconditional exposures to regional governments or local authorities	5.070	18	2.617	25.849	650.346
Conditional and unconditional receivables from administrative units and non-commercial enterprises	12.811	2.095	5.806	28.983	485.310
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	30.174.656	6.551.867	2.297.515	1.563.082	13.875.423
Conditional and unconditional exposures to corporates	1.786.591	6.461.933	2.666.726	41.111.641	182.847.848
Conditional and unconditional retail exposures	1.377.471	447.792	884.219	27.159.217	104.656.395
Conditional and unconditional exposures secured by real estate property	9.178	27.356	22.577	3.344.315	51.451.283
Past due receivables	1.699.780	376	34	191	174.178
Receivables defined in high risk category by BRSA	890.827	100.681	1.234	28.363	2.511.533
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	92.134	-	-	331.624	2.957.152
Investments in Equity Instruments	-	-	-	-	143.006
Grand Total	39.238.684	13.712.607	8.109.162	77.342.007	454.186.577

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

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

In order to determine the risk weight of regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

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Fitch Rating’s and the Islamic International Rating Agency’s (IIRA) risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings Long Term Credit Rating	Exposure to Banks and Brokerage Houses	
		Exposures with Original Maturities Less Than 3 Months	Exposures with Original Maturities More Than 3 Months
1	AAA to AA-	20%	20%
2	A+ to A-	20%	50%
3	BBB+ to BBB-	20%	50%
4	BB+ to BB-	50%	100%
5	B+ to B-	50%	100%
6	CCC+ and below	150%	150%

Credit Quality Grade	IIRA Long Term Credit Rating	Receivables from the Central Governments and the Central Banks
1	AAA to AA-	0%
2	A+ to A-	20%
3	BBB+ to BBB-	50%
4	BB+ to BB-	100%
5	B+ to B-	100%
6	CCC+ and below	150%

5. Exposures by risk weights:

Current Period

	Risk Weights	0%	2% ⁽¹⁾	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	115.251.893	2.870.742	-	53.092.597	-	64.707.337	228.174.513	277.289.285	4.158.220	-	-	860.612
2	Exposures after Credit Risk Mitigation	181.407.166	2.870.742	-	18.797.916	59.380.353	90.607.108	143.125.212	245.259.213	4.096.877	-	-	860.612

Prepared with the numbers after conversion rate to credit

⁽¹⁾ In accordance with the Regulation on Measurement and Evaluation of Banks’ Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

Prior Period

	Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	99.274.675	-	27.787.143	-	45.423.242	186.888.665	250.069.736	3.532.638	-	-	650.898
2	Exposures after Credit Risk Mitigation	144.280.532	-	12.418.620	47.341.458	64.421.116	117.153.495	223.900.938	3.459.940	-	-	650.898

Prepared with the numbers after conversion rate to credit.

6. Information in terms of major sectors and type of counterparties:

Impaired Credits

Impaired credits are the credits that were deemed to be impaired because of the credibility or delaying more than 90 days as of the end of the reporting period. For these credits “IFRS 9 expected loss provisions for the loans for the stage 3” calculation is made within the scope of Regulation on Provisions.

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Past Due Credits

Past due credits are the credits whose maturity delayed up to 90 days as of the end of the reporting period but not incurred to impairment. For these credits “IFRS 9 expected loss provisions (Stage 2)” calculation is made within the scope of Regulation for Provisions.

Current Period	Loans		Provisions
	Impaired (IFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	Provisions for Expected Credit Loss (IFRS)
Agriculture	3.559.419	1.794.874	1.124.743
Farming and Stockbreeding	3.544.746	1.777.009	1.110.868
Forestry	6.355	9.164	6.541
Fishery	8.318	8.701	7.334
Manufacturing	6.782.967	2.292.927	2.034.158
Mining and Quarrying	16.166	26.150	21.417
Production	4.798.794	2.018.110	1.532.782
Electricity, Gas and Water	1.968.007	248.667	479.959
Construction	2.513.988	2.503.451	1.658.543
Services	14.426.664	4.670.634	5.733.693
Wholesale and Retail Trade	1.982.114	2.663.794	1.994.007
Accommodation and Dining	798.235	354.691	218.968
Transportation and Telecom.	9.166.107	140.008	2.407.253
Financial Institutions	8.063	5.870	4.409
Real Estate and Rental Services	2.136.079	1.369.009	1.064.322
Professional Services	-	-	-
Educational Services	37.151	108.723	24.518
Health and Social Services	298.915	28.539	20.216
Other	2.549.934	1.428.601	1.110.591
Total	29.832.972	12.690.487	11.661.728

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Prior Period	Loans		Provisions
	Impaired (TFRS 9)		Provisions for Expected Credit Loss (TFRS)
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Agriculture	2.269.454	1.231.300	689.259
Farming and Stockbreeding	2.255.362	1.218.312	678.631
Forestry	4.544	6.497	4.409
Fishery	9.548	6.491	6.219
Manufacturing	1.256.901	1.495.860	1.114.679
Mining and Quarrying	6.820	21.034	16.512
Production	980.736	1.454.341	1.054.662
Electricity, Gas and Water	269.345	20.485	43.505
Construction	2.301.174	607.996	459.787
Services	10.547.173	2.971.634	4.352.424
Wholesale and Retail Trade	1.626.669	1.819.071	1.479.131
Accommodation and Dining	458.281	128.510	105.366
Transportation and Telecom.	7.440.608	90.628	1.965.041
Financial Institutions	5.012	4.271	3.012
Real Estate and Rental Services	749.270	893.236	771.106
Professional Services	-	-	-
Educational Services	34.470	21.500	16.098
Health and Social Services	232.863	14.418	12.670
Other	1.833.155	1.152.959	912.937
Total	18.207.857	7.459.749	7.529.086

7. Information about Value Adjustment and Change in Provisions

	Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions (Stage 3)	5.347.819	3.754.840	(838.615)	-	8.264.044
2	General Provisions (Stage 1 and 2)	3.036.763	1.714.642	(7.197)	-	4.744.208

	Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions	3.567.189	2.061.271	(280.641)	-	5.347.819
2	General Provisions	643.857	2.410.933	(18.027)	-	3.036.763

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8. Risks Included Capital Capacity Buffer Calculations

Current Period

Country	Banking Accounts RWA	Trading Accounts RWA	TOTAL
USA	2.151.433	375.131	2.526.564
Bosnia and Herzegovina	1.426.672	-	1.426.672
Turkish Republic of Northern Cyprus	859.047	-	859.047
Azerbaijan	425.598	-	425.598
Germany	405.937	-	405.937
Kosovo	299.749	65.378	365.127
Bulgaria	224.394	-	224.394
Uzbekistan	211.932	-	211.932
France	145.599	-	145.599
Iraq	23.948	104.756	128.704
Other	1.037.762	-	1.037.762

Prior Period

Country	Banking Accounts RWA	Trading Accounts RWA	TOTAL
Bosnia and Herzegovina	1.401.445	-	1.401.445
USA	1.078.371	226.040	1.304.411
Turkish Republic of Northern Cyprus	591.347	-	591.347
Germany	484.989	-	484.989
Azerbaijan	389.808	-	389.808
Uzbekistan	270.123	-	270.123
Kosovo	202.039	61.656	263.695
Switzerland	159.287	-	159.287
Saudi Arabia	153.203	2.444	155.647
Lebanon	118.708	-	118.708
Other	1.021.197	-	1.021.197

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III. EXPLANATIONS ON THE CURRENCY RISK

1. Whether the Bank is Exposed to Foreign Currency Risk, Whether The Effects of This Matter are Estimated, Whether Limits for The Daily Followed Positions are Determined by The Board of Directors

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

Additionally, dealer’s position and operational limits for foreign exchange transactions are under the authorization of the Board of Directors.

2. Hedge Against Foreign Exchange Debt Instruments and Net Foreign Exchange Investments by Hedging Derivative Instruments, if Material

None.

3. 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.

4. 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
24.12.2019	5,8898	6,5270	4,0751	0,8737	0,6243	6,0038	4,4769	0,6594	7,6296	1,5698	5,3837
25.12.2019	5,8806	6,5257	4,0688	0,8736	0,6270	5,9951	4,4668	0,6573	7,5989	1,5673	5,3567
26.12.2019	5,8779	6,5197	4,0757	0,8727	0,6230	5,9936	4,4757	0,6607	7,6354	1,5667	5,3625
27.12.2019	5,8987	6,5841	4,1102	0,8817	0,6319	6,0487	4,5069	0,6682	7,7278	1,5722	5,3899
30.12.2019	5,8841	6,5925	4,1159	0,8828	0,6307	6,0736	4,5006	0,6695	7,7334	1,5687	5,4072
31.12.2019	5,8870	6,6047	4,1333	0,8842	0,6319	6,0905	4,5288	0,6709	7,7797	1,5695	5,4208

5. 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
	5,8002	6,4437	3,9930	0,8626	0,6155	5,9007	4,4025	0,6434	7,6013	1,5465	5,3132

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6. Information on The Foreign Currency Risk of The Bank

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	22.846.355	18.651.759	7.863.131	49.361.245
Banks	680.765	2.341.616	1.701.028	4.723.409
Financial Assets at Fair Value Through Profit and Loss	-	7.310	-	7.310
Receivables from Money Markets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	7.776.245	28.314.204	91.541	36.181.990
Loans ⁽²⁾	45.698.577	72.832.201	168.895	118.699.673
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	2.054.859	1.202.256	-	3.257.115
Financial Assets Measured at Amortised Cost	9.538.589	3.530.039	892	13.069.520
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	9.331	543	6.506	16.380
Intangible Assets	3.826	-	9.087	12.913
Other Assets ⁽⁶⁾	440.095	825.315	47.717	1.313.127
Total Assets ^{(5) (7)}	89.048.642	127.705.243	9.888.797	226.642.682
Liabilities				
Interbank Deposits	12.174.520	4.144.935	155.564	16.475.019
Foreign Currency Deposits	97.628.372	72.541.137	19.574.897	189.744.406
Money Market Borrowings	-	20.473.527	-	20.473.527
Funds Provided from Other Financial Institutions	9.184.172	20.881.393	510	30.066.075
Issued Marketable Securities ⁽⁸⁾	9.565.957	9.683.463	143.303	19.392.723
Sundry Creditors	2.092.966	315.425	19.935	2.428.326
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	522.008	469.569	216.347	1.207.924
Total Liabilities ⁽⁵⁾	131.167.995	128.509.449	20.110.556	279.788.000
Net Balance Sheet Position	(42.119.353)	(804.206)	(10.221.759)	(53.145.318)
Net Off-Balance Sheet Position ⁽³⁾	44.304.336	(12.237.928)	9.701.530	41.767.938
Financial Derivative Assets	50.670.614	62.729.032	10.593.739	123.993.385
Financial Derivative Liabilities	6.366.278	74.966.960	892.209	82.225.447
Non-Cash Loans	32.279.847	41.797.633	6.626.573	80.704.053
Prior Period				
Total Assets	73.766.906	115.716.715	11.073.455	200.557.076
Total Liabilities	101.589.478	105.578.028	12.878.695	220.046.201
Net Balance Sheet Position	(27.822.572)	10.138.687	(1.805.240)	(19.489.125)
Net Off-Balance Sheet Position ⁽³⁾	29.335.754	(12.368.708)	1.940.459	18.907.505
Financial Derivative Assets	33.782.256	31.635.082	3.647.503	69.064.841
Financial Derivative Liabilities	4.446.502	44.003.790	1.707.044	50.157.336
Non-Cash Loans	33.562.849	43.102.010	6.372.730	83.037.589

⁽¹⁾ The foreign currencies presented in the other FC column of assets 89,91% is Gold 2,34% is GBP, 2,65% is SAR, 1,11% is IQD, and the remaining 3,99% is other foreign currencies. The foreign currencies presented in the other FC column of liabilities, 77,67% is Gold, 11,07% is GBP, 4,94% is CHF, 1,79% is DKK, 1,38% is SAR and the remaining 3,15% is other foreign currencies. (31 December 2018: Of the foreign currencies presented in the other FC column of assets 77,61% is Gold, 15,98% is SAR, 2,34% is GBP, 2,16% is IQD, and the remaining 1,91% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 60,60% is Gold, 14,11% is GBP, 13,46% is SAR, 5,72% is CHF, 2,17% is DKK, 0,77% is SEK, 0,59% is BGN and the remaining 2,58% is other foreign currencies.)

⁽²⁾ TL 108.045 equivalent of USD, and TL 74.099 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2018: TL 391.257 equivalent of USD, and TL 228.942 equivalent of EUR).

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

⁽⁴⁾ The foreign currency capital investments to Subsidiaries, Associates and Joint Ventures are evaluated with historical rates on the date of the fair value determination and capital investments made in the subsequent periods are evaluated with the rates on the date of the capital investment and followed with TL equivalents. No exchange rate difference arises from such investments.

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

⁽⁶⁾ Prepaid expenses in other assets amounting to TL 3.640 are not included in the table.

⁽⁷⁾ Expected loss provisions for financial assets and other assets are reflected in related items.

⁽⁸⁾ Includes subordinated debt instruments.

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IV. EXPLANATIONS ON THE INTEREST RATE RISK

1. Information Related to Interest Rate Sensitivity of Assets, Liabilities and Off-Balance Sheet Items

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	29.153.534	-	-	-	-	23.053.613	52.207.147
Banks	457.130	-	61.906	-	-	4.334.021	4.853.057
Financial Assets at Fair Value Through Profit and Loss	26.018	61.107	965.783	837.851	7.126	-	1.897.885
Receivables from Money Markets	328.596	-	-	-	-	-	328.596
Financial Assets at Fair Value Through Other Comprehensive Income	16.151.890	10.418.649	27.788.033	25.045.470	30.716.396	766.279	110.886.717
Loans Given ⁽³⁾	134.348.424	32.041.250	84.875.895	146.483.937	32.798.550	4.426.443	434.974.499
Financial Assets Measured at Amortised Cost	2.460.269	84.298	710.377	10.570.596	3.722.174	-	17.547.714
Other Assets ⁽²⁾	1.092.860	1.331.551	399.731	51.871	12.881	24.171.682	27.060.576
Total Assets ^{(1) (5)}	184.018.721	43.936.855	114.801.725	182.989.725	67.257.127	56.752.038	649.756.191
Liabilities							
Interbank Deposits	20.677.298	6.868.724	405.635	-	-	3.528.208	31.479.865
Other Deposits	181.302.372	67.626.548	44.984.490	1.369.474	869	120.487.355	415.771.108
Money Market Borrowings	45.101.031	2.948.343	541.873	684.163	-	-	49.275.410
Sundry Creditors	-	-	-	-	-	7.490.147	7.490.147
Issued Marketable Securities ⁽⁶⁾	54.957	2.591.278	371.294	19.654.454	-	-	22.671.983
Funds Provided from Other Financial Institutions	6.333.174	6.012.324	15.563.009	5.937.602	682.381	-	34.528.490
Other Liabilities ⁽⁴⁾	1.628.007	147.377	422.109	921.942	5.227.647	80.192.106	88.539.188
Total Liabilities ⁽¹⁾	255.096.839	86.194.594	62.288.410	28.567.635	5.910.897	211.697.816	649.756.191
Balance Sheet Long Position	-	-	52.513.315	154.422.090	61.346.230	-	268.281.635
Balance Sheet Short Position	(71.078.118)	(42.257.739)	-	-	-	(154.945.778)	(268.281.635)
Off-Balance Sheet Long Position	-	-	-	6	-	-	6
Off-Balance Sheet Short Position	(150.673)	(36.895)	(88.465)	-	-	-	(276.033)
Total Position	(71.228.791)	(42.294.634)	52.424.850	154.422.096	61.346.230	(154.945.778)	(276.027)

⁽¹⁾ Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.

⁽²⁾ Deferred tax asset is shown under the “Non-Interest Bearing” column.

⁽³⁾ Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.

⁽⁴⁾ Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

⁽⁵⁾ Allowance for expected losses for financial assets and other assets are reflected in the related items.

⁽⁶⁾ Includes subordinated debt instruments.

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	21.974.449	-	-	-	-	18.516.763	40.491.212
Banks	3.318.379	10.879	45.483	-	-	2.370.766	5.745.507
Financial Assets at Fair Value Through Profit and Loss	20.574	8.478	3.234	916	5.966	6.692.456	6.731.624
Receivables from Money Markets	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.849.807	8.341.822	18.668.696	19.927.493	21.937.049	662.656	78.387.523
Loans Given ⁽³⁾	127.048.614	34.097.919	66.018.652	119.026.844	22.642.535	2.111.930	370.946.494
Financial Assets Measured at Amortised Cost	2.388.244	883.236	1.944.981	1.618.345	3.418.449	-	10.253.255
Other Assets ⁽²⁾	404.550	1.297.606	311.015	81.474	10.437	22.495.430	24.600.512
Total Assets ⁽¹⁾⁽⁵⁾	164.004.617	44.639.940	86.992.061	140.655.072	48.014.436	52.850.001	537.156.127
Liabilities							
Interbank Deposits	15.187.956	5.292.517	446.008	-	-	4.742.133	25.668.614
Other Deposits	138.444.436	45.004.430	38.597.049	1.102.333	-	82.249.621	305.397.869
Money Market Borrowings	64.077.480	2.671.990	1.118.379	482.947	-	-	68.350.796
Sundry Creditors	-	-	-	-	-	5.315.978	5.315.978
Issued Marketable Securities	1.088.127	896.197	4.030.908	9.415.236	-	-	15.430.468
Funds Provided from Other Financial Institutions	6.970.785	8.941.633	11.721.664	5.508.802	1.028.769	-	34.171.653
Other Liabilities ⁽⁴⁾	1.333.955	810.066	460.321	281.682	4.831.437	75.103.288	82.820.749
Total Liabilities ⁽¹⁾	227.102.739	63.616.833	56.374.329	16.791.000	5.860.206	167.411.020	537.156.127
Balance Sheet Long Position	-	-	30.617.732	123.864.072	42.154.230	-	196.636.034
Balance Sheet Short Position	(63.098.122)	(18.976.893)	-	-	-	(114.561.019)	(196.636.034)
Off-Balance Sheet Long Position	-	1.098.007	-	-	-	-	1.098.007
Off-Balance Sheet Short Position	(34.431)	-	(74.986)	(139.258)	-	-	(248.675)
Total Position	(63.132.553)	(17.878.886)	30.542.746	123.724.814	42.154.230	(114.561.019)	849.332

⁽¹⁾ Balances without fixed maturity are shown in the "Non-Interest Bearing" columns.⁽²⁾ Deferred tax asset is shown under the "Non-Interest Bearing" column.⁽³⁾ Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.⁽⁴⁾ Total shareholders' equity is shown under the "Non-Interest Bearing" column.⁽⁵⁾ Allowance for expected losses for financial assets and other assets are reflected in the related items.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

2. Average Interest Rate Applied to the Monetary Financial Instruments (%)

	EUR	USD	JPY	TL
Current Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	10,00
Banks	4,30	-	-	17,25
Financial Assets Measured at Fair Value Through Profit or Loss	-	5,36	-	11,58
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,07	5,91	-	13,33
Loans Given ⁽²⁾	5,00	6,97	5,19	13,35
Financial Assets Measured at Amortised Cost	4,99	7,40	-	15,14
Liabilities				
Interbank Deposits	0,34	1,56	-	11,20
Other Deposits	0,49	2,09	-	10,50
Money Market Borrowings	-	2,92	-	11,53
Sundry Creditors	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	4,97	1,50	13,65
Funds Provided from Other Financial Institutions	1,78	3,98	-	11,47

⁽¹⁾ The rate on TL column denotes the interest rates applied for required reserve at CBRT.

⁽²⁾ Credit card loan balances are not included.

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

⁽⁴⁾ Foreign branches are excluded.

	EUR	USD	JPY	TL
Prior Period ⁽³⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	2,00	-	13,00
Banks	0,71	4,33	-	23,35
Financial Assets Measured at Fair Value Through Profit or Loss	2,34	5,18	-	8,78
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,68	5,70	-	12,59
Loans Given ⁽²⁾	4,95	7,28	4,85	15,54
Financial Assets Measured at Amortised Cost	6,63	7,32	-	17,06
Liabilities				
Interbank Deposits	0,52	2,32	-	23,33
Other Deposits	1,68	3,31	-	19,05
Money Market Borrowings	-	3,76	-	24,33
Sundry Creditors	-	-	-	-
Issued Marketable Securities	0,60	4,77	1,50	21,40
Funds Provided from Other Financial Institutions	1,22	3,94	-	21,13

⁽¹⁾ The rate on TL column denotes the interest rates applied for required reserve at CBRT.

⁽²⁾ Credit card loans balances are not included.

⁽³⁾ Foreign branches are excluded.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

V. EXPLANATIONS ON THE POSITION RISK OF EQUITY SECURITIES

1. Equity Securities Position Risk Derived from Banking Books

Comparison with the market value if the market value is significantly different from the fair value for balance sheet, fair and market values of equity shares

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	153.641	153.641	-

^(*) The market values are taken into account as fair values because the equity investments are not traded in the stock exchange.

Investments in Equity Instruments - Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	143.006	143.006	-

^(*) The market values are taken into account as fair values because the equity investments are not traded in the stock exchange.

The breakdown of capital requirements on the basis of related investments in equity instruments depending on the method of the calculation of capital requirement which is chosen by Bank among approaches that are allowed to be used within the Communiqué regarding Credit Risk Standard Method or the Calculation of Counterparty Credit Risk based upon Interior Rating Approaches

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 153.641 and 100% of them are risk weighted (31 December 2018: TL 143.006 and 100% of them are risk weighted).

VI. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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. Core Deposit Analysis are carried out on a daily basis for determining the stable part of the deposits which is the most crucial funding source of the Bank. Besides, in order to compare the Bank's level of liquidity risk with the banking sector, average remaining maturity balances of banking sector maturity structure and legal liquidity rates are monitored.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

1. Liquidity Risk

Explanations related to the liquidity risk management including the Bank’s risk capacity, responsibilities and structure of liquidity risk management, reporting of liquidity risk in internal banking, the strategy of liquidity risk and how to provide the communication of policies and implementations with board of directors and business lines

The Bank’s risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and sharing of issues related to liquidity risk management with the bank network are explained in Bank’s “Regulations of Risk Management, Stress Test Program and ICAAP Regulations” of the Bank. In this context, liquidity risk strategies, policies and implementations are shared within the Bank on a weekly, monthly, quarterly and annual basis with all relevant departments and the Bank’s senior management. The analysis and reports made within this scope are handled at the Asset-Liability Committee meetings and the Board of Directors is informed through the Audit Committee.

Liquidity management and the degree of centralization of fund strategies, the information about the procedure between Bank and the subsidiaries of Bank

Continuously the information exchange is actualized about the liquidity need and surpluses between the Bank and its subsidiaries, the necessary guidance and procedures are moderated by Treasury Management Group in order to manage liquidity need and surplus in effective way.

Information on the Bank’s funding strategy, including policies on diversity of funding sources and duration

The Bank’s main funding resource is deposit and the strategy of preserving the granular deposit structure is sustained. Moreover, within the diversification of funding strategy, long-term and cost-effective non-deposit funding is also targeted. In the non-deposit funding; repurchase agreements, post finance, syndication loan facility, loans from international financial institutions, marketable securities issuances, subordinated debt and bilateral loan agreements are mainly considered.

Explanation related to liquidity management as currencies forming at least 5 percentage of aggregate liabilities of the Parent Bank

The Bank’s total liabilities are consisted of mostly TL, USD and EUR currencies. Besides these currencies, for other currencies, daily and long-term cash flows are monitored and future projections are made for effective liquidity management purposes.

Information related to the techniques about the reduction of current liquidity risk

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 and the granular structure of the deposits. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed.

For the asset management of the Bank, within the scope of reformatting short-term cash cycle, dissonance reducing the maturity of asset and liability, the policy for shortening the average maturity on loans is being pursued.

Explanation regarding the usage of the stress test

In the presence of unexpected negative circumstances, periodical stress tests being done in order to test the endurance of the bank. These actions have been shared with Bank management and all related Departments for the purpose of taking necessary precautions. Additionally, stress tests also taken into consideration on subjects like the Bank’s estimated financial position for the next period, the progress of regulatory ratios and the liquidity need in short and long term as part of budget practices.

General information on liquidity urgent and unexpected situation plan

The internal and external sources which can be used in an emergency case to satisfy the liquidity need are periodically monitored and the borrowing limits of the Bank from organized market and other banks are on the level where they meet the structural liquidity deficits on different maturity segments. The Bank lines off its exposition to liquidity risk by limits that are approved by Board of Directors and within the frame of “Regulation on Risk Management, Stress Test Program and ICAAP Regulations”.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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2. Liquidity Coverage Ratio

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, the Bank calculates the liquidity coverage ratio and transmits unconsolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the unconsolidated lowest ratios are as follows: For FC 433,12% in the week of 29 November 2019; and for the total 122,43% in the week of 29 November 2019. The highest ratios that took place were for FC as 544,10% in the week of 25 October 2019 and for the total as 143,69% in the week of 20 December 2019 (31 December 2018: Within the last 3 months the unconsolidated lowest ratios are as follows: For FC as 95,72% in the week of 5 October 2018; and for the total 65,82% in the week of 5 October 2018. As for the highest ratios that took place were; for FC as 127,68% in the week of 23 November 2018 and for the total as 88,10% in the week of 21 December 2018).

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
Current Period				
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			100.902.069	53.873.101
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	286.874.819	136.857.531	24.294.672	13.685.753
Stable deposits	87.856.203	-	4.392.810	-
Less stable deposits	199.018.616	136.857.531	19.901.862	13.685.753
Unsecured wholesale funding, of which;	125.584.130	49.613.462	65.330.544	26.539.540
Operational deposit	7.266.139	241.478	1.816.535	60.370
Non-operational deposits	101.558.203	43.391.817	49.995.269	20.555.490
Other unsecured funding	16.759.788	5.980.167	13.518.740	5.923.680
Secured funding			-	-
Other cash outflows, of which;	61.201.674	5.881.985	6.845.440	1.921.423
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.130.153	418.050	2.130.153	418.050
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	59.071.521	5.463.935	4.715.287	1.503.373
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	45.422.930	29.331.892	2.505.052	1.466.595
TOTAL CASH OUTFLOWS			98.975.708	43.613.311
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	35.980.668	16.292.731	22.310.874	11.441.687
Other cash inflows	1.251.600	43.658.702	1.251.600	43.658.702
Total Cash Inflows	37.232.268	59.951.433	23.562.474	55.100.389
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			100.902.069	53.873.101
TOTAL NET CASH OUTFLOWS			75.413.234	10.903.328
LIQUIDITY COVERAGE RATIO (%)			133,80	494,10

^(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

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	Total Unweighted Value (Average) ⁽¹⁾		Total Weighted Value (Average) ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
Prior Period				
High Quality Liquid Assets				
High Quality Liquid Assets			57.078.656	38.987.473
Cash Outflows				
Retail and Small Business Customers, of which;	225.635.890	103.736.351	19.102.361	10.373.635
Stable deposits	69.224.573	-	3.461.229	-
Less stable deposits	156.411.317	103.736.351	15.641.132	10.373.635
Unsecured wholesale funding, of which;	102.475.385	45.423.037	58.204.960	28.155.342
Operational deposit	5.481.100	249.200	1.370.275	62.300
Non-operational deposits	82.408.632	38.360.429	43.781.140	21.368.021
Other unsecured funding	14.585.653	6.813.408	13.053.545	6.725.021
Secured funding			-	-
Other cash outflows, of which;	53.499.462	15.562.688	13.603.789	10.923.340
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	9.100.850	8.770.246	9.100.850	8.770.246
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	44.398.612	6.792.442	4.502.939	2.153.094
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	52.116.679	37.788.687	2.671.135	1.889.434
Total Cash Outflows			93.582.245	51.341.751
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	30.268.536	13.125.293	18.717.764	9.093.084
Other cash inflows	1.414.804	7.199.952	1.414.804	7.199.952
Total Cash Inflows	31.683.340	20.325.245	20.132.568	16.293.036
			Upper Limit Applied Amounts	
Total HQLA Stock			57.078.656	38.987.473
Total Net Cash Outflows			73.449.677	35.048.715
Liquidity Coverage Ratio (%)			77,71	111,24

⁽¹⁾ The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks

Important points affecting the results of liquidity coverage ratio and the changes of the considered items in the course of time to calculate this ratio

While bank deposit, which constitutes an important part of its funding and liquidity coverage ratio, does not have a fluctuant structure, public deposits can cause periodic changes within total deposits. While considering the previous periods, the amount of the total deposits has an increasing trend.

Although they have low conversion into cash rate, non-cash loans also have a remarkable extent in proportion to financial statement, they have an impact on the calculation of liquidity coverage ratio. Comparing to previous periods, non-cash loans are in increasing tend.

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Bonds and bills in the securities portfolio are being used in repo transactions as collateral. Since the securities used in repo transactions transform to encumbered securities, they impact the liquidity coverage ratio depending on being or not being used as collateral in repo transactions.

The Content of High quality liquid assets

All of the high-quality liquid assets in the calculation of liquidity coverage ratio are first quality liquid assets. These are; cash, the accounts in Central Bank, reserve requirements and securities portfolio (the important part of bonds and T-bills issued by Ministry of Treasury and Finance and other bonds).

The content of funds and their share in the total liabilities and funding

The major part of funding in Bank is comprised of deposits, the remaining is divided according to their share in the balance sheet as repo, funds borrowed, and issued securities.

Information about cash out-flows arising from derivative operations and margin operations likely to processing

Derivative operations in Bank are carried out on the purpose of protection from the risks that may exist or occur in the balance sheet, liquidity management, or meeting customer demand. Customer operations are carried out under the "Framework Agreement on Purchase and Sale of Derivative Instruments" or ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex), as well as transactions with banks are performed again under ISDA and CSA agreements signed. Operations performed under the said contracts in the determined periods are subject to daily market valuation and additional cash margining. Operations could create additional collateral inflow or outflow depending on market valuation.

The concentration limits regarding collateral and counterparty and product based fund resources

For the counterparty and product based concentration limits are determined under Regulation on Risk Management, Stress Test Program and the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") with the approval of Senior Management. These limits are followed in particular frequency. Besides, it is being reported to the relevant units and senior management. There is no excess regarding the limits during operating period.

Liquidity risk and needed funding on the basis of the bank itself, the branches in foreign countries and the partnerships consolidated by considering operational and legal factors preventing liquidity transfer

The needed and surplus of liquidity of the branches in foreign countries of the bank and partnerships consolidated are followed and managed regularly. There is no constraint of operational and legal factors preventing liquidity transfer. In the analysis made, it is observed that the impact of the foreign branches and subsidiaries on the Bank's liquidity structure remain limited comparing to the size of the balance sheet. The need and surplus of the liquidity is encountered properly between partnerships, as well as the branches abroad.

Explanations of cash in-flow and cash out-flow items that are considered to be related to liquidity profile of the Bank and to be placed on the calculation of liquidity coverage ratio but not on the second paragraph of the disclosure template

All items on the calculation of liquidity coverage ratio are included in calculation in aggregated form on the table. In this context, there is no point included in the calculation of liquidity coverage ratio and not included in the disclosure template.

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4. Presentation of Assets and Liabilities According to Their Remaining Maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	23.053.613	29.153.534	-	-	-	-	-	52.207.147
Banks	4.334.021	457.130	-	61.906	-	-	-	4.853.057
Financial Assets at Fair Value Through Profit and Loss	-	2.711	59.230	964.823	863.995	7.126	-	1.897.885
Money Market Placements	-	328.596	-	-	-	-	-	328.596
Financial Assets at Fair Value Through Other Comprehensive Income	-	4.318.871	3.370.109	14.738.630	43.413.187	44.515.781	530.139	110.886.717
Loans Given	-	22.018.960	30.229.639	159.821.661	179.151.774	39.326.022	4.426.443	434.974.499
Investments Held-to-Maturity	-	203.143	84.298	710.377	12.827.723	3.722.173	-	17.547.714
Other Assets	3.589.158	1.092.860	1.331.551	401.414	51.871	12.881	20.580.841	27.060.576
Total Assets ⁽²⁾	30.976.792	57.575.805	35.074.827	176.698.811	236.308.550	87.583.983	25.537.423	649.756.191
Liabilities								
Interbank Deposits	3.528.208	20.677.298	6.868.724	405.635	-	-	-	31.479.865
Other Deposits	120.487.355	181.212.525	67.151.700	45.380.395	1.535.725	3.408	-	415.771.108
Funds Provided from Other Financial Institutions	-	4.170.768	2.308.929	14.165.293	10.442.436	3.441.064	-	34.528.490
Money Market Borrowings	-	45.101.031	2.948.343	541.873	684.163	-	-	49.275.410
Issued Marketable Securities ⁽³⁾	-	54.957	1.841.279	1.121.293	19.654.454	-	-	22.671.983
Sundry Creditors	3.330.150	4.159.997	-	-	-	-	-	7.490.147
Other Liabilities	4.299.648	2.392.164	1.103.807	422.109	921.942	6.891.682	72.507.836	88.539.188
Total Liabilities	131.645.361	257.768.740	82.222.782	62.036.598	33.238.720	10.336.154	72.507.836	649.756.191
Liquidity Gap	(100.668.569)	(200.192.935)	(47.147.955)	114.662.213	203.069.830	77.247.829	(46.970.413)	-
Net Off-Balance Sheet Position	-	143.676	(34.663)	(88.465)	670.218	18.825	-	709.591
Financial Derivative Assets	-	71.356.363	24.683.220	6.719.809	1.357.756	735.875	-	104.853.023
Financial Derivative Liabilities	-	71.212.687	24.717.883	6.808.274	687.538	717.050	-	104.143.432
Non-cash Loans	40.586.579	5.911.961	10.856.336	33.280.829	24.150.009	5.038.899	-	119.824.613
Prior Period								
Total Assets	26.125.999	45.721.115	29.345.015	159.611.206	182.489.773	67.483.919	26.379.100	537.156.127
Total Liabilities	103.356.149	226.959.960	58.859.426	56.561.260	22.626.248	9.563.335	59.229.749	537.156.127
Liquidity Gap	(77.230.150)	(181.238.845)	(29.514.411)	103.049.946	159.863.525	57.920.584	(32.850.649)	-
Net Off-Balance Sheet Position	-	(296.539)	(910.708)	239.414	672.964	-	-	(294.869)
Financial Derivative Assets	-	35.631.390	15.398.589	3.000.559	1.793.273	-	-	55.823.811
Financial Derivative Liabilities	-	35.927.929	16.309.297	2.761.145	1.120.309	-	-	56.118.680
Non-cash Loans	43.512.657	4.219.665	9.073.114	34.559.942	25.159.538	4.660.104	-	121.185.020

⁽¹⁾ Assets which are required for banking operations and could not be converted into cash in short-term, such as; tangible assets, associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net under follow-up loans as well as securities representing a share in capital; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

⁽²⁾ Allowance for expected credit losses for financial assets and other assets are recognized in the related account.

⁽³⁾ Includes subordinated debt instruments.

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5. Presentation of Liabilities According to Their Remaining Maturities

Current Period ^(*)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank deposits	24.137.299	6.879.174	413.777	-	-	31.430.250
Other deposits	302.337.933	67.804.923	46.563.977	1.620.673	6.647	418.334.153
Funds borrowed from other financial institutions	4.213.922	2.388.022	14.860.333	11.891.442	5.020.989	38.374.708
Funds borrowed from Interbank money market	45.129.762	2.967.187	543.789	684.233	-	49.324.971
Total	375.818.916	80.039.306	62.381.876	14.196.348	5.027.636	537.464.082
Prior Period ^(*)						
Bank deposits	19.957.561	5.318.867	451.020	-	-	25.727.448
Other deposits	221.439.526	45.700.799	40.067.717	1.277.614	120.190	308.605.846
Funds borrowed from other financial institutions	4.264.500	3.298.313	12.655.495	12.825.612	4.837.708	37.881.628
Funds borrowed from Interbank money market	64.287.562	2.690.943	1.120.332	485.048	-	68.583.885
Total	309.949.149	57.008.922	54.294.564	14.588.274	4.957.898	440.798.807

(*) 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.

VII. EXPLANATIONS ON LEVERAGE

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Bank's leverage calculated by force of the regulation "Regulation on Measurement and Assessment of Leverage Ratios of Banks" is 9,32% (31 December 2018: 7,82%). The increase on leverage results occur from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ^(*)	Prior Period ^(*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	632.454.602	534.876.356
(Assets deducted in determining Tier 1 capital)	(2.509.960)	(7.765.288)
Total on-balance sheet risks (sum of lines 1 and 2)	629.944.642	527.111.068
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	2.569.958	2.232.071
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.625.888	633.593
Total risks of derivative financial instruments and credit derivatives	4.195.846	2.865.664
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	8.795.288	5.074.003
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	8.795.288	5.074.003
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	180.614.425	168.298.955
(Adjustments for conversion to credit equivalent amounts)	-	-
Total risks of off-balance sheet items	180.614.425	168.298.955
Capital and total risks		
Tier 1 capital	76.774.417	55.001.423
Total risks	823.550.201	703.349.690
Leverage ratio		
Leverage ratio %	9,32	7,82

(*) Three month average of the amounts in the table are taken into account.

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VIII. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section.

1. Explanations on Risk Management and Risk Weighted Amount

1.1 Bank’s Risk Management Approach

How the business model determines the Bank’s risk profile; how it interacts with it (e.g. key risks related to the business model and how each of these risks is reflected on explanations); and how the Bank’s risk profile interacts with the risk appetite approved by the board of directors

While risk appetite determines the Bank’s risk level, risk capacity determines its risk appetite and, therefore, risk profile. Local and international conjuncture is also considered to determine the risk level. Establishment of forward-looking strategies and policies is also considered in this regard. The Bank’s risk level is restricted to the limits consistent with its risk appetite.

Risk limits are determined in accordance with the level of risks that may be assumed by the Bank, its activities, size and complexity of its products and services. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Bank’s strategy and risk appetite.

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters regarding signal and limit structure as well as limit values of parameters are determined in coordination with the relevant units and implemented upon approval of the Audit Commission and Board of Directors.

Signal and limit values based on risk weighted assets are monitored by the Bank’s Risk Management Group Presidency regularly and actual values are reported periodically to the Bank’s Top Management.

Risk management structure: Responsibilities distributed at the Bank (e.g. supervision and delegation of authority); segregation of duties by risk type, business unit, etc.; relations between structures included in risk management processes (e.g. board of directors, top management, separate risk committee, risk management unit, compliance and internal audit function)

The Bank’s Top Management and relevant units perform their risk management duties, authorities and responsibilities in line with the relevant legal legislation and internal Bank regulations.

Structure of the Bank’s risk management is consistent with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Processes of Banks. Accordingly, internal system units consisting of the Inspection Board, Internal Control and Compliance Department and Risk Management Group Presidency report to the Audit Committee and Board of Directors through the executive vice president who is responsible for internal systems and operates separate from executive units.

Risk measurement and monitoring activities are conducted as part of risk management and the results are considered in strategic decision-making process by relevant units and bodies. Risk management operations are conducted in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks, issued by the BRSA, within the scope of Regulation on Risk Management, Stress Test Program and the Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”) approved by the Bank’s Board of Directors.

Organizational structure of the Bank’s Risk Management Department consists of credit risk management, market risk management, operational risk management and balance sheet risks management units. Duties of risk management:

- Ensuring identification, measurement, reporting, monitoring and control of risks exposed through policies, practices and limits established to monitor, control and revise, when necessary, the risk-return structure of the Bank’s cash flows in the future, quality and level of its associated activities
- Conducting stress tests and scenario analyses
- Establishing and maintaining a system that will ensure determination of capital required to cover significant risks exposed or possible risks and assessment of capital adequacy/requirement level in line with the strategic goals
- Preparing ICAAP reports periodically.

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ICAAP analyses and activities are validated by a team that reports to the Audit Committee independently from the team that develops and implements the methodology of such activities. The same team issues a Validation Report as well. Analyses and activities conducted within the process, including validation activities are reviewed by the Inspection Board Presidency and a Review Report is issued for the results.

Channels used for disseminating and implementing risk culture within the Bank (e.g. codes of conduct, manuals including operational limits or procedures to be performed when risk thresholds are exceeded, procedures for identifying and sharing risk issues between business units and risk units)

The Bank exercises maximum efforts to perceive both risks and returns accurately during its activities and maintain its perspective for disseminating risk culture across the Bank. Accordingly, goals, vision and strategic approaches are shared in large group meetings held by the Bank's Top Management with employees.

Signal and limit structure established based on risk weighted assets is one of the channels used to disseminate risk culture within the Bank. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units and approved by the Board of Directors.

It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the staff. Utilization levels for signal and risk parameters are reported submitted to the Top Management.

If limits are exceeded, the Bank's Top Management is notified. In such a case, matters such as risk mitigation, risk transfer or risk-averse, increasing collaterals and similar issues can be considered as part of required actions. If limits are exceeded, forward-looking strategies and policies of the Bank—including budget figures—can be reviewed or, where necessary, revised.

Another channel used to disseminate the risk culture is in the scope of ICAAP activities. It is essential to include assessment results for capital adequacy in the ICAAP Report covering all significant risks of the Bank. The report is prepared in coordination with risk management and with participation from other relevant units. Similarly, the Bank's budget goals for the upcoming years are also established with the participation of relevant units. The Bank's Top Management and relevant units conduct their ICAAP duties, authorities and responsibilities in line with the Bank regulations and relevant legal legislation.

Principal elements and scope of risk measurement systems

The Bank's risk measurement system functions in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way. Regarding the inclusion of risk measurement results in decision-making processes, reports are elaborated with extensive explanations and assumptions to avoid any misinterpretation that may arise from errors and deficiencies.

Required activities are performed to engage in design, selection, implementation and pre-approval processes for risk measurement models; review accuracy, reliability and performance of models regularly through various methodologies and make required revisions accordingly; and report results of analyses conducted with such models.

The Bank's capital adequacy ratio is calculated in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, Communiqué on Credit Risk Mitigation Techniques and other relevant legal regulations.

Counter parties/operations related to the credit risk are separated on the basis of risk classes mentioned in Appendix-1 of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, and each of them is assigned by the weight of risk in line with the matters specified for relevant risk class. Then, they are subject to risk mitigation in accordance with the principles of Communiqué on Credit Risk Mitigation Techniques and weighted based on the risk weights.

After deduction of expected loss provisions for the loans for the stage 3 in accordance with Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves, non-cash loans and commitments are included in the calculation of credit-risk-weighted amount with loan conversion rates presented in article 5 of Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

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

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Calculations regarding to the counter party credit risk are made for repurchase agreement and derivative transactions. These transactions are added to the calculations after applying the rates presented in the amendments of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and Communiqué on Credit Risk Mitigation Techniques.

Calculations regarding counter parties credit risks are made with the basic financial collateral method and extensive collateral method for banking accounts and trading accounts respectively.

The amount subject to the total market risk is calculated through the standard method. Furthermore, value at risk forecasts are made on a daily basis and backward testing is performed so as to measure performance of the model.

Liquidity Coverage Ratio and Liquidity Risk Analysis reports for the liquidity risk are prepared in accordance with the relevant regulations. Furthermore, stress test is performed to assess maturity mismatch between sources and uses, contractual maturities as well as behavioral maturities of assets and liabilities, the Bank’s liquidity requirement in a worst case scenario and relevant damages that may be incurred based on scenario and sensitivity analysis activities.

Control of interest rate risk on banking accounts entails monitoring rate and maturity mismatch between sources and uses of fixed and variable interest rates, contractual maturities as well as behavioral maturities assets and liabilities and the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend.

Explanations provided to the board of directors and top management on risk reporting processes, particularly scope and main contents of reporting

It is essential to inform the Top Management about developments and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing Top Management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis. Reports issued contain, at minimum, information on risk amount and development, legal capital requirement, legal ratios for liquidity and interest rate risks, stress test analysis results, effect of such results on capital adequacy level and ratios, realization level of risk limits and limitations, and assumptions of risk measurement method used.

As part of the reporting system, an information systems infrastructure is established for external reporting and required actions are taken to fulfill legal obligations fully in a timely manner in this regard.

Explanations on stress test (e.g. assets subject to stress test, scenarios applied, methodologies used and the use of stress test in risk management)

Stress test is intended to pre-assess the effect of negative developments in specified risk factors on amounts subject to risk and capital adequacy/ requirement level.

Conducting the stress test periodically is essential, and test result must be included in internal reporting and considered in strategic decision-making process or capital management. Results of stress test analysis are considered while establishing risk management policies.

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In stress test activities, shock is applied to risk factors determined (factors specific to debtor or transaction or macroeconomic variables such as exchange rate, price, interest and so on), and the effects of results on risk-weighted asset amount and capital adequacy ratio are identified. Accordingly, risk factors are identified first and then assumptions to be implemented are determined and possible losses in the future are estimated. Stress test activities include creating scenarios, which are unlikely, if not impossible, and which may affect the Bank's risk level significantly.

The results of stress test are subject to internal Bank reporting and ICAAP Report. The results of stress test may be used in processes to determine the Bank's risk appetite or risk limits and identify new and current business strategies as a planning instrument and their effect on capital utilization.

Analyses of credit risk based on internal and external risk factors, counter party credit risk, liquidity risk, interest rate risk, operational risk and market risk are conducted in the case of stress tests which are subject to internal reporting.

The Board of Directors is responsible for assessing the results of the Stress Test Program and taking actions based on the results. Accordingly, actions such as revision of risk appetite, strategy and risk limits or restriction of activities to specific sectors or portfolios can be taken.

The Bank's risk management, aversion and mitigation strategies and processes based on business model and monitoring processes for continuous efficiency of safeguards and mitigants

Amounts subject to credit risk can be mitigated by using one or more risk mitigation techniques in line with the legal regulations.

Funded or unfunded credit safeguard instruments are considered while using the risk mitigation technique. Whether credit safeguard instruments meet minimum compulsory conditions specified in legal regulations is checked via the system.

The Bank performs risk mitigation through simple financial method. Credibilities of guarantors are monitored and assessed in the scope of credit revision maturity.

All Bank employees are responsible for control and mitigation of operational risks based on their job definitions and business processes. All Bank units are obliged to take risk mitigation measures for mitigation of operational risks that may occur in their respective fields of activity through insurance and other risk transfer mechanisms.

The Bank's market risk is mitigated through derivatives or other financial products by considering current conjuncture and risk appetite, risk capacity and risk level. Long term liabilities are obtained and the interest rate risk arising from liquidity and banking accounts is limited through the transactions performed.

Diversification of fund is deemed important for managing the liquidity risk that may occur. While the Bank's main funding sources are deposits, the strategy of preserving the granular structure of deposits is sustained. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed. As for the asset side of the Bank, policies are pursued as part of measures to improve short term cash cycle and minimize maturity mismatch between assets and liabilities. As part of management of interest rate risk, measures are taken to reduce repricing maturity mismatch of interest sensitive assets and liabilities.

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Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	418.483.426	361.242.979	33.478.674
2	Standardised approach	418.483.426	361.242.979	33.478.674
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	5.751.999	3.681.993	460.160
5	Standardised approach for counterparty credit risk	5.751.999	3.681.993	460.160
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	4.416.689	3.294.787	353.335
10	Investments made in collective investment companies-1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory Formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	27.461.275	14.176.551	2.196.902
17	Standardised approach	27.461.275	14.176.551	2.196.902
18	Internal model approaches	-	-	-
19	Operational risk	35.291.329	29.418.691	2.823.306
20	Basic Indicator approach	35.291.329	29.418.691	2.823.306
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	491.404.718	411.815.001	39.312.377

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2. Connections Between Financial Statements and the Risk Amounts

Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

Current Period	Carrying values as reported in published financial statements ^(*)	Carrying values of items				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	
Assets						
Cash And Balances At Central Bank	52.207.147	52.207.147	-	-	-	-
Banks	4.853.057	4.853.057	-	-	-	-
Receivables From Money Markets	328.596	328.596	-	-	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	1.897.885	-	-	-	1.897.885	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	110.886.717	67.629.645	50.605.054	-	43.257.038	-
Financial Assets Measured At Amortised Cost	17.547.714	17.547.714	4.093.912	-	-	-
Derivative Financial Assets	2.797.886	-	2.797.886	-	-	-
Loans (Net)	434.974.499	439.623.348	-	-	-	95.359
Investments In Associates (Net)	99.539	99.539	-	-	-	-
Investments In Subsidiaries (Net)	7.391.853	7.391.853	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	111.059	111.059	-	-	-	-
Receivables Form Leasing Transactions	-	-	-	-	-	-
Tangible Assets (Net)	5.478.647	5.458.483	-	-	-	20.164
Inangible Assets (Net)	745.089	-	-	-	-	745.089
Investment Properties (Net)	-	-	-	-	-	-
Tax Asset	1.150.294	1.150.294	-	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	4.781.720	4.781.720	-	-	-	-
Other Assets	4.504.489	4.504.489	-	-	-	-
Total Assets	649.756.191	605.686.944	57.496.852	-	45.154.923	860.612
Liabilities						
Deposits	447.250.973	-	-	-	-	-
Funds Borrowed	34.528.490	-	2.835.538	-	-	-
Money Markets	49.275.410	-	47.060.392	-	-	-
Securities Issued (Net)	13.106.026	-	-	-	-	-
Funds	6.066.464	-	-	-	-	-
Derivative Financial Liabilities	1.658.858	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Other Liabilities	12.078.546	-	-	-	-	-
Factoring Liabilities	621.760	-	-	-	-	-
Provisions	3.818.578	-	-	-	-	-
Tax Liability	1.720.587	-	-	-	-	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	9.565.957	-	-	-	-	-
Equity	70.064.542	-	-	-	-	-
Total Liabilities	649.756.191	-	49.895.930	-	-	-

^(*) It represents the Bank's unconsolidated financial statements.

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Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

Prior Period	Carrying values as reported in published financial statements ⁽¹⁾	Carrying values of items					Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework		
Assets							
Cash and balances at central bank	40.491.212	40.491.212	-	-	-	-	-
Banks	5.745.507	5.745.507	-	-	-	-	-
Receivables from Money Markets	-	-	-	-	-	-	-
Financial assets measured at fair value to profit or loss	6.731.624	-	-	-	6.731.624	-	-
Financial assets measured at fair value to other comprehensive income	78.387.523	50.287.378	28.169.653	-	28.100.145	-	-
Financial assets measured at amortised cost	10.253.255	10.253.250	1.996.979	-	-	-	-
Derivative financial assets	2.036.376	-	2.036.376	-	-	-	-
Loans (Net)	370.946.494	373.981.386	-	-	-	1.871	
Investments in associates (Net)	94.912	94.912	-	-	-	-	-
Investments in subsidiaries (Net)	7.400.645	7.400.645	-	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	107.756	107.756	-	-	-	-	-
Kiralama işlemlerinden alacaklar	-	-	-	-	-	-	-
Tangible Assets (net)	5.045.202	5.005.568	-	-	-	-	39.634
Inangible Assets (net)	609.393	-	-	-	-	-	609.393
Investment Properties (Net)	-	-	-	-	-	-	-
Tax Asset	1.598.290	1.598.290	-	-	-	-	-
Non-Currents Assets Or Disposal Groups “Held For Sale” And “From Discontinued Operations (Net)	1.225.389	1.225.389	-	-	-	-	-
Other Assets	6.482.549	6.482.549	-	-	-	-	-
Total Assets	537.156.127	502.673.842	32.203.008	-	34.831.769	650.898	
Yükümlülükler							
Deposits	331.066.483	-	-	-	-	-	-
Funds Borrowed	34.171.653	-	2.860.112	-	-	-	-
Money Markets	68.350.796	-	25.941.503	-	-	-	-
Securities Issued (Net)	15.430.468	-	-	-	-	-	-
Funds	6.073.748	-	-	-	-	-	-
Derivative Financial Liabilities	1.643.492	-	-	-	-	-	-
Factoring borçları	-	-	-	-	-	-	-
Diğer yükümlülükler	18.719.617	-	-	-	-	-	-
Factoring Liabilities	221	-	-	-	-	-	-
Provisions	2.831.561	-	-	-	-	-	-
Tax Liability	1.466.694	-	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups “Held For Sale” And “From Discontinued Operations (Net)	-	-	-	-	-	-	-
Subordinated Debt Instruments	-	-	-	-	-	-	-
Equity	57.401.394	-	-	-	-	-	-
Total Liabilities	537.156.127	-	28.801.615	-	-	-	

⁽¹⁾ It represents the Bank's unconsolidated financial statements.

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The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

Current Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	649.756.191	605.690.146	57.496.852	45.154.923
Liabilities carrying value amount under regulatory scope of consolidation	-	-	49.895.930	-
Total net amount under regulatory scope of consolidation	649.756.191	605.690.146	7.600.922	45.154.923
Differences in valuations	300.454.320	72.862.723	133.838.492	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	950.210.511	678.552.869	141.439.414	45.154.923

Prior Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	537.156.127	502.716.226	32.203.008	34.831.769
Liabilities carrying value amount under regulatory scope of consolidation	-	-	28.801.615	-
Total net amount under regulatory scope of consolidation	537.156.127	502.716.226	3.401.393	34.831.769
Differences in valuations	229.969.735	72.904.465	73.687.383	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	767.125.862	575.620.691	77.088.776	34.831.769

Explanations on differences between risk amounts and valued amounts in accordance with the Turkish Accounting Standards

There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.

3. Credit Risk Explanations

3.1. Transformation of bank's business model into components in credit risk profile

The banks must allocate risk limits approved by board of directors of the banks and monitor limit utilization pursuant to Article 38 of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks issued by the BRSA and published in the Official Gazette no. 29057 dated 11 July 2014. Furthermore, pursuant to paragraph 5 of the same article, it is expected to establish a signal structure that will serve as an early warning mechanism in addition to the limit structure.

Additionally, principle 5 of the Guideline for Counter Party Credit Risk Management announced to the public by the BRSA with the Agency Decision no. 6827 dated 31 March 2016 States that banks must allocate a limit for counter party credit risk (CCR).

Pursuant to aforementioned regulations, to what extent the Bank gets closer to allocated limits approved by the board of directors or to what extent these levels were exceeded must be monitored by the risk management unit which was structured independent from executive units. This practice that was included in monitoring function of the risk management unit is significant as it presents a legal obligation and it helps optimization of resource utilization.

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Signal and limit values for counter party credit risk transactions were determined separately for banking accounts and trading accounts based on portfolio type. Calculations were made based on ratio of risk weighted asset amounts calculated for relevant parameters to total credit and market risk weighted asset amounts and they are reported to the Bank’s Top Management periodically through relevant units.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to market risk, it is essential to restrict risk level to the limits in line with the Bank’s risk appetite. Market risk limits were determined as interest rate risk and currency risk limits. Current values for such limits are calculated on a daily basis with market data and reported to the Bank’s Top Management through relevant units. Market risk signal and limit values are monitored dynamically in the light of market developments and, if necessary, updated based on the developments in the Bank’s strategy and risk appetite.

3.2. Criteria and approach adopted for determining credit risk policy and credit risk limits

As part of credit risk management, the Bank’s risk management team conducts the functions of identification, measurement, monitoring and controlling of credit risk in line with the structure, size, complexity and growth rate of products and activities and reports the analysis, including stress test, and its results to the Bank’s Top Management.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to credit risk, credit risk level was restricted to the limits in line with the Bank’s risk appetite. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Bank’s strategy and risk appetite.

There is a signal and limit structure in place, indicating that credit risk limits are almost reached as a result of internal and external developments. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units. The approval of Audit Committee and Board of Directors is sought in order to implement parameters and signal/limit threshold values within the Bank. It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the relevant staff. Actual values are monitored closely by the risk management. Actual values regarding signal and limit parameters are reported to the Bank’s Top Management.

3.3 Structure and organization of credit risk management and control function

The Bank’s internal system units consist of the Inspection Board, Internal Control and Compliance Department and Risk Management Department. Credit risk management is one of the four services under the Risk Management Department.

Activities conducted at the credit risk management unit, which is subject to inspection and controlling activities periodically, aim to establish and maintain a credit risk management infrastructure that is structured enough to meet legal obligations and flexible enough to accommodate the best practices. Accordingly, capital amount that should be reserved for credit risk is calculated; risk mitigation techniques are implemented; stress tests are conducted; credit risk signal and limit structures are monitored; activities are conducted to calculate credit risk with advanced methods and developments that may affect the Bank’s credit risk are monitored. Analyses conducted are reported to the Top Management and relevant units periodically.

3.4. Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk Management Department goes through inspection and control activities periodically. In case of any findings, they are reported and required activities are performed.

Furthermore, inspection and control units involve in the process also for the ICAAP activities that constitute a significant part of risk management activities. Accordingly, ICAAP analyses and activities are validated by Internal Control and Compliance Department that reports to the Audit Committee independent from the team that develops and implements the methodology of the ICAAP analyses. The same team issues a Validation Report as well. The entire ICAAP process is subject to an inspection by the Inspection Board and reported through Examination Report issued.

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The controls on Risk Management Disclosures are carried out within the scope of Risk Management Department activities. Two separate control processes are carried out periodically in the related unit, Capital Adequacy Calculation process and other Risk Management processes control, and are carried out within the scope of capital adequacy check points and guide and control points and guidance related to other risk management activities.

All activities, new transactions and products planned by the Bank; compliance with relevant laws, regulations, internal policies and banking practices are controlled. In this context, the compliance of the legislative regulations regarding the Risk Management Disclosures with the intra-bank practices is also checked.

The control activities carried out in the Head Office Units are carried out in accordance with the control periods determined by taking into account the functions and the risks of the units, the duties of the units and their effects on the Bank's balance sheet. The control processes of the Head Office Units are carried out through the control points determined according to the processes, duties and powers of the unit and the control techniques are detailed in the General Directorate Control Manual.

3.5. Scope and Main Content for Reporting to Top Management and Board Members on Credit Risk Management Function and Credit Risk Exposed

It is essential to inform the Bank's Top Management about developments in credit risk management and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing the Bank's Top Management on credit risk management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis.

Reports issued contain, at a minimum, information on risk amount and development, legal capital requirement, stress test analysis results, effect of such results on capital adequacy level, actualization level of risk limits and limitations and assumptions of risk measurement method used.

3.6. Credit Quality of Assets

Current Period	Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
Loans	12.690.487	435.292.264	13.008.252	434.974.499
Debt Securities	-	132.467.406	2.132.721	130.334.685
Off-balance sheet exposures	739.804	186.279.907	1.086.387	185.933.324
Total	13.430.291	754.039.577	16.227.360	751.242.508

Prior Period	Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
Loans	7.459.749	371.871.327	8.384.582	370.946.494
Debt Securities	-	101.597.633	6.223.847	95.373.786
Off-balance sheet exposures	279.906	166.767.433	448.141	166.599.198
Total	7.739.655	640.236.393	15.056.570	632.919.478

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3.7. Changes in the Defaulted Receivables and Debt Instruments

Current Period

1	Defaulted loans and debt securities at end of the previous reporting period	7.459.749
2	Loans and debt securities that have defaulted since the last reporting period	7.695.331
3	Returned to non-defaulted status	63.232
4	Amounts written off	-
5	Other changes	(2.401.361)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) ^(*) definitions	12.690.487

^(*) Provisions for non-cash loans are not included in the table.

Prior Period

1	Defaulted loans and debt securities at end of the previous reporting period	4.774.329
2	Loans and debt securities that have defaulted since the last reporting period	3.918.309
3	Returned to non-defaulted status	85.686
4	Amounts written off	-
5	Other changes	(1.147.203)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) ^(*) definitions	7.459.749

^(*) Provisions for non-cash loans are not included in the table.

3.8. Additional Explanations On Credit Quality Of Assets

Differences between definitions and explanations of “deferred” receivables and receivables for which “provision was allocated”, and definitions of “deferred” and “provision of allocation”, if any

The Bank classifies its credits and other receivables and allocates expected loss provisions pursuant to the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions” published in the Official Gazette no. 29750 dated 22 June 2016. The term “Deferred Receivables” is used for credits named “Loans under Close Monitoring” whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named “Non-Performing Loans” whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Bank sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as “Standard Credits” and “Under Close Monitoring” and expected loss provisions for the loans for the stage 3 for credits classified as “Non-Performing Loans”.

The portion that is not considered within the scope of “allocation of provision” among deferred receivables (over 90 days) and reasons for this practice

The Bank transfers credits whose maturity is deferred for more than 90 days automatically to monitoring accounts pursuant to the classification provisions of Regulation on Provisions, and allocates provision of respective class; whereas it does not allocate expected loss provisions for fund-based credits classified as “Non-Performing Loans” pursuant to Article 13 “Exceptions” of the Regulation on Provisions as the relevant risk is not assumed by the Bank.

Definitions of methods used for determining provision amount

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. However, there is no judgement in the related Regulation and the BRSA’s related disclosures that would prevent further provision of the minimum amounts required.

Definitions of restructured receivables

Real/legal persons using credit may, from time to time, face usual risks of business life such as failure to include the excessive cost increases in sales prices, loss of market share and turnover, unexpected expenses, problems in collection of receivables due to some factors that are beyond reasonable control of its own businesses or other businesses worked with. They may therefore have temporary liquidity difficulties. It involves setting new loan repayment maturities in line with cash flows for businesses which have no significant problem in credit worthiness and sustain their income-generating activities but fail, or priorly imply failure, to make their loan repayment in a timely manner due to temporary liquidity problems.

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Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets

	Loans and Receivables	Non Performing Loans	Expected Loss Provisions	Total
Domestic	423.318.804	12.618.012	10.618.903	425.317.913
European Union Countries	567.705	23.387	24.063	567.029
USA, Canada	4.222	4.239	4.504	3.957
OECD Countries ⁽¹⁾	2.570	-	59	2.511
Off-Shore Banking Regions	-	-	-	-
Other	11.398.963	44.849	2.360.723	9.083.089
Total	435.292.264	12.690.487	13.008.252	434.974.499

⁽¹⁾ OECD countries other than EU countries, USA and Canada.

	Loans and Receivables	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	75.478.236	1.794.874	1.404.110	75.869.000
Farming and Stockbreeding	75.166.422	1.777.009	1.386.634	75.556.797
Forestry	168.905	9.164	7.563	170.506
Fishing	142.909	8.701	9.913	141.697
Manufacturing	93.184.527	2.292.927	2.453.220	93.024.234
Mining and Quarrying	5.351.544	26.150	45.299	5.332.395
Production	62.769.692	2.018.110	1.790.945	62.996.857
Electric, Gas and Water	25.063.291	248.667	616.976	24.694.982
Construction	41.938.858	2.503.451	1.736.823	42.705.486
Services	98.723.028	4.670.634	6.095.787	97.297.875
Wholesale and Retail Trade	39.716.964	2.663.794	2.175.788	40.204.970
Hotel Food and Beverage Services	8.072.268	354.691	253.267	8.173.692
Transportation and Telecommunication	17.446.877	140.008	2.429.242	15.157.643
Financial Institutions	7.065.149	5.870	12.848	7.058.171
Real Estate and Leasing Services	24.607.981	1.369.009	1.170.259	24.806.731
Self Employment Services	-	-	-	-
Education Services	888.343	108.723	31.738	965.328
Health and Social Services	925.446	28.539	22.645	931.340
Other	125.967.615	1.428.601	1.318.312	126.077.904
Total	435.292.264	12.690.487	13.008.252	434.974.499

Information regarding breakdown of receivables according to remaining maturities is given in footnote II-4.

Aging Analysis for Deferred Receivables

The Aging Analysis regarding the loans which are overdue but yet have not lost its value has been presented below;

Current Period	Up to 1 Month	1-2 months	2-3 months	Total
Loans and Receivables ⁽¹⁾				
Corporate/Entrepreneur Loans	403.770	88.874	2.759.013	3.251.657
Retail Loans	61.120	13.579	5.613	80.312
Specialized Loans	811.513	188.977	133.937	1.134.427
Total	1.276.403	291.430	2.898.563	4.466.396

⁽¹⁾ Explanations on the amounts; For the loans with instalments, the overdue installment amounts, for other type of credits, the overdue principal amount and the remaining principal amounts of intallmant results with a grand total of TL 25.366.576.

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Prior Period	Up to 1 Month	1-2 months	2-3 months	Total
Loans and Receivables ⁽¹⁾				
Corporate/Entrepreneur Loans	308.419	155.519	1.742.770	2.206.708
Retail Loans	57.408	11.971	4.894	74.273
Specialized Loans	604.811	183.072	95.164	883.047
Total	970.638	350.562	1.842.828	3.164.028

⁽¹⁾ Explanations on the amounts; For the loans with instalments, the overdue installment amounts, for other type of credits, the overdue principal amount and the remaining principal amounts of intallmanent results with a grand total of TL 15.043.829.

Breakdown of restructured receivables by allocation of provision

Out of the Bank’s total restructured loans amounting to TL 9.772.431, a portion of TL 9.240.364 consists of performing loans and remaining portion of TL 532.067 consists of non-performing loans. While the specific provision allocated for non-performing loans amounts to TL 303.199, no expected loss provision (Stage 3) was allocated for non-performing loans of TL 19.224, whose risk is not assumed by the Bank. (31 December 2018: Out of the Bank’s total restructured loans amounting to TL 3.660.290, a portion of TL 3.404.751 consists of performing loans and remaining portion of TL 255.539 consists of non-performing loans. While the specific provision allocated for non-performing loans amounts to TL 166.198, no expected loss provision (Stage 3) was allocated for non-performing loans of TL 360, whose risk is not assumed by the Bank)

3.9. Credit risk mitigation

3.9.1. Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

Basic characteristics of policies and processes on the extent of utilization of on-balance sheet and off-balance sheet netting

The practice of on-balance sheet and off-balance sheet netting is used while mitigating credit risk within the Bank.

3.10. Credit risk mitigation techniques – Overview

Current Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	355.381.887	84.336.820	48.242.825	67.009.421	44.952.792	-	-
Debt Securities	130.334.685	-	-	-	-	-	-
Total	485.716.572	84.336.820	48.242.825	67.009.421	44.952.792	-	-
Of which defaulted	10.579.251	2.111.236	733.725	2.109.151	733.709	-	-

Prior Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	313.988.391	12.205.965	1.587.257	47.788.901	19.917.358	-	-
Debt Securities	95.373.786	-	-	-	-	-	-
Total	409.362.177	12.205.965	1.587.257	47.788.901	19.917.358	-	-
Of which defaulted	6.788.104	1.274	134	670.371	330.907	-	-

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3.11. Credit risk if standard approach is used

3.11.1. Qualitative explanations on ratings used by the banks while calculating credit risk with standard approach

Names of Credit Rating Agencies (CRA) and Export Rating Agencies (ERA) used by the Bank and the reasons in case of any change during the reporting period

The Bank uses ratings of Fitch Ratings International Rating Agency and Islamic International Rating Agency (IIRA) while calculating the amount subject to credit risk through standard approach. The country risk classification published by the Economic Cooperation and Development Organization (OECD) is taken as basis for the unrated central government and central banks.

Risk classes using CRA and ERA ratings

For the risk class received from banks and intermediary institutions, the ratings of the Fitch Ratings International Rating Agency are used for determining the risk weights for the risk classes using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as “ratingless” and take the risk weight which is appropriate for the “ratingless” category in the related risk class.

Explanation on how credit rating of debtor is used for other assets of debtor in banking accounts

While the rating assigned by Fitch Ratings International Rating Agency corresponds to credit quality level 3 in the risk class “Receivables from Central Governments or Central Banks”, ratings used for the risk class “Receivables from Banks and Brokerage Houses” match with different credit quality levels.

Matching rating grades on the basis of risk

Rating assigned by a credit rating agency that is not listed in the BRSA’s matching table is not used in calculations.

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3.12. Standard Approach- Loan risk Exposure and the Effects of Loan Risk Reduction Techniques

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount
Risk Classes						
Exposures to sovereigns and their central banks	137.386.761	824.931	180.062.198	2.739.787	31.630.420	17,3%
Exposures to regional and local governments	618.086	77.751	442.183	44.102	231.623	47,6%
Exposures to administrative bodies and non-commercial entities	243.217	757.225	1.196.718	385.687	1.542.669	97,5%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	73.633.221	14.890.869	74.897.681	8.288.251	12.658.563	15,2%
Exposures to corporates	196.017.305	102.469.416	169.312.241	56.039.840	222.622.745	98,8%
Retail exposures	157.023.430	52.234.252	140.355.731	4.531.954	107.486.351	74,2%
Exposures secured by residential property	59.603.803	352.789	59.275.334	174.748	20.818.566	35,0%
Exposures secured by commercial property	8.464.297	740.249	8.214.361	445.931	4.397.972	50,8%
Past-due items	3.891.589	-	3.172.906	-	2.229.256	70,3%
Exposures in high-risk categories	3.992.028	381.000	3.944.385	156.606	6.145.752	149,9%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	4.527.084	112.063	4.527.084	55.817	4.416.688	96,4%
Other exposures	27.127.402	-	27.127.401	-	14.317.867	52,8%
Equity share investments	153.641	-	153.641	-	153.641	100,0%
Total	672.681.864	172.840.545	672.681.864	72.862.723	428.652.113	57,5%

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Prior Period Risk Classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount
Exposures to sovereigns and their central banks	103.382.072	755.048	140.351.903	2.508.107	20.164.873	14,1%
Exposures to regional and local governments	652.674	69.730	672.680	49.958	346.487	47,9%
Exposures to administrative bodies and non-commercial entities	252.278	726.398	875.633	300.059	1.101.096	93,7%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	47.005.226	15.738.552	47.005.223	8.087.350	10.822.141	19,6%
Exposures to corporates	175.719.811	104.533.979	153.986.632	57.470.710	207.127.806	98,0%
Retail exposures	129.695.090	36.438.867	114.564.343	3.715.750	87.948.545	74,3%
Exposures secured by residential property	47.446.107	331.458	47.194.835	178.693	16.589.279	35,0%
Exposures secured by commercial property	6.879.814	550.210	6.727.011	327.865	3.594.586	51,0%
Past-due items	1.874.559	-	1.543.667	-	1.130.264	73,2%
Exposures in high-risk categories	3.319.088	374.036	3.304.792	199.912	5.232.314	149,3%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	3.314.849	133.558	3.314.849	66.061	3.294.788	97,5%
Other exposures	20.387.060	-	20.387.060	-	10.724.574	52,6%
Equity share investments	143.006	-	143.006	-	143.006	100,0%
Total	540.071.634	159.651.836	540.071.634	72.904.465	368.219.759	60,1%

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3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% ^(*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	119.814.729	-	9.892	-	-	62.697.844	-	279.520	-	-	-	182.801.985
Exposures to regional and local government	27.549	-	34	-	-	454.172	-	4.530	-	-	-	486.285
Exposures to administrative bodies and non-commercial entities	39.577	-	198	-	-	-	-	1.542.630	-	-	-	1.582.405
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	46.521.243	-	17.542.922	-	-	14.318.546	-	1.933.307	-	-	2.869.914	83.185.932
Exposures to corporates	947.168	-	505.619	-	-	2.755.346	-	221.143.948	-	-	-	225.352.081
Retail exposures	1.049.738	-	711.761	-	-	146	143.125.212	-	-	-	828	144.887.685
Exposures secured by residential property	21.174	-	16.391	59.380.353	-	-	-	32.164	-	-	-	59.450.082
Exposures secured by commercial property	8.297	-	8.916	-	8.493.780	-	-	149.299	-	-	-	8.660.292
Past-due items	13	-	-	-	-	1.887.274	-	1.285.619	-	-	-	3.172.906
Exposures in high-risk categories	1.938	-	2.174	-	-	-	-	2	4.096.877	-	-	4.100.991
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	166.213	-	-	-	-	-	-	4.416.688	-	-	-	4.582.901
Equity share investments	-	-	-	-	-	-	-	153.641	-	-	-	153.641
Other exposures	12.809.527	-	9	-	-	-	-	14.317.865	-	-	-	27.127.401
Total	181.407.166	-	18.797.916	59.380.353	8.493.780	82.113.328	143.125.212	245.259.213	4.096.877	-	2.870.742	745.544.587

^(*) Demonstrates all receivables that are consisting of 50% risk weighted and out of the line “Exposures secured by commercial property”.

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Prior Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% ⁽¹⁾	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	102.798.235	-	9.399	-	-	39.778.765	-	273.611	-	-	-	142.860.010
Exposures to regional and local government	31.656	-	35	-	-	688.934	-	2.013	-	-	-	722.638
Exposures to administrative bodies and non-commercial entities	74.516	-	100	-	-	-	-	1.101.076	-	-	-	1.175.692
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	28.301.034	-	11.576.563	-	-	13.416.294	-	1.798.682	-	-	-	55.092.573
Exposures to corporates	2.605.173	-	405.916	-	-	2.799.262	-	205.646.991	-	-	-	211.457.342
Retail exposures	710.828	-	414.870	-	-	900	117.153.495	-	-	-	-	118.280.093
Exposures secured by residential property	8.215	-	5.108	47.341.458	-	-	-	18.747	-	-	-	47.373.528
Exposures secured by commercial property	2.609	-	3.086	-	6.910.422	-	-	138.759	-	-	-	7.054.876
Past-due items	134	-	-	-	-	826.539	-	716.994	-	-	-	1.543.667
Exposures in high-risk categories	449	-	2.387	-	-	-	-	41.928	3.459.940	-	-	3.504.704
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	86.122	-	-	-	-	-	-	3.294.788	-	-	-	3.380.910
Equity share investments	-	-	-	-	-	-	-	143.006	-	-	-	143.006
Other exposures	9.661.561	-	1.156	-	-	-	-	10.724.343	-	-	-	20.387.060
Total	144.280.532	-	12.418.620	47.341.458	6.910.422	57.510.694	117.153.495	223.900.938	3.459.940	-	-	612.976.099

⁽¹⁾ Demonstrates all receivables that are consisting of 50% risk weighted and out of the line “Exposures secured by commercial property”.

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3.14. Credit risk under Internal Ratings-Based (IRB) Approach

Standard approach is used in the Bank’s credit risk calculations.

3.15. Counter Party Credit Risk Explanations

Risk management goals and policies for CCR

As part of the Bank’s counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

As part of capital adequacy ratio calculations, activities for counter party credit risk are an integral part of planning, monitoring and controlling of total risk profile, and counter party credit risk management is integrated to periodic risk management process.

In the scope of counter party risk management, it is aimed to meet legal obligations and to establish and maintain counter party credit risk management infrastructure that is flexible and structured enough to accommodate the best practices. Accordingly, it is planned to conduct stress test activities, improve counter party credit risk signal and limit structure and conduct relevant monitoring function.

Operational limit allocation method specified in the scope of internal capital calculated for CCR and CCP risks

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters for signal and limit structure and limit values of parameters are determined by consulting the relevant units and implemented at the Bank upon approval of the Audit Committee and Board of Directors.

Internal limits are determined by considering the Bank’s budget, strategy and expectations for upcoming years, developments in Turkey and abroad and historical realization of risks.

Policies for establishing guarantee and other risk mitigation and CCR, including CCP risk

In an attempt to identify the counter party credit risk that the Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

Our risk management structure involves activities to ensure that counter party credit risk measurement system functions and is maintained in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way.

As part of counter party credit risk management, stress test scenarios were created by anticipating any unfavorable developments in macroeconomic conditions and the Bank’s balance sheet. Results of stress test analysis are considered while establishing risk management policies.

Amount subject to counter party credit risk is calculated with appraisal method based on its fair value in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and provisions in Appendix-2, and reported on a monthly basis. Accordingly, replacement cost and potential counter party credit risk amounts are calculated. Furthermore, capital obligation is also calculated for credit appraisal adjustment for all derivatives.

Additionally, compliance of transactions posing counter party credit risk with thresholds within signal and limit structure is monitored and research is conducted for counter party credit risk calculations with advanced methods.

Rules for countertrend risk

Boasting a strong lending and collateralization structure, the Bank avoids collateralization in positive correlation with the debtor’s credibility and activities in connection with risk mitigation techniques are performed by considering qualitative criteria specified in legal legislation for calculation of amount subject to credit risk.

Amount of additional collateral that the Bank must submit in case of a decline in credit rating

As the Bank has no transactions in connection with credit rating, there is not any additional collateral amount it must pay.

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3.16 Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods

		Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Current Period						
	Valuation Method according to fair value - CCR (for derivatives)	3.340.588	1.455.925			4.796.513	2.126.538
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					36.396.300	2.816.893
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.860.410	665.494
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						5.608.925

^(*) Effective Expected Positive Exposure

		Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Prior Period						
	Valuation Method according to fair value - CCR (for derivatives)	1.852.350	589.296			2.441.646	1.131.017
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					15.402.040	1.678.245
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					3.178.525	817.062
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						3.626.324

^(*) Effective Expected Positive Exposure

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3.17. Capital Requirement for Loan Valuation Adjustments

	Current Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	4.796.513	85.658
4	Total subject to the CVA capital charge	4.796.513	85.658

	Prior Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	2.441.646	55.669
4	Total subject to the CVA capital charge	2.441.646	55.669

3.18 Standardised approach - CCR exposures by risk class and risk weights

Current Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	2.664.755	-	-	457.031	-	-	-	-	3.121.786
Exposures to regional and local governments	5.001	-	-	-	-	-	-	-	5.001
Exposures to administrative bodies and non-commercial entities	2.816	-	-	-	-	-	-	-	2.816
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	42.878.830	-	11.470.585	5.544.408	-	-	-	2.869.914	62.763.737
Exposures to corporates	13.412	-	-	-	-	398.735	-	-	412.147
Retail exposures	162.312	-	-	-	1.349	-	-	828	164.489
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	166.213	-	-	-	-	-	-	-	166.213
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets ^(**)	-	-	-	-	-	-	-	-	-
Total	45.893.339	-	11.470.585	6.001.439	1.349	398.735	-	2.870.742	66.636.189

^(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

^(**) Other assets: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit.

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Prior Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	40.050	-	-	5.242	-	-	-	-	45.292
Exposures to regional and local governments	5.017	-	-	-	-	-	-	-	5.017
Exposures to administrative bodies and non-commercial entities	1.812	-	-	-	-	-	-	-	1.812
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	26.262.022	-	6.439.678	4.117.087	-	17.931	-	-	36.836.718
Exposures to corporates	59.801	-	-	-	-	305.088	-	-	364.889
Retail exposures	4.395	-	-	-	5.149	-	-	-	9.544
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	86.122	-	-	-	-	6.012	-	-	92.134
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets ^(**)	-	-	-	-	-	-	-	-	-
Total	26.459.219	-	6.439.678	4.122.329	5.149	329.031	-	-	37.355.406

^(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

^(**) Other assets: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit risk.

3.19. Risk classes and counterparty credit risk explanations

None.

Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	26.917.003	-
Cash-foreign currency	-	-	-	-	22.943.367	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	49.860.370	-

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Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	14.032.882	-
Cash-foreign currency	-	-	-	-	14.612.240	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	28.645.122	-

Credit Derivatives

None.

Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

Risks Related with Central Counterparties

	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)	2.870.742	57.415
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3 (i) OTC Derivatives	-	-
4 (ii) Exchange-traded Derivatives	-	-
5 (iii) Securities financing transactions	1.088.022	21.760
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	1.782.720	35.655
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)	-	-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

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Explanations on Securitization Disclosures

None.

4. Explanations on Market Risk

4.1. The Bank's process and strategies: A disclosure on the Bank's strategic goals for trading activities is made in a manner that includes processes for identification, measurement, monitoring and controlling of the Bank's market risks, hedging processes and strategies/processes for monitoring continuity of hedging efficiency

For the purposes of market risk aversion in line with financial risk management, the Bank has identified market risk management activities in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks and has taken required precautions.

The Bank's market risk management policies and implementation procedures have been specified in the scope of the Regulation on Risk Management, Stress Test Program and ICAAP approved by the Board of Directors.

The Bank ensures that measurement, monitoring, limiting, stress test and scenario analysis activities are conducted in line with the structure and complexity of its positions for market risk management and their results are reported periodically. Activities sustained are conducted over a trading portfolio specified by the Bank's Treasury Management and other activities subject to market risk.

The amount subject to market risk is calculated and monitored with standard method and advanced measurement method at the Bank. Furthermore, scenario analysis and stress tests are also conducted periodically.

4.2. Organization and structure of market risk management function: Definition of market risk management structure established for implementation of the Bank's strategies and processes as mentioned in line i) and definition of communication mechanism and relationship between different parties involved in market risk management

Market risk management is a subunit of Risk Management Department, one of internal systems units established independently from executive units of the Bank.

Market risk management activities are conducted in line with the Regulation on Risk Management, Stress Test Program and ICAAP approved with the Board Decision no. 15/18 dated 28 April 2015 and performed by aiming the best practices in this structure.

The Bank's trading activities and transactions subject to market risk are monitored and measured regularly and required practices are performed for risk management. Required reports on market risk are submitted to relevant units and the Bank's Top Management regularly.

4.3. Structure and scope of risk reporting and/or measurement systems

The amount subject to the Bank's market risk is calculated on a monthly basis with the standard method and included in the Bank's capital adequacy ratio.

Apart from the standard method, Value at Risk (VaR) estimations are made for trading accounts on a daily basis and reported to relevant units. VaR calculated with Historical Simulation Method is used in daily reporting and limit measurement with a confidence level of 99%. VaR can be calculated with Parametric and Monte Carlo Methods in addition to Historical Simulation Method. Backward testing is performed so as to measure performance of used model and monitor market realization. Also, the Bank performs stress tests and scenario analyses on a daily and monthly basis so as to observe the effect of excessive market fluctuations that are not covered in the models on the Bank's financial position. Scenario analysis and stress test activities are reviewed and improved regularly in line with the market dynamics.

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The market risk exposure is restricted with VaR-based limits (interest rate and currency risk limit) within the context of the Regulation on Risk Management, Stress Test Program and ICAAP. Market risk limits are determined by the Bank’s Board of Directors.

<i>Standard approach-Current Period</i>		RWA	
0	Outright products	Current Period	Prior Period
1	Interest rate risk (general and specific)	15.582.666	11.638.176
2	Equity risk (general and specific)	752.996	454.090
3	Foreign exchange risk	11.125.613	2.084.285
4	Commodity risk	-	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	27.461.275	14.176.551

Standart method is being used by the Bank to calculate the risk of the sector.

5. Explanations on the Operational Risk

In the Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation within the scope of Loss Distribution Method.

Current Period	31.12.2016	31.12.2017	31.12.2018	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	15.914.437	19.108.775	21.442.915	18.822.042	15	2.823.306
Amount Subject to Operational Risk						35.291.329

Prior Period	31.12.2015	31.12.2016	31.12.2017	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	12.046.693	15.914.437	19.108.775	15.689.968	15	2.353.495
Amount Subject to Operational Risk						29.418.691

6. Explanations on the Interest Rate Risk for Banking Book

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of “Regulation on Risk Management, Stress Test Program and the Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”)”.

Bank performs scenario analysis with measurements that are suitable for structure and complexity of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. Bank’s perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

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

Type of Currency -Current Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity- (Losses)/ Equity
1. TL	500	(12.679.918)	(15,16%)
2. TL	(400)	12.351.574	14,77%
3. EUR	200	701.590	0,84%
4. EUR	(200)	(376.572)	(0,45%)
5. USD	200	(3.066.038)	(3,67%)
6. USD	(200)	3.997.006	4,78%
Total (of negative shocks)		15.972.008	19,10%
Total (of positive shocks)		(15.044.366)	(17,99%)

Type of Currency-Prior Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity- (Losses)/ Equity
1. TL	500	(7.858.209)	(13,08%)
2. TL	(400)	7.553.954	12,58%
3. EUR	200	335.294	0,56%
4. EUR	(200)	(305.553)	(0,51%)
5. USD	200	(1.960.562)	(3,26%)
6. USD	(200)	2.589.906	4,31%
Total (of negative shocks)		9.838.307	16,38%
Total (of positive shocks)		(9.483.477)	(15,79%)

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. As of 31 December 2019, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

RWA flow statements of market risk exposures under an Internal Model Approach (IMA)

RWA flow statements of Counterparty Credit Risk (CCR) exposures under the Internal Model Method (IMM)

RWA (Risk Weighted Amounts) flow statements of credit risk exposures under IRB

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IX. EXPLANATIONS ON OPERATING SEGMENTS

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

The Bank has operations in retail banking, corporate and SME banking, specialized banking, investment banking and international banking areas.

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

In the context of corporate and SME banking, the Bank allocates working capital loans, mid-term and long-term investment loans, foreign trade financing loans, letter of credits and guarantees in Turkish Lira and foreign currencies; renders project financing, other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

As the Bank is the main financial institution that meets the financing needs of agricultural sector in Turkey, it extends agricultural working capital and investment loans from its own sources for crop and animal production, fishery products and agricultural mechanization directly to producers and The Central Union of Turkish Agricultural Credit Cooperatives. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from public funds.

Treasury transactions and international banking activities are conducted by the Treasury Management Group and, spot and forward TL, foreign currency, precious metal, securities, derivative transactions are executed in local and international organized and over the counter money and capital markets. Also the Bank’s liquidity and securities portfolio management, deposit and non-deposit funding management activities are being executed. Additionally the distribution of treasury products to branches and other channels for marketing purposes and the intermediation to the customers’ trade finance are other responsibilities. The Bank acts as an intermediary for sale and purchase of securities, for public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of mutual funds founded by Ziraat Portföy Yönetimi A.Ş. and other portfolio management companies’. It also provides custody service for these financial instruments and besides, long term financing from banks and international financial institutions, issuing bonds in local and international markets, managing relationship with correspondent banks and relations with international investors so as to diversify its funding base are among the responsibilities of the department.

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

As of 31 December 2019 explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/SME banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE						
Interest Income	14.494.268	24.386.047	8.386.213	18.216.689	119.066	65.602.283
Interest Income from Loans	14.494.268	24.386.047	8.386.213	5.497.895	-	52.764.423
Interest Income from Banks	-	-	-	305.757	-	305.757
Interest Income from Securities	-	-	-	11.966.108	-	11.966.108
Other Interest Income	-	-	-	446.929	119.066	565.995
Interest Expense	17.954.593	7.204.531	-	14.795.839	335.314	40.290.277
Interest Expense on Deposits	17.954.593	7.204.531	-	2.829.878	-	27.989.002
Interest Expense on Funds Borrowed	-	-	-	1.672.114	-	1.672.114
Interest Expense on Money Market Transactions	-	-	-	8.927.479	-	8.927.479
Interest Expense on Securities Issued	-	-	-	1.366.368	-	1.366.368
Other Interest Expense	-	-	-	-	335.314	335.314
Net Interest Income/Expense	(3.460.325)	17.181.516	8.386.213	3.420.850	(216.248)	25.312.006
Net Fees and Commission Income/Expense	3.253.059	2.034.712	126.736	(1.835.417)	10.681	3.589.771
Fees and Commissions Received	3.253.059	2.034.712	126.736	11.397	282.118	5.708.022
Fees and Commissions Paid	-	-	-	1.846.814	271.437	2.118.251
Dividend Income	-	-	-	1.060.357	-	1.060.357
Trading Profit/Loss (Net)	-	-	-	(7.817.493)	-	(7.817.493)
Other Operating Income	43.111	192.829	29.882	5.860	1.342.187	1.613.869
Provision for Expected Loss (-)	1.678.605	3.624.132	1.010.658	-	-	6.313.395
Other Provision Expenses (-)	-	-	-	767	110.999	111.766
Personnel Expenses (-)	-	-	-	-	3.460.423	3.460.423
Other Operating Expense	2.199.792	60.448	64.779	-	3.899.793	6.224.812
Net Operating Profit/Loss	(4.042.552)	15.724.477	7.467.394	(5.166.610)	(6.334.595)	7.648.114
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(1.461.226)	(1.461.226)
Net Profit/Loss	(4.042.552)	15.724.477	7.467.394	(5.166.610)	(7.795.821)	6.186.888
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	1.897.885	-	1.897.885
Banks and Receivables from Money Market	-	-	-	5.181.653	-	5.181.653
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	110.886.717	-	110.886.717
Loans	117.853.602	229.969.949	70.408.159	16.742.789	-	434.974.499
Financial Assets Measured at Amortised Cost (Net)	-	-	-	17.547.714	-	17.547.714
Derivative Financial Assets	-	-	-	2.797.886	-	2.797.886
Associates, Subsidiaries and Joint Ventures	-	-	-	7.602.451	-	7.602.451
Other Assets	18.767	4.479.822	150.770	45.640.968	18.577.059	68.867.386
TOTAL SEGMENT ASSETS	117.872.369	234.449.771	70.558.929	208.298.063	18.577.059	649.756.191
SEGMENT LIABILITIES						
Deposits	317.327.558	82.904.436	-	31.398.883	15.620.096	447.250.973
Derivative Financial Liabilities Held for Trading	-	-	-	1.658.858	-	1.658.858
Funds Borrowed	-	-	-	34.528.490	-	34.528.490
Money Market Funds	6.649	26.580.217	-	22.688.544	-	49.275.410
Securities Issued (Net)	-	-	-	13.106.026	-	13.106.026
Provisions	-	1.086.387	-	-	2.732.191	3.818.578
Other Liabilities	-	-	-	-	30.053.314	30.053.314
Shareholders' Equity	-	-	-	-	70.064.542	70.064.542
TOTAL SEGMENT LIABILITIES	317.334.207	110.571.040	-	103.380.801	118.470.143	649.756.191

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Prior Period	Retail Banking	Corporate/ SME banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE						
Interest Income	11.336.624	18.385.076	6.933.515	16.318.041	80.551	53.053.807
Interest Income from Loans	11.336.624	18.385.076	6.933.515	4.372.703	-	41.027.918
Interest Income from Banks	-	-	-	248.312	-	248.312
Interest Income from Securities	-	-	-	10.977.126	-	10.977.126
Other Interest Income	-	-	-	719.900	80.551	800.451
Interest Expense	12.589.361	5.266.127	-	13.129.056	153.452	31.137.996
Interest Expense on Deposits	12.589.361	5.266.127	-	1.819.052	-	19.674.540
Interest Expense on Funds Borrowed	-	-	-	1.429.422	-	1.429.422
Interest Expense on Money Market Transactions	-	-	-	8.793.448	-	8.793.448
Interest Expense on Securities Issued	-	-	-	1.087.134	-	1.087.134
Other Interest Expense	-	-	-	-	153.452	153.452
Net Interest Income/Expense	(1.252.737)	13.118.949	6.933.515	3.188.985	(72.901)	21.915.811
Net Fees and Commission Income/Expense	1.805.533	1.450.116	99.539	(795.106)	77.712	2.637.794
Fees and Commissions Received	1.805.533	1.450.116	99.539	13.885	188.714	3.557.787
Fees and Commissions Paid	-	-	-	808.991	111.002	919.993
Personnel Expenses	-	-	-	-	2.839.925	2.839.925
Dividend Income	-	-	-	290.900	-	290.900
Trading Profit/Loss (Net)	-	-	-	(3.834.183)	-	(3.834.183)
Other Operating Income	35.122	176.485	30.671	4.260	1.187.305	1.433.843
Provision for Expected Loss (-)	1.146.329	2.749.669	805.633	994	16.062	4.718.687
Other Operating Expense	1.717.834	41.071	53.863	-	3.039.101	4.851.869
Net Operating Profit/Loss	(2.276.245)	11.954.810	6.204.229	(1.146.138)	(4.702.972)	10.033.684
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(2.072.746)	(2.072.746)
Net Profit/Loss	(2.276.245)	11.954.810	6.204.229	(1.146.138)	(6.775.718)	7.960.938
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	6.731.624	-	6.731.624
Banks and Other Financial Institutions	-	-	-	5.745.507	-	5.745.507
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	78.387.523	-	78.387.523
Loans	91.540.432	201.771.123	64.158.050	13.476.889	-	370.946.494
Financial Assets Measured at Amortised Cost (Net)	-	-	-	10.253.255	-	10.253.255
Derivative Financial Assets	-	-	-	2.036.376	-	2.036.376
Associates, Subsidiaries and Joint Ventures	-	-	-	7.603.313	-	7.603.313
Other Assets	17.591	1.103.924	100.315	36.953.627	17.276.578	55.452.035
TOTAL SEGMENT ASSETS	91.558.023	202.875.047	64.258.365	161.188.114	17.276.578	537.156.127
SEGMENT LIABILITIES						
Deposits	243.086.366	54.506.095	-	25.668.614	7.805.408	331.066.483
Derivative Financial Liabilities Held for Trading	-	-	-	1.643.492	-	1,643.492
Funds Borrowed	-	-	-	34,171.653	-	34,171.653
Money Market Funds	2,657	13,548.364	-	54,799.775	-	68,350.796
Securities Issued (Net)	-	-	-	15,430.468	-	15,430.468
Provisions	-	448,141	-	-	2,383.420	2,831.561
Other Liabilities	-	-	-	-	26,260.280	26,260.280
Shareholders' Equity	-	-	-	-	57,401.394	57,401.394
TOTAL SEGMENT LIABILITIES	243.089.023	68.502.600	-	131.714.002	93.850.502	537.156.127

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

X. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

1. Information Regarding the Fair Value of Financial Assets and Liabilities

Current Period	Book Value	Fair Value
Financial Assets	581.601.526	581.432.091
Due from Interbank Money Market	328.596	328.596
Banks	4.853.379	4.853.379
Financial Assets Measured at Fair Value Through Other Comprehensive Income	110.886.717	110.886.717
Financial Assets Measured at Amortised Cost	17.550.083	17.380.648
Loans	447.982.751	447.982.751
Financial Liabilities	502.375.636	502.375.636
Bank Deposits	31.479.865	31.479.865
Other Deposits	415.771.108	415.771.108
Funds Borrowed from Other Financial Institutions	34.528.490	34.528.490
Issued Marketable Securities	13.106.026	13.106.026
Miscellaneous Payables	7.490.147	7.490.147

Prior Period	Book Value	Fair Value
Financial Assets	473.719.449	473.593.215
Due from Interbank Money Market	-	-
Banks	5.746.211	5.746.211
Financial Assets Measured at Fair Value Through Other Comprehensive Income	78.387.523	78.387.523
Financial Assets Measured at Amortised Cost	10.254.639	10.128.405
Loans	379.331.076	379.331.076
Financial Liabilities	385.984.582	385.984.582
Bank Deposits	25.668.614	25.668.614
Other Deposits	305.397.869	305.397.869
Funds Borrowed from Other Financial Institutions	34.171.653	34.171.653
Issued Marketable Securities	15.430.468	15.430.468
Miscellaneous Payables	5.315.978	5.315.978

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

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2. Information on Fair Value Measurements Recognized in the Financial Statements

According to TFRS 7 “Financial Instruments: Explanations” Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related footnotes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank’s balance sheet, are presented with respect to such basis of classification in the table below:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	1.897.885	-	-	1.897.885
Government Debt Securities	1.897.885	-	-	1.897.885
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	110.532.039	201.039	122.845	110.855.923
Government Debt Securities	109.595.632	-	-	109.595.632
Marketable Securities	376.500	-	122.845	499.345
Other Marketable Securities	559.907	201.039	-	760.946
Derivative Financial Assets	-	2.797.886	-	2.797.886
Subsidiaries and Joint Ventures ⁽²⁾			3.257.115	3.257.115
Total Assets	112.429.924	2.998.925	3.379.960	118.808.809
Derivative Financial Liabilities	-	1.658.858	-	1.658.858
Total Liabilities	-	1.658.858	-	1.658.858

⁽¹⁾ Since equity securities under the heading of Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income amounting to TL 30.794 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included.

⁽²⁾ Information on domestic subsidiaries monitored over acquisition cost is not shown in this table.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	6.731.624	-	-	6.731.624
Government Debt Securities	6.393.453	-	-	6.393.453
Trading Derivative Financial Assets	-	-	-	-
Hedging Derivative Financial Assets	338.171	-	-	338.171
Other Marketable Securities	78.059.998	184.520	115.577	78.360.095
Financial Assets at Fair Value Through Other Comprehensive Income	77.811.852	-	-	77.811.852
Equity Securities ⁽¹⁾	227.046	-	115.577	342.623
Government Debt Securities	21.100	184.520	-	205.620
Other Marketable Securities	-	2.036.376	-	2.036.376
Subsidiaries and Joint Ventures ⁽²⁾	-	-	3.222.927	3.222.927
Total Assets	84.791.622	2.220.896	3.338.504	90.351.022
Trading Derivative Financial Liabilities	-	1.643.492	-	1.643.492
Total Liabilities	-	1.643.492	-	1.643.492

⁽¹⁾ Since equity securities under the heading of financial assets at fair value through other comprehensive income amounting to TL 27.428 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included.

⁽²⁾ Information on domestic subsidiaries monitored over acquisition cost is not shown in this table.

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The movement of financial assets in Stage 3 is presented below:

	Current Period	Prior Period
Balances at Beginning of Period	3.338.504	2.295.728
Purchases	42.364	289.293
Disposals Through Sale/Redemptions	-	-
Valuation Effect	(908)	753.483
Transfers	-	-
Balances at the End of Period	3.379.960	3.338.504

XI. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

1. Transaction, Custody, Management and Consultancy Services of the Bank on behalf of Third Parties:

The Bank acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The bank does not provide consultancy and management services.

2. Transactions with Other Financial Institutions Under Fiduciary Transaction Agreements and Financial Services Rendered to Other Financial Institutions Under the Scope Of Fiduciary Transactions and the Effects of Such Services to the Financial Position of the Bank or The Group

The Bank has no fiduciary transactions.

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

1. 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	2.066.402	2.071.843	2.075.790	1.429.963
Central Bank of the Republic of Turkey	780.011	44.730.986	2.747.581	34.206.046
Other	-	2.558.417	1.150	31.104
Total	2.846.413	49.361.246	4.824.521	35.667.113

Information on Required Reserves

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

Banks are required to maintain reserves with Central Bank of the Republic of Turkey for their TL and FC liabilities that are specified in the aforementioned Communiqué. Required reserves are calculated every two weeks and established for 14 day intervals.

With the amendments made in 2019, the Central Bank has linked the TL and FC required reserve rates and the interest to be paid on the required reserves maintained in TL with the annual growth rates of TL cash loans. Required reserve rates vary according to the maturity structure of the liabilities, and are applied between 1%-7% for TL deposits and other liabilities, 13%-19% for FX deposits and 5%-21% for other FC liabilities.

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Information on the account of the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	672.664	15.680.915	2.424.088	12.546.367
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	763
Other ⁽¹⁾	107.347	29.050.071	323.493	21.658.916
Total	780.011	44.730.986	2.747.581	34.206.046

⁽¹⁾ Includes required reserves and CBRT restricted electronic money funds amounting to TL 3.373. Required reserve of branches abroad amounting to TL 160.297 is presented in this line. TL 3.317.307 of the current period's FC required reserve is the part of the TL required reserves that are held in FC (31 December 2018: Includes required reserves and CBRT restricted electronic money funds amounting to TL 7.537. Required reserve of branches abroad amounting to TL 163.388 is presented in this line. TL 10.945.733 of the current period's FC required reserve is the part of the TL required reserves that are held in FC).

2. Information on Financial Assets at Fair Value Through Profit and Loss Given or Blocked as Collateral or Subject to Repurchase Agreements

None. (31 December 2018: None)

3. Positive Differences Related to The Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	156.547	33.478	243.160	15.245
Swap Transactions	1.139.190	1.468.650	1.305.367	471.896
Futures Transactions	-	-	-	-
Options	-	21	-	708
Other	-	-	-	-
Total	1.295.737	1.502.149	1.548.527	487.849

4. Information on Banks and Other Financial Institutions

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	2.118	14.990	686.231	2.278
Foreign Banks	127.733	4.708.538	178.850	4.878.852
Foreign Head Office and Branches	-	-	-	-
Total	129.851	4.723.528	865.081	4.881.130

4.2. Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	1.719.373	467.631	-	-
USA, Canada	2.041.384	1.701.552	-	-
OECD Countries ⁽¹⁾	57.751	22.129	-	-
Off-shore Banking Regions	-	-	-	-
Other	1.015.055	2.865.491	2.708	899
Total	4.833.563	5.056.803	2.708	899

⁽¹⁾ OECD countries except EU countries, USA and Canada.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

5. Explanation Regarding to the Comparison of Net Values of Financial Assets at Fair Value Through Other Comprehensive Income or Blocked as Collateral and Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	50.605.054	28.169.653
Assets Blocked/Given as Collateral	30.536.506	45.687.419
Total	81.141.560	73.857.072

6. Information on Financial Assets at Fair Value Through Other Comprehensive Income

	Current Period	Prior Period
Debt Securities	112.464.458	84.213.066
Quoted in Stock Exchange	112.263.419	84.028.546
Not Quoted in Stock Exchange	201.039	184.520
Share Certificates	554.295	395.377
Quoted in Stock Exchange	376.498	227.170
Not Quoted in Stock Exchange	177.797	168.207
Provision for Impairment (-)	2.132.036	6.220.920
Total	110.886.717	78.387.523

7. Information Related to Loans

7.1. Information on All Types of Loans and Advances Given to Shareholders and Employees of The Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	452.130	-	365.688	-
Total	452.130	-	365.688	-

⁽¹⁾ Interest rediscount and interest accrual amounting TL 4.228, are not included (31 December 2018: Interest rediscount and interest accrual amounting TL 4.243 are not included).

⁽²⁾ Since the balance of overdraft accounts related to employees amounting TL 22.557, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above. (31 December:2018: Since the balance of overdraft accounts related to employees amounting TL 22.068, is showed under Table 7.4. as overdraft accounts (real person), it is not included to the table above.)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

7.2. Information on the First and Second Group Loans and Other Receivables Including Restructured or Rescheduled Loans

Current Period Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
			Loans with revised contract terms	Refinancing
Non-Specialized Loans	333.995.564	17.195.693	6.318.882	-
Commercial Loans	204.790.778	7.861.911	6.117.723	-
Export Loans	4.680.534	320.911	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	4.954.641	6.786.703	-	-
Consumer Loans	107.460.182	1.933.126	199.478	-
Credit Cards	11.061.529	287.413	1.681	-
Other	1.047.900	5.629	-	-
Specialized Lending ⁽¹⁾⁽²⁾	63.022.874	2.283.220	898.711	-
Other Receivables	-	-	-	-
Interest Income Accruals	8.440.854	2.670.652	465.814	-
Total	405.459.292	22.149.565	7.683.407	-

⁽¹⁾ Agricultural loans of funds originated are shown in specialized lendings.

⁽²⁾ Farmer support agricultural loans are shown in specialized lendings.

Prior Period Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
			Loans with revised contract terms	Refinancing
Non-Specialized Loans	287.524.006	12.257.515	2.023.033	-
Commercial Loans	188.591.255	4.728.644	1.950.717	-
Export Loans	5.709.535	27.105	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.688.751	6.052.521	-	-
Consumer Loans	84.626.693	1.297.885	71.882	-
Credit Cards	5.805.745	134.811	434	-
Other	1.102.027	16.549	-	-
Specialized Lending ⁽¹⁾⁽²⁾	58.636.554	1.518.720	534.642	-
Other Receivables	-	-	-	-
Interest Income Accruals	7.502.910	1.760.999	112.948	-
Total	353.663.470	15.537.234	2.670.623	-

⁽¹⁾ Agricultural loans of funds originated are shown in specialized lendings.

⁽²⁾ Farmer support agricultural loans are shown in specialized lendings.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Qualified Loans	Loans Under Close Monitoring	Standard Qualified Loans	Loans Under Close Monitoring
Expected Provision Loss for 12 months	1.346.524	-	855.496	-
Significant Increase in Credit Risk	-	3.397.684	-	2.181.267

7.3. Loans According to Maturity Structure

Current Period ⁽¹⁾	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured or Rescheduled
Short-term Loans	83.171.046	2.000.100	1.242.156
Medium and Long-term Loans	313.847.392	17.478.813	5.975.437

⁽¹⁾ Accruals are not included.

Prior Period ⁽¹⁾	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured or Rescheduled
Short-term Loans	71.401.575	1.481.478	365.376
Medium and Long-term Loans	274.758.985	12.294.757	2.192.299

⁽¹⁾ Accruals are not included.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

7.4. Information on Consumer Loans, Individual Credit Cards and Personnel Loans and Personnel Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.124.603	106.403.629	107.528.232
Real Estate Loans ⁽²⁾	16.423	64.771.146	64.787.569
Vehicle Loans	6.481	384.676	391.157
Consumer Loans ⁽²⁾	1.101.699	41.247.807	42.349.506
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	1.535	48.337	49.872
Real Estate Loans	-	6.989	6.989
Vehicle Loans	-	-	-
Consumer Loans	1.535	41.348	42.883
Other	-	-	-
Retail Credit Cards-TL	7.013.410	189.176	7.202.586
With Installment	2.484.024	181.398	2.665.422
Without Installment	4.529.386	7.778	4.537.164
Retail Credit Cards-FC	762	-	762
With Installment	-	-	-
Without Installment	762	-	762
Personnel Loans-TL	21.460	275.212	296.672
Real Estate Loans	-	131	131
Vehicle Loans	-	-	-
Consumer Loans	21.460	275.081	296.541
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	148.749	6.658	155.407
With Installment	56.923	6.508	63.431
Without Installment	91.826	150	91.976
Personnel Credit Cards-FC	51	-	51
With Installment	-	-	-
Without Installment	51	-	51
Overdraft Accounts-TL (Real Person)	1.718.010	-	1.718.010
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	10.028.580	106.923.012	116.951.592

⁽¹⁾ TL 796.082 of interest income accrual is not included.⁽²⁾ Consumer loans originated from funds amounting to TL 3.908.975 of are included.

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

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	780.170	83.379.437	84.159.607
Real Estate Loans ⁽²⁾	12.233	51.727.328	51.739.561
Vehicle Loans	4.054	180.446	184.500
Consumer Loans ⁽²⁾	763.883	31.471.663	32.235.546
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	1.170	42.151	43.321
Real Estate Loans	-	7.064	7.064
Vehicle Loans	-	-	-
Consumer Loans	1.170	35.087	36.257
Other	-	-	-
Retail Credit Cards-TL	4.517.288	118.447	4.635.735
With Installment	1.300.562	114.935	1.415.497
Without Installment	3.216.726	3.512	3.220.238
Retail Credit Cards-FC	504	-	504
With Installment	-	-	-
Without Installment	504	-	504
Personnel Loans-TL	10.872	231.950	242.822
Real Estate Loans	-	2.260	2.260
Vehicle Loans	-	-	-
Consumer Loans	10.872	229.690	240.562
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	120.677	2.141	122.818
With Installment	39.914	2.048	41.962
Without Installment	80.763	93	80.856
Personnel Credit Cards-FC	48	-	48
With Installment	-	-	-
Without Installment	48	-	48
Overdraft Accounts-TL (Real Person)	1.550.710	-	1.550.710
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	6.981.439	83.774.126	90.755.565

⁽¹⁾ TL 646.478 of interest income accrual is not included.⁽²⁾ Consumer loans originated from funds amounting to TL 3.839.218 of are included.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

7.5. Information on Installment Based Commercial Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	1.785.721	49.899.587	51.685.308
Business Loans	2.253	485.569	487.822
Vehicle Loans	57.549	1.130.670	1.188.219
Consumer Loans	1.725.919	48.283.348	50.009.267
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans - FC	27.940	30.747.951	30.775.891
Business Loans	-	40.163	40.163
Vehicle Loans	-	2.186	2.186
Consumer Loans	27.940	30.705.602	30.733.542
Other	-	-	-
Corporate Credit Cards-TL	3.959.096	32.154	3.991.250
With Installment	1.494.093	28.798	1.522.891
Without Installment	2.465.003	3.356	2.468.359
Corporate Credit Cards-FC	567	-	567
With Installment	-	-	-
Without Installment	567	-	567
Overdraft Account-TL (Legal Entity)	718.320	-	718.320
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	6.491.644	80.679.692	87.171.336

⁽¹⁾ Accruals are not included.

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Prior Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	1.599.002	32.072.687	33.671.689
Business Loans	586	434.733	435.319
Vehicle Loans	46.303	785.233	831.536
Consumer Loans	1.552.113	30.852.721	32.404.834
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans - FC	160.509	28.492.473	28.652.982
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	160.509	28.492.473	28.652.982
Other	-	-	-
Corporate Credit Cards-TL	1.167.050	14.704	1.181.754
With Installment	353.950	14.640	368.590
Without Installment	813.100	64	813.164
Corporate Credit Cards-FC	131	-	131
With Installment	-	-	-
Without Installment	131	-	131
Overdraft Account-TL (Legal Entity)	663.279	-	663.279
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	3.589.971	60.579.864	64.169.835

⁽¹⁾ Accruals are not included.

7.6. Loans According to Types Of Borrowers

	Current Period	Prior Period
Public	3.223.182	3.566.745
Private	420.491.762	358.927.725
Interest Income Accruals of Loans	11.577.320	9.376.857
Total	435.292.264	371.871.327

7.7. Breakdown of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	413.792.927	353.958.673
Foreign Loans	9.922.017	8.535.797
Interest Income Accruals of Loans	11.577.320	9.376.857
Total	435.292.264	371.871.327

7.8. Loans Granted to Subsidiaries and Associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	2.288.776	2.535.527
Indirect loans granted to subsidiaries and associates	-	-
Total	2.288.776	2.535.527

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7.9. Provisions provided against loans (Stage Three)

	Current Period	Prior Period
Loans and other receivables with limited collectability	548.928	388.478
Loans and other receivables with doubtful collectability	1.491.663	688.923
Uncollectible loans and other receivables	6.223.453	4.270.418
Total	8.264.044	5.347.819

7.10. Information On Under Follow-up Receivables (Net)

7.10.1. Information on Loans and Other Receivables Included In Under Follow-up Receivables which are Restructured or Rescheduled

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	72.597	199.997	259.471
Restructured loans	72.597	199.997	259.471
Period Period			
Gross amounts before the provisions	27.918	77.194	150.427
Restructured loans	27.918	77.194	150.427

7.10.2. Information on the Movement of Under Follow-up Receivables

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior Period Ending Balance	1.146.829	1.313.386	4.999.534
Additions (+)	5.518.051	1.583.901	593.379
Transfers from Other Categories of Loans under Follow-Up (+)	-	4.025.467	3.051.780
Transfers to Other Categories of Loans under Follow-Up (-)	4.025.467	3.051.780	-
Collections (-)	410.220	678.194	837.614
Sold ⁽¹⁾	421.432	19.851	97.282
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	1.807.761	3.172.929	7.709.797
Provision (-)	548.928	1.491.663	6.223.453
Net Balance on Balance Sheet	1.258.833	1.681.266	1.486.344

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

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7.10.3. Information on Foreign Currency Under Follow-up Loans

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	655	698	28.293
Expected Loss Provision (-)	187	426	26.653
Net Balance on Balance Sheet	468	272	1.640
Prior Period:			
Period Ending Balance	1.923	1.124	24.746
Expected Loss Provision (-)	809	604	23.223
Net Balance on Balance Sheet	1.114	520	1.523

7.10.4. Gross and Net Amounts of Under Follow-up Receivables According to User Groups

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period (Net)	1.258.833	1.681.266	1.486.344
Loans to Real Persons and Legal Entities (Gross)	1.807.761	3.172.929	7.563.830
Provisions (-)	548.928	1.491.663	6.077.486
Loans to Real Persons and Legal Entities (Net)	1.258.833	1.681.266	1.486.344
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	145.967
Provisions (-)	-	-	145.967
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	758.351	624.463	729.116
Loans to Real Persons and Legal Entities (Gross)	1.146.829	1.313.386	4.864.328
Provisions (-)	388.478	688.923	4.135.212
Loans to Real Persons and Legal Entities (Net)	758.351	624.463	729.116
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	135.206
Provisions (-)	-	-	135.206
Other Loans and Receivables (Net)	-	-	-

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7.10.5. Information on Accruals of Interest, Rediscount and Valuation Effect and Their Provisions Calculated for Under Follow-up Loans Banks which Provide Expected Credit Loss According to TFRS 9

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	103.300	139.371	54.580
Interest Accruals and Valuation Differences	150.292	271.159	203.749
Provisions (-)	46.992	131.788	149.169
Current Period (Net)	65.936	27.893	8.290
Interest Accruals and Valuation Differences	108.834	55.936	25.067
Provisions (-)	42.898	28.043	16.777

7.10.6. Information on Liquidating Policy of Uncollectible Loans and Other Receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

7.10.7. 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.

7.10.8. Other Explanations and Disclosures

Current Period	Corporate/SME	Consumer	Agricultural	Total
Neither Past Due nor Impaired Loans ⁽¹⁾	223.501.609	115.331.474	66.626.209	405.459.292
Past Due but not Impaired Loans	23.990.386	2.416.189	3.426.397	29.832.972
Impaired Loans	9.813.365	1.215.937	1.661.185	12.690.487
Total	257.305.360	118.963.600	71.713.791	447.982.751
Specific Provisions of Impaired Loans (-)	6.487.333	880.476	896.235	8.264.044
Net Loan Amount	250.818.027	118.083.124	70.817.556	439.718.707

⁽¹⁾ TL 3.908.975 consumer, TL 1.893.565 agricultural and TL 18 corporate and entrepreneurial loans originated from funds whose risk does not belong to the Bank, are shown under Neither Past Due nor Impaired Loans.

Prior Period	Corporate/SME	Consumer	Agricultural	Total
Neither Past Due nor Impaired Loans ⁽¹⁾	202.117.379	89.870.265	61.675.826	353.663.470
Past Due but not Impaired Loans	14.459.974	1.531.778	2.216.105	18.207.857
Impaired Loans	5.403.149	949.515	1.107.085	7.459.749
Total	221.980.502	92.351.558	64.999.016	379.331.076
Specific Provisions of Impaired Loans (-)	4.075.927	707.554	564.338	5.347.819
Net Loan Amount	217.904.575	91.644.004	64.434.678	373.983.257

⁽¹⁾ TL 3.839.218 consumer, TL 1.950.642 agricultural and TL 18 corporate and entrepreneurial loans originated from funds whose risk does not belong to the Bank, are shown under Neither Past Due nor Impaired Loans.

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8. Information on Financial Assets Measured at Amortised Cost

8.1. Information on Comparative Net Values of Financial Assets Measured at Amortised Cost Subject to Repo Transactions and Given as a Collateral/Blocked

Financial Assets Measured at Amortised Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1.989.088	2.104.824	177.923	1.819.056
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	1.989.088	2.104.824	177.923	1.819.056

Financial Assets Measured at Amortised Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	2.021.297	10.404.413	3.790.424	3.019.229
Other	-	-	-	-
Total	2.021.297	10.404.413	3.790.424	3.019.229

8.2. Government Bonds and Treasury Bills Measured at Amortised Cost

	Current Period	Prior Period
Government Bonds	17.427.402	10.056.544
Treasury Bills	-	-
Other Public Sector Debt Securities	36.073	-
Total	17.463.475	10.056.544

8.3. Information on Investments Measured at Amortised Cost

	Current Period	Prior Period
Debt securities	17.550.083	10.254.639
Listed in a Stock Exchange	17.463.475	10.056.544
Not Listed in a Stock Exchange	86.608	198.095
Provision for Impairment (-)	-	-
Total	17.550.083	10.254.639

8. Information on Financial Assets Measured at Amortised Cost Continued)

8.4. Movements of Investments Measured at Amortised Cost

	Current Period	Prior Period
Beginning Balance	10.254.639	7.595.887
Foreign Currency Differences on Monetary Assets	562.552	1.764.370
Purchases During the Year ⁽¹⁾	10.608.138	3.501.862
Disposals through Sales and Redemptions	(3.875.246)	(2.607.480)
Provision for Impairment (-)	-	-
Period End Balance	17.550.083	10.254.639

⁽¹⁾ Accruals are shown in "Purchases During the Year".

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9. Information about Associates Accounts (Net)

9.1. Information about Associates

	Description	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	10,00	9,09
3	Arap Türk Bankası A.Ş.	Istanbul/Turkey	22,20	15,43
4	Platform Ortak Kartlı Sistemler A.Ş. ⁽¹⁾	Istanbul/Turkey	33,33	33,33

⁽¹⁾ The company has been registered at 23 September 2019 and announced in the Türkiye Trade Registry Gazette as the date of 27 September 2019 numbered 9918.

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	151.277	91.498	77.573	5.591	-	26.624	15.953	-
2	332.448	174.875	192.972	12.387	-	11.378	41.206	-
3	4.957.994	1.052.917	142.418	257.921	48.807	166.427	100.978	-
4	5.250	5.250	-	-	-	-	-	-

⁽¹⁾ There is no fair value due to the fact that associates are not traded in the stock exchange

⁽²⁾ Current period information of associates has been provided from unaudited financial statements as of 31 December 2019. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2018.

⁽³⁾ Total fixed assets include tangible and intangible assets.

9.2. Information about Financial Associates (Net)

	Current Period	Prior Period
Balance at the Beginning of the Period	88.846	88.846
Movement During the Period	-	-
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Transfer (-)	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the End of the Period	88.846	88.846
Capital Commitments	-	-
Period Ending Share of Capital Participation (%)	-	-

9.3. Sectoral Information and Related Amounts of Financial Associates

	Current Period	Prior Period
Banks	88.846	88.846
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

9.4. Associates Quoted to a Stock Exchange

None (31 December 2018: None).

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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10. Information on Subsidiaries (Net)

10.1. Information on Subsidiaries

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

	Description ^(*)	Address (City/Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100,00	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	100,00	99,80
3	Ziraat Katılım Bankası A.Ş. ^(**)	İstanbul/Turkey	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	100,00	100,00
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	100,00	100,00
6	Ziraat Teknoloji A.Ş.	İstanbul/Turkey	100,00	100,00
7	Onko İlaç Sanayi ve Ticaret A.Ş. ^(***)	İstanbul/Turkey	66,66	71,40
8	Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
9	Ziraat Bank BH d.d.	Sarajevo/Bosnia Herzegovina	100,00	100,00
10	Ziraat Bank (Moscow) JSC	Moscow/Russia	100,00	100,00
11	Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	100,00	99,58
12	Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	100,00	100,00
13	Ziraat Bank Montenegro AD	Podgorica/Montenegro	100,00	100,00
14	JSC Ziraat Bank Georgia	Tbilisi/Georgia	100,00	100,00
15	Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	100,00	100,00

^(*) According to decision of Banking Regulation and Supervision Agency dated 18 January 2019, numbered 8210 and decision of Board of Directors of Ziraat Katılım Bankası A.Ş. dated 18 October 2018, numbered 34/19; Ziraat Finansal Kiralama A.Ş. with its all assets and liabilities are dissolved without liquidation and transferred to Ziraat Katılım Bankası A.Ş. at balance sheet value on transfer date and merged under the roof of Ziraat Katılım Bankası A.Ş. Merge is registered by İstanbul Registry of Commerce at 1 March 2019.

^(**) 71,40% of A group shares belonging to Onko İlaç Sanayi ve Ticaret A.Ş. were acquired on 31 December 2019 within the scope of the Bank's Board of Directors decision dated 25 October 2019 and numbered 25/23.

^(***) Representing 99,97% of capital of Ziraat Sigorta A.Ş. and Ziraat Hayat Emeklilik, one of the subsidiaries of the Bank- by a company to be established by Turkey Wealth Funds. After obtaining the necessary permissions and completing share transfers, the general assembly reductions of the companies in question will be taken and legal procedures will be completed. In this context, as of the balance sheet date, these companies are classified as “Assets Held for Sale and Discontinued Operations.”

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Shareholder's equity amount needed
1	305.932	194.396	2.488	50.908	-	91.235	68.147	-	-
2	119.799	101.863	34.498	10.517	-	41.704	20.856	-	-
3	30.803.790	2.991.243	261.364	2.478.431	158.541	386.190	242.045	-	-
4	2.611.514	1.802.699	1.890.020	436	-	118.361	133.190	-	-
5	870.432	869.059	1.413	123.984	-	117.742	-	-	-
6	69.107	15.890	3.239	2.004	-	1.824	2.409	-	-
7	628.582	66.869	370.148	2.291	-	(4.603)	(9.190)	-	-
8	7.991.971	1.632.893	23.367	321.505	3.211	89.092	108.365	1.496.724	-
9	3.597.502	584.151	133.512	107.730	-	3.922	(106.929)	431.466	-
10	827.226	294.211	12.627	60.629	410	29.424	19.684	269.215	-
11	1.198.041	458.858	26.222	86.733	-	37.454	34.663	407.842	-
12	878.447	241.714	68.778	55.791	1.147	5.780	4.257	196.898	-
13	552.358	93.562	6.829	21.816	1.234	1.580	(3.885)	91.508	-
14	268.051	114.496	11.073	10.154	3.595	6.935	4.455	107.737	-
15	481.807	171.415	10.642	43.157	-	41.128	3.023	144.665	-

(1) The subsidiaries other than the ones presented with fair value are carried at cost less impairment, if any. For the subsidiaries having fair value, fair value shows the portion belonging to Ziraat Bank.

(2) The amounts shown in the interest income column of Ziraat Katılım Bankası include profit share income.

(3) Information on Ziraat Katılım Bankası A.Ş. has been provided from limited reviewed financial statements as of 30 September 2019, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 30 September 2018. Information on other subsidiaries shown in the table above has been provided from unaudited financial statements as of 31 December 2019, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2018.

	Current Period	Prior Period
Balance at the Beginning of the Period	7.394.408	5.138.250
Movements During the Period	(59.383)	2.256.158
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	106.806	1.521.015
Bonus Shares Obtained	2.065	-
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽²⁾	66.048	807.408
Impairment Provision (-)	364.273	72.265
Transfer (-) ⁽³⁾	129.971	-
Balance at the End of the Period⁽⁴⁾	7.335.025	7.394.408
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

(1) Paid Capital Increases are classified under "Purchases" account.

(2) Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate.

(3) The Bank has classified Ziraat Hayat ve Emeklilik A.Ş. and Ziraat Sigorta A.Ş., as of the balance sheet date, as "Fixed Assets for Held for Sale and Discontinued Operations"

(4) Non-financial subsidiaries are not included.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

10.2. Sectoral Information and Related Amounts of Subsidiaries

	Current Period	Prior Period
Banks	5.178.895	4.865.172
Insurance Companies	-	129.972
Factoring Companies	-	-
Leasing Companies	-	282.839
Financing Companies	-	-
Other Financial Subsidiaries	2.156.130	2.116.425

10.3. Subsidiaries which are Quoted on a Stock Exchange

None (31 December 2018: None).

11. Information on Entities Under Common Control (Joint Ventures)

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share (%)	Group's Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	264.804	14.745	5.368	111.882	57.779

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2019.

Entities under common control domiciled and operating abroad are followed by their fair values. For these entities under common control, fair value is determined by independent valuation firm's report and revaluation differences are accounted as the value of entities under common control and under shareholders' equity.

12. Information on Finance Lease Receivables (Net)

The Bank has no finance lease receivables

13. Information on Derivative Financial Assets for Hedging Purposes

The Bank has no derivative financial assets for hedging purposes

14. Information on Investment Property

None

15. Information on Assets Held For Sale And Tangibles Corresponding Discontinuing Operations

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

The Bank's immovables acquired amount to TL 4.649.359 consisting of TL 18.767 due to consumer loans, TL 4.479.822 on its commercial loans and TL 150.770 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 2.390 (31 December 2018: The Bank's immovables acquired amount to TL 1.221.830 consisting of TL 17.591 due to consumer loans, TL 1.103.924 on its commercial loans and TL 100.315 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 3.559).

Representing 99,97% of capital of Ziraat Sigorta A.Ş. and Ziraat Hayat Emeklilik, one of the subsidiaries of the Bank- by a company to be established by Turkey Wealth Funds. After obtaining the necessary permissions and completing share transfers, the general assembly reductions of the companies in question will be taken and legal procedures will be completed. In this context, as of the balance sheet date, these companies are classified as "Assets Held for Sale and Discontinued Operations."

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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16. Explanations on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	5.599.795	-	1.133.573	14.928	255.187	-	7.003.483
Accumulated Depreciation (-)	1.012.511	-	721.194	6.218	215.553	-	1.955.476
Impairment (-)	2.805	-	-	-	-	-	2.805
Net Book Value	4.584.479	-	412.379	8.710	39.634	-	5.045.202
Current Period End							
Net Book Value at the Beginning of the Period	4.584.479	-	412.379	8.710	39.634	-	5.045.202
Change During the Period (Net)	(190.588)	589.554	(30.969)	84.918	(19.470)	-	433.445
- Cost	(208.549)	685.790	125.699	124.332	2.374	-	729.646
- Depreciation – net (-)	(18.585)	96.236	156.668	39.414	21.844	-	295.577
- Impairment (-)	624	-	-	-	-	-	624
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-	-
Cost at Period End	5.391.246	685.790	1.259.272	139.260	257.561	-	7.733.129
Accumulated Depreciation at Period End (-)	993.926	96.236	877.862	45.632	237.397	-	2.251.053
Impairment (-)	3.429	-	-	-	-	-	3.429
Closing Net Book Value	4.393.891	589.554	381.410	93.628	20.164	-	5.478.647

17. The Impairment Provision Set or Cancelled in The Current Period According to The Asset Groups Not Individually Significant but Materially Affecting The Overall Financial Statements, and The Reason and Conditions for This:

None.

18. Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets:

None.

19. Explanations on Intangible Assets

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Establishment Costs	2.272	2.172	100	2.116	1.881	235
Goodwill	-	-	-	-	-	-
Intangible Rights	1.130.516	385.527	744.989	900.574	291.416	609.158
Total	1.132.788	387.699	745.089	902.690	293.297	609.393

Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements:

None.

Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition :

None.

The book value of intangible fixed assets that are pledged or restricted for use:

None.

Amount of purchase commitments for intangible fixed assets:

None.

Information on revalued intangible assets according to their types:

None.

Amount of total research and development expenses recorded in income statement within the period if any:

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the unconsolidated financial statements

Information on Goodwill:

None.

20. 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	2.128.618	2.961.913
Deferred Tax Liabilities	(980.007)	(1.415.920)
Net Deferred Tax Assets/(Liabilities)	1.148.611	1.545.993
Net Deferred Tax Income/(Expense)	1.277.304	169.856

	Current Period	Prior Period
Reserve for Employment Termination Benefits	207.705	164.904
Short Term Employee Benefits	137.613	103.400
Financial Assets Valuation	235.871	1.299.293
Other	567.422	(21.604)
Net Deferred Tax Assets/(Liabilities)	1.148.611	1.545.993

As of 31 December 2019, deferred tax income amounting to TL 1.277.304 (31 December 2018: TL 169.856 deferred tax income) in the income statement, deferred tax expense amounting to TL 1.674.686 (31 December 2018: TL 1.681.503). is classified under shareholders' equity. The previous period classified under equity also includes the effect of deferred tax liability arising from the transition to TFRS 9 amounting to TL 173.427.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

21. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	512	422
Banks and Receivables from Money Markets	322	704
Financial Assets Measured at Amortized Cost	2.369	1.384
Other	25.755	39.874
Total	28.958	42.384

22. Information on Other Assets

As of 31 December 2019, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on Deposits/Funds Collected

1.1. Information on Maturity Structure of Deposits

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	35.581.357	-	4.237.081	67.768.913	24.683.146	2.501.760	8.212.210	209.613	143.194.080
Foreign Currency Deposits	48.613.677	-	17.732.279	61.492.670	11.496.435	8.125.155	26.667.206	6.056	174.133.478
Residents in Turkey	39.834.641	-	16.446.344	50.992.758	7.259.895	3.793.055	8.458.349	4.746	126.789.788
Residents Abroad	8.779.036	-	1.285.935	10.499.912	4.236.540	4.332.100	18.208.857	1.310	47.343.690
Public Sector Deposits	10.390.666	-	5.285.909	5.948.535	676.310	1.721.733	5.126	-	24.028.279
Commercial Inst. Deposits	10.681.697	-	15.446.366	14.937.802	583.115	2.627.321	501.315	-	44.777.616
Other Inst. Deposits	2.103.727	-	2.174.807	5.835.250	3.120.939	433.837	348.999	-	14.017.559
Precious Metals	13.116.231	-	150.419	1.867.099	212.200	143.416	130.731	-	15.620.096
Interbank Deposits	3.528.208	-	17.879.257	5.028.707	3.841.992	675.331	526.370	-	31.479.865
CBRT	1.412	-	-	-	-	-	-	-	1.412
Domestic Banks	243.636	-	17.537.397	250.727	120.458	2.130	-	-	18.154.348
Foreign Banks	2.311.746	-	341.860	4.132.691	3.449.833	673.201	526.370	-	11.435.701
Participation Banks	971.414	-	-	645.289	271.701	-	-	-	1.888.404
Other	-	-	-	-	-	-	-	-	-
Total	124.015.563	-	62.906.118	162.878.976	44.614.137	16.228.553	36.391.957	215.669	447.250.973

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

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	25.838.545	-	2.434.235	72.374.457	8.108.409	3.032.613	3.344.387	163.671	115.296.317
Foreign Currency Deposits	32.904.615	-	11.123.815	44.085.869	8.357.133	7.579.682	23.733.359	5.576	127.790.049
Residents in Turkey	27.197.662	-	10.413.062	33.693.139	5.174.086	3.480.548	7.451.393	4.070	87.413.960
Residents Abroad	5.706.953	-	710.753	10.392.730	3.183.047	4.099.134	16.281.966	1.506	40.376.089
Public Sector Deposits	7.008.902	-	3.189.817	4.748.666	1.596.385	3.408.368	3.728	-	19.955.866
Commercial Inst. Deposits	8.036.083	-	6.344.859	6.966.096	668.237	2.444.196	63.614	-	24.523.085
Other Inst. Deposits	1.874.072	-	1.797.575	4.071.666	1.034.292	767.749	481.790	-	10.027.144
Precious Metals	6.587.404	-	67.100	936.470	96.814	48.850	68.770	-	7.805.408
Interbank Deposits	4.742.133	-	11.814.536	4.191.970	2.847.538	1.258.825	813.612	-	25.668.614
CBRT	977	-	-	-	-	-	-	-	977
Domestic Banks	234.266	-	9.144.287	190.729	11.406	2.088	2.085	-	9.584.861
Foreign Banks	2.992.857	-	2.670.249	3.730.201	2.836.132	1.256.737	540.487	-	14.026.663
Participation Banks	1.514.033	-	-	271.040	-	-	271.040	-	2.056.113
Other	-	-	-	-	-	-	-	-	-
Total	86.991.754	-	36.771.937	137.375.194	22.708.808	18.540.283	28.509.260	169.247	331.066.483

1.2. Saving Deposits Under the Guarantee of Deposit Insurance and Exceeding the Deposit Insurance Limit

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	97.647.381	72.452.175	45.079.450	42.513.947
Foreign Currency Saving Deposits ⁽¹⁾	60.512.530	35.389.813	75.967.350	62.168.160
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽²⁾	1.381.203	1.106.656	263.633	161.259
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

⁽¹⁾ Related deposit balances do not include foreign branches.

⁽²⁾ In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 227.092 and TL 16.176 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2018: TL 140.007 and TL 24.266).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 536 of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 150 attributable to a real person is covered by the insurance, TL 1.553.917 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

1.3. Information on Saving Deposits/Real Persons' Private Current And Accession Accounts Not Related to Commercial Transactions in a Turkish Branch of The Bank Whose Head Office is Abroad, And Reasons if it is Covered in Where The Head Office is Located

The Bank's head office is located in Turkey.

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1.4. Saving Deposits of Real Persons Not Covered by the Deposit Insurance Fund

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	39.051	59.444
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	20.948	8.967
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Negative Differences Related to the Derivative Financial Liabilities

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	128.419	20.630	272.091	8.419
Swap Transactions	408.117	1.101.684	882.868	478.751
Futures Transactions	-	-	-	-
Options	-	8	1.363	-
Other	-	-	-	-
Total	536.536	1.122.322	1.156.322	487.170

3. Information on Banks and Other Financial Institutions

3.1. General Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	4.088.885	3.576.251	2.088.086	4.119.290
Foreign Banks, Institutions and Funds	373.530	26.489.824	580.527	27.383.750
Total	4.462.415	30.066.075	2.668.613	31.503.040

3.2. Maturity Structure of Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	4.088.115	1.682.486	2.086.811	4.952.533
Medium and Long-Term	374.300	28.383.589	581.802	26.550.507
Total	4.462.415	30.066.075	2.668.613	31.503.040

3.3. Further Information is Disclosed for the Areas Of Liability Concentrations. Main Liability Concentration Areas are Fund Suppliers, Sector Groups or other Risk Concentration Criteria

68,83% of the Bank's total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Bank's liabilities are not subject to a significant concentration risk.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

4. Information on Funds Supplied from Repurchase Agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	28.801.883	-	55.960.316	-
Financial Institutions and Organizations	28.179.581	-	55.754.498	-
Other Institutions and Organizations	615.654	-	203.162	-
Real Person	6.648	-	2.656	-
From Overseas Operations	-	20.473.527	-	12.390.480
Financial Institutions and Organizations	-	20.473.527	-	12.390.480
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	28.801.883	20.473.527	55.960.316	12.390.480

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2.268.570	279.678	1.806.838	106.896
Asset-Backed Securities	-	-	-	-
Treasury Bills	1.010.690	9.547.088	1.010.690	12.506.044
Total	3.279.260	9.826.766	2.817.528	12.612.940

6. 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.

7. Information on Finance Lease Payables (Net)

Information on finance lease payables represented in the table below:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	12.856	12.856	224	221
Between 1-4 Years	270.506	270.506	-	-
More than 4 Years	338.398	338.398	-	-
Total	621.760	621.760	224	221

8. Information on Derivative Financial Liabilities for Hedging Purposes

There are no derivative financial liabilities for hedging purposes

9. Explanations on Provisions

9.1 Foreign Exchange Loss Provisions on The Foreign Currency Indexed Loans and Finance Lease Receivables

There is no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables (31 December 2018: TL 26).

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9.2. Liabilities on Reserve for Employee Termination Benefits

9.2.1. Severance Pay and Unused Vacation Rights

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2019, unpaid vacation liability amounted to TL 265.511 and employment termination amounted to TL 1.038.524 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2018: unpaid vacation liability amounted to TL 198.000, and employment termination amounted to TL 824.520 are presented under the “Employee Benefits Provision” in the financial statements).

9.2.2. Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2019 and 31 December 2018.

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 TL 5.925.666 as of 31 December 2019 (31 December 2018: TL 4.256.114).

	Current Period	Prior Period
Non Medical Assets	3.295.264	2.558.724
Actual and Technical Overrun	5.925.666	4.256.114

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

To represent mortality rates both before and after retirement, CSO 1980 Female/Male mortality table is used.

Plan assets are comprised as follows:

	Current Period	Prior Period
Bank Placements	1.209.299	1.834.427
Property and Equipment	380.707	379.187
Marketable Securities	1.645.168	308.779
Other	60.090	36.331
Total	3.295.264	2.558.724

9.3. Information on Other Provisions

These financial statements include a general provision which is not in accordance with BRSA Principles amounting to TL 830.000 which has a part of TL 122.000 have been reversed and 22,000 TL of which has been canceled in the current year, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 37.000 and other provision of TL 217 exist for cash transfers made by Bank officials. The Bank has provided provision amounting to TL 1.086.387 for possible losses arising from the off-balance sheet items. (31 December 2018: These financial statements include a general provision which is not in accordance with BRSA Principles amounting to TL 952.000 which has a part of TL 523.000 have been reversed, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 217 exist for cash transfers made by Bank officials. The Bank has provided provision amounting to TL 448.141 for possible losses arising from the off-balance sheet items in the current period.)

Regarding the Bank’s lawsuit files, a total amount of TL 42.600 has been provided in the financial statements for lawsuits filed against the Bank for a total amount of TL 110.166 but not yet finalized (31 December 2018: For the lawsuits filed against the Bank amounting to TL 104.663, a provision of TL 38.100 has been provided in these financial statements for cases that are likely to result against the Bank but are not yet finalized).

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10. Information on Tax Liability

10.1. Information on Current Tax Liability

10.1.1. Information on Tax Provisions

As of 31 December 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 939.810 (As of 31 December 2018, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 880.567).

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	939.810	880.567
Taxation on Income From Securities	340.458	195.908
Property Tax	3.059	2.668
Banking Insurance Transactions Tax (BITT)	250.846	235.144
Foreign Exchange Transactions Tax	7.251	58
Value Added Tax Payable	11.164	8.366
Other	127.132	109.738
Total	1.679.720	1.432.449

10.1.3. Information on Premiums

	Current Period	Prior Period
Social Security Premiums - Employee	48	40
Social Security Premiums - Employer	65	54
Bank Social Aid Pension Fund Premium - Employee	15.201	11.988
Bank Social Aid Pension Fund Premium - Employer	22.271	16.712
Pension Fund Membership Fees and Provisions - Employee	1	1
Pension Fund Membership Fees and Provisions - Employer	1	-
Unemployment Insurance - Employee	1.093	1.816
Unemployment Insurance - Employer	2.187	3.634
Other	-	-
Total	40.867	34.245

10.2. Information on Deferred Tax Liabilities, if any

The Bank does not have any deferred tax liability.

11. Information on Payables for Assets Held For Sale and Discontinued Operations

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

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12. Explanations on Subordinated Debts

	Current Period ⁽¹⁾		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	9.565.957	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	9.565.957	-	-
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	9.565.957	-	-

⁽¹⁾ Subordinated loans are explained in detail in the Note “Information on debt instruments included in the calculation of equity” in section four.

13. Information on Shareholders' Equity

13.1. Presentation on Paid-In Capital

	Current Period	Prior Period
Common stock	6.100.000	6.100.000
Preferred stock	-	-

13.2. 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.

13.3. Information on Share Capital Increases and Their Sources; Other Information on Increased Capital Shares in the Current Period

There are no capital increases in the current period

13.4. Information on Additions from Capital Reserves to Capital in the Current Period

There is no share capital amount included in capital.

13.5. 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.

13.6. Indicators of The Bank's Income, Profitability And Liquidity for The Previous Periods and Possible Effects of Future Assumptions Based on The Uncertainty of These Indicators on The Bank's Equity

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

13.7. Information on Preferred Shares Representing The Capital

The Bank has no preferred shares.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	34.241	(172.810)	(33.695)	176.034
Revaluation Difference	807.677	(1.165.565)	(3.637.328)	(2.792.581)
Foreign Exchange Difference	2.008.638	-	1.827.238	-
Total	2.850.556	(1.338.375)	(1.843.785)	(2.616.547)

III. EXPLANATIONS AND NOTES TO OFF-BALANCE SHEET ACCOUNTS

1. Information on Off-Balance Sheet Liabilities

1.1. Nature and Amount Of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset Purchase Commitments	13.596.736	7.174.245
Subsidiaries and Associates Capital Contribution Commitments	7.500	-
Loan Granting Commitments	11.845.018	8.548.157
Payment Commitments for Cheques	3.695.596	2.773.071
Commitments for Credit Card Expenditure Limits	24.220.013	13.341.463
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	36.161	23.620
Other Irrevocable Commitments	13.794.074	14.001.763
Total	67.195.098	45.862.319

1.2. Nature and Amount of Possible Losses and Commitments Arising From The Off-Balance Sheet Items Including The Below Mentioned

The Bank has provided provision amounting to TL 1.086.387 for possible losses arising from the off-balance sheet items in the current period. (31 December 2018: TL 448.141).

1.2.1. Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantees and Other Letter Of Credits

	Current Period	Prior Period
Letters of Guarantee	91.260.564	94.754.340
Letters of Credit	19.392.291	17.915.615
Bank Acceptances	8.202.251	8.312.973
Endorsements	969.507	202.092
Total	119.824.613	121.185.020

1.2.2. Certain Guarantees, Temporary Guarantees, Surety Ships and Similar Transactions

	Current Period	Prior Period
Letters of Certain Guarantees	67.879.220	65.841.319
Letters of Advance Guarantees	15.303.379	20.112.137
Letters of Temporary Guarantees	2.456.525	3.098.995
Letters of Guarantees Given to Customs Offices	1.552.648	1.444.864
Other Letters of Guarantees	4.068.792	4.257.025
Total	91.260.564	94.754.340

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1.3. Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	441.107	872.563
With Original Maturity of One Year or Less	-	4.289
With Original Maturity of More than One Year	441.107	868.274
Other Non-Cash Loans	119.383.506	120.312.457
Total	119.824.613	121.185.020

1.3.2. Information on Sectoral Risk Concentrations Of Non-Cash Loans

	Current Period			
	TL	(%)	FC	(%)
Agricultural	362.811	0,93	44.030	0,05
Farming and Raising Livestock	250.180	0,64	28.348	0,04
Forestry	105.103	0,27	-	0,00
Fishing	7.528	0,02	15.682	0,02
Manufacturing	8.920.407	22,80	36.840.112	45,65
Mining and Quarrying	387.125	0,99	383.676	0,48
Production	5.134.524	13,12	32.293.329	40,01
Electric, Gas and Water	3.398.758	8,69	4.163.107	5,16
Construction	11.213.606	28,66	22.819.150	28,28
Services	18.136.756	46,36	20.278.129	25,13
Wholesale and Retail Trade	7.778.793	19,88	5.965.007	7,39
Hotel, Food and Beverage Services	266.125	0,68	874.047	1,08
Transportation and Telecommunication	1.830.472	4,68	4.463.028	5,53
Financial Institutions	6.549.033	16,74	7.540.363	9,34
Real Estate and Leasing Services	1.387.100	3,55	1.195.621	1,48
Self-employment Services	-	0,00	-	0,00
Education Services	175.154	0,45	143.574	0,18
Health and Social Services	150.079	0,38	96.489	0,12
Other	486.980	1,24	722.632	0,90
Total	39.120.560	100,00	80.704.053	100,00

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

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	314.459	0,82	124.786	0,15
Farming and Raising Livestock	197.139	0,52	27.428	0,03
Forestry	107.321	0,28	19.879	0,02
Fishing	9.999	0,03	77.479	0,09
Manufacturing	9.255.446	24,26	39.256.320	47,28
Mining and Quarrying	304.660	0,80	329.550	0,40
Production	5.739.909	15,05	35.712.090	43,01
Electric, Gas and Water	3.210.877	8,42	3.214.680	3,87
Construction	11.092.684	29,08	22.929.365	27,61
Services	17.101.201	44,83	20.069.132	24,17
Wholesale and Retail Trade	7.508.678	19,68	6.702.932	8,07
Hotel, Food and Beverage Services	204.763	0,54	649.195	0,78
Transportation and Telecommunication	1.685.681	4,42	4.896.381	5,90
Financial Institutions	6.212.235	16,28	6.411.574	7,72
Real Estate and Leasing Services	1.221.388	3,20	1.171.901	1,41
Self-employment Services	-	-	-	-
Education Services	164.208	0,43	146.350	0,18
Health and Social Services	104.248	0,27	90.799	0,11
Other	383.641	1,01	657.986	0,79
Total	38.147.431	100,00	83.037.589	100,00

1.3.3. Information on the Non-Cash Loans Classified Under Group I and Group II

Current Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	38.383.314	78.808.227	497.009	1.396.259
Letters of Guarantee	38.146.982	50.549.184	497.009	1.328.847
Bank Acceptances	9.724	8.167.548	-	24.979
Letters of Credit	226.608	19.121.988	-	42.433
Endorsements	-	969.507	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

Prior Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	37.592.882	81.412.464	381.440	1.518.328
Letters of Guarantee	37.298.091	55.300.831	381.440	1.498.807
Bank Acceptances	26.238	8.268.610	-	17.913
Letters of Credit	268.553	17.640.931	-	1.608
Endorsements	-	202.092	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

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AS OF 31 DECEMBER 2019**

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2. Explanations on Derivative Transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	208.996.455	111.942.491
Forward Transactions	10.273.424	8.044.971
Swap Transactions	198.692.497	103.851.946
Futures Transactions	-	-
Option Transactions	30.534	45.574
Interest Related Derivative Transactions (II)	44.356.644	28.545.660
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	44.356.644	28.545.660
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	253.353.099	140.488.151
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	-	-
Total Derivative Transactions (A+B)	253.353.099	140.488.151

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	134.618	(25.604)	(88.462)	670.220	18.819	709.591
- Inflow	68.666.660	27.371.716	6.721.025	1.357.757	735.865	104.853.023
- Outflow	(68.532.042)	(27.397.320)	(6.809.487)	(687.537)	(717.046)	(104.143.432)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	40.000	-	387.353	597.136	21.153.833	22.178.322
- Outflow	(40.000)	-	(387.353)	(597.136)	(21.153.833)	(22.178.322)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	68.706.660	27.371.716	7.108.378	1.954.893	21.889.698	127.031.345
Total Outflow	(68.572.042)	(27.397.320)	(7.196.840)	(1.284.673)	(21.870.879)	(126.321.754)

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	(287.572)	(919.679)	239.416	672.966	-	(294.869)
- Inflow	35.092.096	15.930.070	3.008.371	1.793.274	-	55.823.811
- Outflow	(35.379.668)	(16.849.749)	(2.768.955)	(1.120.308)	-	(56.118.680)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	612.937	13.659.893	14.272.830
- Outflow	-	-	-	(612.937)	(13.659.893)	(14.272.830)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	35.092.096	15.930.070	3.008.371	2.406.211	13.659.893	70.096.641
Total Outflow	(35.379.668)	(16.849.749)	(2.768.955)	(1.733.245)	(13.659.893)	(70.391.510)

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 TL 3.695.596 (31 December 2018: TL 2.773.071).

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

4. Explanations on Services in the Name of Others

The Bank acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Bank does not provide consultancy and management services.

IV. EXPLANATIONS AND NOTES RELATED TO PROFIT OR LOSS STATEMENT

1. Within The Scope of Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	44.686.280	8.078.143	34.326.648	6.701.270
Short Term Loans	13.569.101	744.898	10.040.293	499.984
Medium and Long Term Loans	30.010.953	7.333.197	23.878.107	6.201.255
Interest on Under Follow-up Loans	1.106.226	48	408.248	31
Premiums from Resource Utilization Support Fund	-	-	-	-

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

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1.2. Information on Interest Received from the Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	91.929	-	64.265	-
Domestic Banks	143.121	315	114.095	316
Foreign Banks	36.110	34.282	19.588	50.048
Foreign Head Office and Branches	-	-	-	-
Total	271.160	34.597	197.948	50.364

1.3. Information on Interest Income on Marketable Securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	10.270	2.193	5.041	624
Financial Assets at Fair Value Through Other Comprehensive Income	8.866.484	1.736.633	8.549.617	1.322.277
Financial Assets Measured at Amortized Cost	779.495	571.033	737.839	361.728
Total	9.656.249	2.309.859	9.292.497	1.684.629

1.4. Information on Interest Income from Subsidiaries and Associates

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	209.335	83.006

2. Within the Scope of Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	460.458	1.211.656	233.877	1.195.545
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	382.417	197.718	144.417	97.991
Foreign Banks	78.041	1.013.938	89.460	1.097.554
Foreign Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	460.458	1.211.656	233.877	1.195.545

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

2.2 Information on Interest Expenses Given to Subsidiaries and Associates

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	415.327	330.101

2.3 Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	476.475	889.893	512.731	574.403

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

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

2.4 Maturity Structure of the Interest Expense on Deposits

Current Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	2.624.072	14.767	4.175	460	472	-	2.643.946
Saving Deposit	-	414.983	11.072.591	2.838.615	495.788	1.029.784	15.788	15.867.549
Public Sector Deposit	447	651.244	668.045	124.280	308.701	549	-	1.753.266
Commercial Deposit	151	1.214.003	1.838.997	137.096	688.646	55.333	-	3.934.226
Other Deposit	7	178.665	600.542	464.480	185.552	87.793	-	1.517.039
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	605	5.082.967	14.194.942	3.568.646	1.679.147	1.173.931	15.788	25.716.026
FC								
Foreign Currency Deposit	996	306.557	1.124.798	135.057	117.840	390.209	6	2.075.463
Bank Deposit	22	144.849	10.597	16.859	4.842	8.762	-	185.931
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	430	8.850	1.030	568	704	-	11.582
Total	1.018	451.836	1.144.245	152.946	123.250	399.675	6	2.272.976
Grand Total	1.623	5.534.803	15.339.187	3.721.592	1.802.397	1.573.606	15.794	27.989.002

Prior Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	1.626.763	596	-	88	311	-	1.627.758
Saving Deposit	16	331.100	9.362.872	734.199	175.524	181.437	5.941	10.791.089
Public Sector Deposit	501	611.659	661.405	136.907	664.108	889	-	2.075.469
Commercial Deposit	167	751.271	1.159.771	164.186	217.931	3.259	-	2.296.585
Other Deposit	7	190.695	438.154	106.158	120.144	38.914	-	894.072
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	691	3.511.488	11.622.798	1.141.450	1.177.795	224.810	5.941	17.684.973
FC								
Foreign Currency Deposit	745	246.218	928.948	123.338	126.899	365.434	-	1.791.582
Bank Deposit	143	171.684	7.495	2.333	5.928	3.710	-	191.293
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	267	5.262	478	301	384	-	6.692
Total	888	418.169	941.705	126.149	133.128	369.528	-	1.989.567
Grand Total	1.579	3.929.657	12.564.503	1.267.599	1.310.923	594.338	5.941	19.674.540

3. Explanations on Dividend Income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	17.522	3.218
Other ⁽¹⁾	1.042.835	287.682
Total	1.060.357	290.900

⁽¹⁾ Shows the Bank's dividend income from subsidiaries, associates and entities under common control.

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4. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	90.559.608	103.351.524
Profit from the Capital Market Transactions	225.185	15.477
Profit on Derivative Financial Instruments	3.097.116	1.903.311
Foreign Exchange Profits	87.237.307	101.432.736
Loss (-)	98.377.101	107.185.707
Loss from the Capital Market Transactions	5.748	6.686
Loss on Derivative Financial Instruments	11.581.015	5.409.746
Foreign Exchange Loss	86.790.338	101.769.275

5. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 971.605 and income from sales of assets amounting to TL 123.539 (31 December 2018: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 949.392 and income from sales of assets amounting to TL 40.046).

6. Provision for Impairment on Loans and Other Receivables of Banks

Expected Loss Provision Expenses According to TFRS 9

	Current Period	Prior Period
Expected Credit Loss Provisions	6.313.395	4.701.631
12 month expected credit loss (stage 1)	594.391	477.388
Significant increase in credit risk (stage 2)	1.298.404	2.081.162
Under Follow-up loans (stage 3)	4.420.600	2.143.081
Marketable Securities Impairment Expense	767	994
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	767	994
Subsidiaries, Associates and Joint Ventures Provision Expenses for Impairment		
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	110.999	16.062
Total	6.425.161	4.718.687

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7. Information on Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	185.213	109.075
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	137	101
Depreciation Expenses of Tangible Fixed Assets	407.929	238.783
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	91.153	74.377
Impairment Expense for Equity Shares Subject to the Equity Method	-	-
Impairment Expense for Investment Securities that will be Disposed	-	-
Amortization Expenses of Investment Securities that will be Disposed	-	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	2.823.711	2.538.089
Leasing Expenses Related to TFRS 16 Exceptions	115.491	302.240
Maintenance Expenses	108.394	104.165
Advertisement Expenses	256.703	200.322
Other Expenses	2.343.123	1.931.362
Loss on Sales of Assets	21.866	986
Other ⁽¹⁾	2.694.803	1.890.458
Total	6.224.812	4.851.869

⁽¹⁾ TL 962.372 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 865.671 consists of taxes, duties and charges expense (31 December 2018: TL 673.410 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 661.270 consists of taxes, duties and charges expense)

⁽²⁾ Prior period balance is from Operational Leasing Expenses.

8. Information on Profit/Loss Before Tax from Continuing and Discontinuing 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	25.312.006	21.915.811
Net Fees and Commissions Income	3.589.771	2.637.794
Other Operating Income	1.613.869	1.433.843
Dividend Income	1.060.357	290.900
Trading Profit/Loss (Net)	(7.817.493)	(3.834.183)
Personnel Expenses (-)	3.460.423	2.839.925
Allowances For Expected Credit Losses (-)	6.313.395	4.701.632
Other Provision Expenses (-)	111.766	17.055
Other Operating Expenses (-)	6.224.812	4.851.869
Profit/(Loss) From Continuing Operations	7.648.114	10.033.684

9. Information on Tax Provision for Continuing and Discontinuing Operations

As of 31 December 2019, TL 1.461.226 of the Bank's total tax provision expense amounting to TL 2.738.530 consists of current tax expense while remaining balances amounting to TL 1.277.304 consists of deferred revenue. (As of 31 December 2018, TL 2.072.746 of the Bank's total tax provision expense amounting to TL 2.242.602 consists of current tax expense while remaining balances amounting to TL 169.856 consists of deferred tax expense.)

10. Explanation on Net Income/Loss for the Period for Continued and Discontinued Operations

The Bank's net operating income after tax amounts to TL 6.186.888 (31 December 2018: TL 7.960.938).

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

11. Information on Net Profit/Loss

11.1. 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.

11.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the Effects to the Future Period, if any

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

12. If Other Items in the Profit or Loss Statement Exceed 10% of the Profit or Loss Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below

The “Other” statement under the “Fees and Commission Income” in the Profit or Loss Statement mainly consists of commissions received from credit card and fees and commissions received from banking transactions.

V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS' EQUITY

1. Explanations on Changes in Shareholders' Equity according to Turkey Accounting Standards and Inflation Adjustment Differences for Equity Items Considering the Ranking of Items in the Table

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.

2. Explanations on Profit Distribution

It was proposed to set aside the general legal reserve TL 389.554 from the net profit for the period of TL 7.960.938; to keep TL 7.401.528 remaining from the distributions in the Bank; to set aside the legal reserve of TL 334.268 from the accumulated profit of TL 6.685.358 remaining after deducting TL 37.639 which is the negative valuation difference balance that is monitored in the fund account under the equity, that is required to be liquidated in accordance with TFRS 9 Standard, and that resulted from the reclassification of a party of securities in 2008, and TL 11.370, which is the amount of the tax provision for real estate sales revenues monitored in the special fund account, from the total of TL 5.518.877, which is monitored in the accumulated profits and which was created by the recalculation of the provisions in accordance with the regulations of the Turkish Financial Reporting Standard called “TFRS 9 Financial Instruments” that started to be implemented as of 1 January 2018, of TL 1.143.986, which is the sales revenue of certain share certificates in the Bank's portfolio, and of TL 71.503, which is the part of the real estate sales revenues that subjects to the profit distribution, and to transfer the remaining amount of TL 6.351.090 to the extraordinary reserves; to transfer TL 52.640, which is the part of 50% of the sales revenue from the real estate sold in 2018, to the other reserves so as to be monitored in a special fund account; and to transfer TL 280.000, which was set aside from the profit for 2017 to be paid to the shareholder, to the extraordinary reserves in accordance with the resolution made at the General Assembly Meeting for 2017.

The Bank plans to distribute the profit it obtained in 2019 in line with its articles of association. However, as of the preparation of financial reports, no decision regarding profit distribution has been taken.

3. Profit Reserves

As of the balance sheet date, profit reserves amount to TL 52.110.376, legal reserves amount to TL 4.750.183 extraordinary reserves amount to TL 47.360.193. (31 December 2018: As of the balance sheet date, profit reserves amount to TL 37.320.380, legal reserves amount to TL 4.026.361 extraordinary reserves amount to TL 31.732.384 other profit reserves amount to TL 1.561.635)

VI. EXPLANATIONS ON CASH FLOW STATEMENTS

1. Explanations on the “Other” items and “The Effect Of The Change in Foreign Currency on Cash and Cash Equivalent” item in the Cash Flow Statement

Operating Profit before Changes in Operating Assets and Liabilities” amounting to TL 11.924.072 is composed mainly from interest received from loans and securities amounting to TL 58.879.738 and interest paid to deposit and money market operations which is amounting to TL 39.652.756 Other earnings consists primarily net fee, commission income and other operation losses.

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The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 1.934.786 as of 31 December 2019.

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	3.538.007	3.592.955
Central Bank of the Republic of Turkey and Other Banks	19.851.722	9.422.724
Money Market Operations	-	-
Total Cash and Cash Equivalents	23.389.729	13.015.679

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	6.696.663	3.538.007
Central Bank of the Republic of Turkey and Other Banks	21.137.280	19.851.722
Money Market Operations	328.596	-
Total Cash and Cash Equivalents	28.162.539	23.389.729

VII. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE BANK

1. Information on the Deposits of the Bank’s Risk Group

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	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	2.535.527	5.669.093	-	-	-	-
Closing Balance	2.288.776	3.494.736	-	-	-	-
Interest and Commissions Income	209.528	1.515	-	-	-	-

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	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	1.622.698	4.428.780	-	-	-	-
Closing Balance	2.535.527	5.669.093	-	-	-	-
Interest and Commissions Income	83.006	963	-	-	-	-

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2. Deposits Held By The Bank’s Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	2.711.172	1.760.542	-	-	-	-
Closing Balance	3.721.383	2.711.172	-	-	-	-
Interest Expense on Deposits	415.327	330.101	-	-	-	-

3. Information on Forward Transactions, Option Agreements and Similar Transactions Between the Bank’s Risk Group

	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through Profit or Loss						
Opening Balance	1.209.831	555.062	-	-	-	-
Closing Balance	1.161.358	1.209.831	-	-	-	-
Total Profit/Loss	(55.620)	(37.347)	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

4. Information about Fees Paid to the Bank’s Key Management

Fees paid to the Bank’s key management amount to TL 12.480 (31 December 2018: TL 11.216).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK

1. Information on the Bank’s Domestic and Foreign Branches and Foreign Representatives of The Bank

	Number	Number of Employees			
Domestic Branch ⁽¹⁾	1.734	24.466			
			Country of Incorporation		
Foreign Representative Office ⁽²⁾	1	-	1- Iran		
				Total Assets	Statutory Share Capital
Foreign Branch ⁽²⁾	1	4	1- England	7.723.995	407.043
	4	4	2- Bulgaria	686.224	93.510
	2	4	3- Iraq	817.960	294.350
	3	4	4- Greece	686.489	217.955
	1	3	5- Saudi Arabia	333.045	88.305
	4	-	6- Kosovo	451.882	66.047
	8	37	7- T.R. of Northern Cyprus	2.567.468	239.705
	1	3	8- Bahrain	17.861.984	29.435
Off-Shore Banking Region Branches	-	-	-	-	-

⁽¹⁾ Includes the employees of the domestic branches, including the employees of head office and regional management.

⁽²⁾ Excluding the local employees of the foreign branches.

2. Information on The Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of The Bank:

In 2019, 1 new branch was opened, 17 branches were closed in Turkey. Ferizaj branch in Kosovo is opened abroad.

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SECTION SIX

OTHER EXPLANATIONS

I. INFORMATION ON THE BANK'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody's Investors Service, Fitch Ratings and JCR Eurasia are as follows:

Moody's Investors Service: June 2019

Outlook	Negative
Long term Foreign Currency Deposit	B3
Short term Foreign Currency Deposit	Not-Prime
Long term Domestic Currency Deposit	B2
Short term Domestic Currency Deposit	Not-Prime
Long term Issuer Rating Foreign Currency	B2
Long term Issuer Rating Domestic Currency	B2
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1

Fitch Ratings: November 2019

Foreign Currency Long Term IDR	B+/Stable
Foreign Currency Short Term IDR	B
Local Currency Long Term IDR	BB-/Stable
Local Currency Short Term IDR	B
National Long Term Rating	AA (tur)/Stable
Support Rating	4
Support Rating Floor	B+
Viability Rating	b+

JCR Eurasia: October 2019

Long Term International FC	BBB-
Outlook	Negative
Long Term International LC	BBB-
Outlook	Negative
Long Term National LC	AAA (Trk)
Outlook	Stable
Short Term International FC	A - 3
Outlook	Negative
Short Term International LC	A - 3
Outlook	Negative
Short Term National LC	A-1+ (Trk)
Sponsor Support	1
Stand Alone	A

II. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

SECTION SEVEN

I. EXPLANATIONS ON AUDIT REPORT

As of 31 December 2019, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Auditors' Report dated 12 February 2020 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.