

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI
ANONİM ŞİRKETİ**

**UNCONSOLIDATED FINANCIAL STATEMENTS AND
RELATED DISCLOSURES AS OF 30 JUNE 2023
WITH AUDITORS' REVIEW REPORT
(CONVENIENCE TRANSLATION OF UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
ORIGINALLY ISSUED IN TURKISH)**



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi;

Introduction

We have reviewed the unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi ("the Bank") at 30 June 2023 and the related 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 and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month period then ended. The Bank management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim unconsolidated financial information based on our review.

Scope of Review

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

Basis for the Qualified Conclusion

As explained in Section Five Part II. 9.3 of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 30 June 2023 include a free provision amounting to TL 17.300.000 thousand which consist of TL 28.300.000 thousand provided in prior periods and TL 11.000.000 thousand reversed in the current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.



Qualified Conclusion

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the unconsolidated financial position of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi at 30 June 2023 and the results of its unconsolidated operations and its unconsolidated cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed unconsolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 June 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Partner

Istanbul, 11 August 2023



**THE UNCONSOLIDATED FINANCIAL AUDIT REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 JUNE 2023**

The Bank's Headquarter Address: Finanskent Mahallesi Finans Caddesi
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The unconsolidated financial report for the six-month prepared in accordance with the "Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the section listed below.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND DISCLOSURES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- AUDITOR'S REVIEW REPORT
- INTERIM ACTIVITY REPORT

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

Burhaneddin TANYERİ
Chairman of the Board

Alpaslan ÇAKAR
Member of the Board,
CEO

Fazlı KILIÇ
Member of the Board,
Member of the Audit Committee

Dr. İsmail İlhan HATİPOĞLU
Member of the Board,
Member of the Audit Committee

Emrah GÜNDÜZ
Assistant General Manager for
Banking Operations and
Corporate Communications

Rehber BİRKAN
Senior Vice President of
Financial
Coordination and Reporting

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

Name/Title : Menşure BEŞKAYA / Financial Statements Manager
Telephone Number : 0216 590 59 24

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023

(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

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 Türkiye Prime Ministry Undersecretariat of Treasury (“Treasury”) transferred to the Türkiye Wealth Fund with the decision of the Council of Ministers numbered 2017/9756 dated 24 January 2017. The head office of the Bank was Ankara on 30 June 2023, and it was changed to Istanbul with the decision of the Bank's Ordinary General Assembly for 2022 held on 02 August 2023.

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 84.600.000. This capital is divided into 84.600.000.000 registered share with a nominal value of TL each and is fully paid. The Bank's sole and controlling shareholder is the Türkiye Wealth Fund.

The decision to increase the capital to TL 84.600.000 was approved at the Extraordinary General Assembly meeting of the Bank held on 29 March 2023, and the capital increase and the related amendment made in the relevant article of the Articles of Association were registered on 30 March 2023. It was announced in the Trade Registry Gazette dated 30 March 2023 and numbered 10801. The accounting for the mentioned capital increase was carried out on 30 March 2023, based on the permission obtained from the BRSA.

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	
Burhaneddin TANYERİ	Chairman
Alpaslan ÇAKAR	CEO and Member
Veysi KAYNAK	Vice Chairman and Member
Dr. İsmail İlhan HATİPOĞLU(*)	Member
Fatih AYDOĞAN(**)	Member
Fazlı KILIÇ	Member
Feyzi ÇUTUR	Member
Serdar KILIÇ(*)	Member
Serruh KALELİ	Member
Audit Committee Members	
Dr. İsmail İlhan HATİPOĞLU(*)	Member
Fazlı KILIÇ	Member
Executive Vice Presidents	
Cüneyt SAĞLIK	Digital Banking and Payment Systems
Emrah GÜNDÜZ	Banking Operations and Corporate Communications
Ferhat PİŞMAF	Corporate Banking
Mehmet Şükrü TAŞCI	Credit Allocation and Management
Yüksel CESUR	Retail Banking

(*) They were appointed at the Bank's Ordinary General Assembly meeting held on 02 August 2023 and started their duties as of 08 August 2023.

(**) He was appointed to replace Dr. Ahmet GENÇ at the Bank's Ordinary General Assembly meeting held on 02 August 2023 and started his duty as of 08 August 2023.

(***) Deputy General Manager Recep TÜRK resigned on 11 August 2023 and resigned from his position.

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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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
Türkiye Wealth Fund	84.600.000	100	84.600.000	-

The Bank's sole shareholder is the Türkiye Wealth Fund.

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 30 June 2023, the Bank has 1.740 domestic branches (31 December 2022: 1.733 domestic branches), London branch abroad in England, Baghdad and Erbil branches in Iraq, Athens, Komotini and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali, Varna and Burgas branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus, with a total of 25 branches and a general total of 1.765 branches. As of 30 June 2023, the Bank’s number employee is 25.916 (31 December 2022: 24.484).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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. and Birleşim Varlık Yönetim A.Ş., one of the associates of the Bank, and Turkmen Turkish Joint Stock Commercial Bank, jointly controlled partnership of the Bank, are accounted by using equity method in the consolidated financial statements of the Bank.

As Ziraat Teknoloji A.Ş. and Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş. are non-financial subsidiaries of the Bank, are not consolidated in the consolidated financial statements of the Bank in accordance with Communiqué of the Preparation Consolidated Financial Statements. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. is non-financial associates of the Bank is not consolidated in the consolidated financial statements. Central Oto Kiralama A.Ş., ZG Tarım Piyasaları A.Ş., which are subsidiaries of Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. and its subsidiaries, ZY Elektrikli Traktör San. ve Tic. A.Ş. and MESA İmalat Sanayi ve Ticaret A.Ş. as they are not financial institutions, they are not consolidated. All other associates and subsidiaries are fully consolidated.

With the Bank's Extraordinary General Assembly Resolution dated 13 December 2022, it was decided to establish Ziraat Bankası Eğitim Vakfı (Foundation). The Foundation was established on 30 December 2022 to carry the Bank's deep-rooted education experience, which has been going on for nearly 100 years, to a different point. The Bank will continue to contribute to the Turkish Banking Sector with the Education Foundation, which will become operational after the legal processes are completed.

VII. CURRENT OR LIKELY, ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN BANK AND ITS SUBSIDIARIES
None.

SECTION TWO

Unconsolidated Financial Statements

- I. Balance Sheet (Statement of Financial Position) - Assets
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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2023)

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ASSETS		Note (Section Five I)	Current Period 30 June 2023			Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		260.695.709	666.234.606	926.930.315	236.867.343	592.221.704	829.089.047
I.1	Cash and Cash Equivalents		39.241.767	332.292.450	371.534.217	34.126.115	357.118.201	391.244.316
1.1.1	Cash and Balances with Central Bank	(1)	38.459.339	299.012.342	337.471.681	28.245.022	346.153.321	374.398.343
1.1.2	Banks	(4)	352.081	33.285.522	33.637.603	505.686	10.965.746	11.471.432
1.1.3	Money Markets Receivables		430.823	-	430.823	5.380.282	-	5.380.282
1.1.4	Expected Loss Provision (-)		476	5.414	5.890	4.875	866	5.741
I.2	Financial Assets at Fair Value Through Profit or Loss	(2)	9.718.205	42.203.814	51.922.019	4.302.137	28.992.742	33.294.879
1.2.1	Government Debt Securities		285.212	40.234.915	40.520.127	198.276	27.692.529	27.890.805
1.2.2	Equity Instruments		-	-	-	-	-	-
1.2.3	Other Financial Assets		9.432.993	1.968.899	11.401.892	4.103.861	1.300.213	5.404.074
I.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5),(6)	195.901.663	286.625.380	482.527.043	195.185.687	200.487.478	395.673.165
1.3.1	Government Debt Securities		194.410.385	285.414.408	479.824.793	193.770.230	199.565.626	393.335.856
1.3.2	Equity Instruments		961.794	59.058	1.020.852	885.974	41.654	927.628
1.3.3	Other Financial Assets		529.484	1.151.914	1.681.398	529.483	880.198	1.409.681
I.4	Derivative Financial Assets	(3)	15.834.074	5.112.962	20.947.036	3.253.404	5.623.283	8.876.687
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		15.834.074	5.112.962	20.947.036	3.253.404	5.623.283	8.876.687
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1.447.588.113	515.138.239	1.962.726.352	983.847.530	393.877.661	1.377.725.191
2.1	Loans	(7)	1.256.558.967	474.522.432	1.731.081.399	916.747.756	349.603.094	1.266.350.850
2.2	Lease Receivables	(12)	-	-	-	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortized Cost	(8)	218.749.469	63.109.191	281.858.660	114.911.984	44.439.493	159.351.477
2.4.1	Government Debt Securities		215.593.550	61.651.189	277.244.739	111.764.300	43.408.245	155.172.545
2.4.2	Other Financial Assets		3.155.919	1.458.002	4.613.921	3.147.684	1.031.248	4.178.932
2.5	Expected Credit Loss (-)		27.720.323	22.493.384	50.213.707	47.812.210	164.926	47.977.136
III.	NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)	(15)	6.541.633	-	6.541.633	6.853.866	-	6.853.866
3.1	Held for Sale Purpose		6.541.633	-	6.541.633	6.853.866	-	6.853.866
3.2	Held from Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		37.741.012	9.769.609	47.510.621	35.291.161	7.913.605	43.204.766
4.1	Investments in Associates (Net)	(9)	336.152	-	336.152	216.867	-	216.867
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		336.152	-	336.152	216.867	-	216.867
4.2	Subsidiaries (Net)	(10)	37.404.860	8.599.371	46.004.231	35.074.294	7.006.700	42.080.994
4.2.1	Unconsolidated Financial Subsidiaries		37.269.901	8.599.371	45.869.272	34.939.335	7.006.700	41.946.035
4.2.2	Unconsolidated Non-Financial Subsidiaries		134.959	-	134.959	134.959	-	134.959
4.3	Entities under Common Control (Joint Ventures) (Net)	(11)	-	1.170.238	1.170.238	-	906.905	906.905
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	1.170.238	1.170.238	-	906.905	906.905
V.	PROPERTY AND EQUIPMENT (Net)	(16)	18.493.370	128.995	18.622.365	16.137.593	85.466	16.223.059
VI.	INTANGIBLE ASSETS (Net)		2.830.525	56.453	2.886.978	2.229.670	42.931	2.272.601
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		2.830.525	56.453	2.886.978	2.229.670	42.931	2.272.601
VII.	INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET		-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(20)	2.588.288	-	2.588.288	-	-	-
X.	OTHER ASSETS (Net)	(21)	46.432.354	5.155.477	51.587.831	31.548.535	4.747.959	36.296.494
TOTAL ASSETS			1.822.911.004	1.196.483.379	3.019.394.383	1.312.775.698	998.889.326	2.311.665.024

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2023)

(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 30 June 2023			Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
LIABILITIES								
I.	DEPOSITS	(1)	1.196.936.282	1.012.448.571	2.209.384.853	917.910.341	821.358.519	1.739.268.860
II.	FUNDS BORROWED	(3)	600.418	139.367.105	139.967.523	10.407.287	99.798.785	110.206.072
III.	MONEY MARKETS BORROWINGS	(4)	131.129.605	68.801.090	199.930.695	21.024.860	64.037.829	85.062.689
IV.	SECURITIES ISSUED (Net)	(5)	1.010.690	49.792.865	50.803.555	1.010.690	26.757.289	27.767.979
4.1	Bills		-	1.138.880	1.138.880	-	644.547	644.547
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		1.010.690	48.653.985	49.664.675	1.010.690	26.112.742	27.123.432
V.	FUNDS		50.128	-	50.128	34.703	-	34.703
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		50.128	-	50.128	34.703	-	34.703
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2)	1.743.248	4.111.932	5.855.180	230.714	2.925.405	3.156.119
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.743.248	4.111.932	5.855.180	230.714	2.925.405	3.156.119
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(7)	3.383.700	53.503	3.437.203	1.367.826	40.791	1.408.617
X.	PROVISIONS	(9)	32.376.448	6.390.593	38.767.041	48.706.257	32.511	48.738.768
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		7.161.518	-	7.161.518	6.744.741	-	6.744.741
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		25.214.930	6.390.593	31.605.523	41.961.516	32.511	41.994.027
XI.	CURRENT TAX LIABILITY	(10)	2.633.936	35.670	2.669.606	7.769.264	29.300	7.798.564
XII.	DEFERRED TAX LIABILITY	(10)	-	-	-	279.092	-	279.092
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)	(11)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Held from Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(12)	-	39.634.555	39.634.555	-	28.949.062	28.949.062
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	39.634.555	39.634.555	-	28.949.062	28.949.062
XV.	OTHER LIABILITIES	(6)	59.164.305	11.982.977	71.147.282	45.004.077	11.510.559	56.514.636
XVI.	SHAREHOLDERS' EQUITY	(13)	292.000.332	(34.253.570)	257.746.762	227.943.969	(25.464.106)	202.479.863
16.1	Paid-in capital		84.600.000	-	84.600.000	34.900.000	-	34.900.000
16.2	Capital Reserves		-	-	-	-	-	-
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		36.945.807	(6.635.642)	30.310.165	40.631.246	(5.661.848)	34.969.398
16.4	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		29.557.214	(27.617.928)	1.939.286	37.318.737	(19.802.258)	17.516.479
16.5	Profit Reserves		73.956.519	-	73.956.519	73.956.519	-	73.956.519
16.5.1	Legal Reserves		5.779.782	-	5.779.782	5.779.782	-	5.779.782
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		68.176.737	-	68.176.737	68.176.737	-	68.176.737
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit or (Loss)		66.940.792	-	66.940.792	41.137.467	-	41.137.467
16.6.1	Prior Periods' Profit or (Loss)		41.199.243	-	41.199.243	45.090	-	45.090
16.6.2	Current Period Profit or (Loss)		25.741.549	-	25.741.549	41.092.377	-	41.092.377
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			1.721.029.092	1.298.365.291	3.019.394.383	1.281.689.080	1.029.975.944	2.311.665.024

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS
AS OF 30 JUNE 2023

(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 30 June 2023			Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		744.655.967	1.284.720.329	2.029.376.296	443.044.881	926.343.332	1.369.388.213
I.	GUARANTEES AND WARRANTIES	(1)	218.955.782	393.696.669	612.652.451	139.416.948	275.237.703	414.654.651
1.1	Letters of Guarantee		174.644.120	295.021.224	469.665.344	123.250.008	197.439.272	320.689.280
1.1.1	Guarantees Subject to State Tender Law		4.534.140	44.940.714	49.474.854	3.652.771	28.243.145	31.895.916
1.1.2	Guarantees Given for Foreign Trade Operations		141.032.877	209.506.994	350.539.871	97.271.017	133.916.200	231.187.217
1.1.3	Other Letters of Guarantee		29.077.103	40.573.516	69.650.619	22.326.220	35.279.927	57.606.147
1.2	Bank Acceptances		1.915.571	11.127.276	13.042.847	1.808.014	10.394.731	12.202.745
1.2.1	Import Letter of Acceptance		1.915.571	11.102.365	13.017.936	1.808.014	10.376.020	12.184.034
1.2.2	Other Bank Acceptances		-	24.911	24.911	-	18.711	18.711
1.3	Letters of Credit		916.408	86.797.548	87.713.956	1.446.907	65.974.036	67.420.943
1.3.1	Documentary Letters of Credit		916.408	86.738.560	87.654.968	1.446.907	65.931.029	67.377.936
1.3.2	Other Letters of Credit		-	58.988	58.988	-	43.007	43.007
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		41.479.683	750.621	42.230.304	12.912.019	1.429.664	14.341.683
1.5.1	Endorsements to the Central Bank of Türkiye		41.479.683	750.621	42.230.304	12.912.019	1.429.664	14.341.683
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS		346.454.230	33.168.544	379.622.774	198.675.812	27.851.451	226.527.263
2.1	Irrevocable Commitments	(1)	346.454.230	33.168.544	379.622.774	198.675.812	27.851.451	226.527.263
2.1.1	Asset Purchase and Sales Commitments		610.045	25.232.892	25.842.937	16.255.671	22.607.820	38.863.491
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		163.908	-	163.908	150.000	-	150.000
2.1.4	Loan Granting Commitments		66.776.442	7.229	66.783.671	51.521.682	3.956	51.525.638
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		18.078.184	-	18.078.184	10.117.968	-	10.117.968
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		229.984.656	-	229.984.656	100.861.357	-	100.861.357
2.1.10	Commitments for Credit Cards and Banking Services Promotions		209.525	-	209.525	162.372	-	162.372
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		30.631.470	7.928.423	38.559.893	19.606.762	5.239.675	24.846.437
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		179.245.955	857.855.116	1.037.101.071	104.952.121	623.254.178	728.206.299
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		179.245.955	857.855.116	1.037.101.071	104.952.121	623.254.178	728.206.299
3.2.1	Forward Foreign Currency Buy/Sell Transactions		9.349.167	14.003.439	23.352.606	1.079.526	1.022.713	2.102.239
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.493.465	10.913.723	12.407.188	898.509	229.297	1.127.806
3.2.1.2	Forward Foreign Currency Transactions-Sell		7.855.702	3.089.716	10.945.418	181.017	793.416	974.433
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		168.247.728	829.166.381	997.414.109	100.584.309	610.138.769	710.723.078
3.2.2.1	Foreign Currency Swap-Buy		11.101.304	430.873.166	441.974.470	22.688.302	282.745.839	305.434.141
3.2.2.2	Foreign Currency Swap-Sell		156.996.424	272.204.321	429.200.745	77.616.007	222.289.742	299.905.749
3.2.2.3	Interest Rate Swap-Buy		75.000	63.044.447	63.119.447	140.000	52.551.594	52.691.594
3.2.2.4	Interest Rate Swap-Sell		75.000	63.044.447	63.119.447	140.000	52.551.594	52.691.594
3.2.3	Foreign Currency, Interest rate and Securities Options		1.649.060	14.685.296	16.334.356	2.588.463	11.531.741	14.120.204
3.2.3.1	Foreign Currency Options-Buy		824.530	7.342.647	8.167.177	1.205.579	5.851.074	7.056.653
3.2.3.2	Foreign Currency Options-Sell		824.530	7.342.649	8.167.179	1.382.884	5.680.667	7.063.551
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		-	-	-	699.823	560.955	1.260.778
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	560.955	560.955
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	699.823	-	699.823
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)		4.605.633.614	1.332.680.010	5.938.313.624	3.379.520.046	847.760.601	4.227.280.647
IV.	ITEMS HELD IN CUSTODY		657.444.174	258.814.225	916.258.399	585.210.290	198.435.705	783.645.995
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		14.386.596	127.057.527	141.444.123	23.400.765	84.800.210	107.480.975
4.3	Cheques Received for Collection		78.250.169	3.067.321	81.317.490	54.866.609	2.720.301	57.586.910
4.4	Commercial Notes Received for Collection		52.426.443	2.870.735	55.297.178	37.245.905	2.216.300	39.462.205
4.5	Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering		353.779.246	17.578.374	371.357.620	370.354.780	4.478.652	374.833.432
4.7	Other Items Under Custody		158.591.255	108.240.268	266.831.523	99.331.766	104.940.242	204.272.008
4.8	Custodians		1.649	-	1.649	-	-	1.649
V.	PLEDGES RECEIVED		3.946.090.711	1.058.425.381	5.004.516.092	2.792.249.655	638.206.635	3.430.456.290
5.1	Marketable Securities		3.780.552	7.813.934	11.594.486	3.633.077	3.962.984	7.596.061
5.2	Guarantee Notes		52.769.237	6.083.721	58.852.958	37.835.013	4.706.254	42.541.267
5.3	Commodity		919.630	393.243	1.312.873	919.630	283.969	1.203.599
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		3.316.994.239	687.283.491	4.004.277.730	2.292.712.885	394.481.029	2.687.193.914
5.6	Other Pledged Items		571.621.844	356.757.199	928.379.043	457.143.841	234.704.393	691.848.234
5.7	Pledged Items-Depository		5.209	93.793	99.002	5.209	68.006	73.215
VI.	ACCEPTED BILL, GUARANTEES AND WARRANTIES		2.098.729	15.440.404	17.539.133	2.060.101	11.118.261	13.178.362
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			5.350.289.581	2.617.400.339	7.967.689.920	3.822.564.927	1.774.103.933	5.596.668.860

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 30 JUNE 2023

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

	Note (Section Five IV)	Current Period 1 January- 30 June 2023	Prior Period 1 January- 30 June 2022	Current Period 1 April- 30 June 2023	Prior Period 1 April- 30 June 2022
IV. STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS					
I. INTEREST INCOME	(1)	131.941.933	85.716.308	73.646.966	50.466.793
1.1 Interest on Loans		88.030.873	51.240.726	49.026.326	27.909.437
1.2 Interest on Reserve Requirements		6.707	457.764	3.811	89.247
1.3 Interest on Banks		2.064.710	174.177	668.302	123.704
1.4 Interest on Money Market Transactions		13.982	3.810	(795)	3.722
1.5 Interest on Marketable Securities Portfolio		41.433.294	33.613.531	23.802.026	22.266.319
1.5.1 Fair Value Through Profit or Loss		430.495	286.160	246.646	144.962
1.5.2 Fair Value Through Other Comprehensive Income		25.706.112	25.891.915	14.595.912	16.611.331
1.5.3 Measured at Amortized Cost		15.296.687	7.435.456	8.959.468	5.510.026
1.6 Financial Lease Interest Income		-	-	-	-
1.7 Other Interest Income		392.367	226.300	147.296	74.364
II. INTEREST EXPENSE (-)	(2)	96.249.338	38.827.790	57.525.133	21.069.794
2.1 Interest on Deposits		75.498.389	28.499.115	45.011.862	15.848.380
2.2 Interest on Funds Borrowed		3.986.325	986.771	2.429.853	567.980
2.3 Interest Expense on Money Market Transactions		6.057.897	6.700.508	4.303.663	3.254.364
2.4 Interest on Securities Issued		2.279.985	1.348.557	1.371.008	665.636
2.5 Interest on Leases		181.402	89.776	119.906	51.729
2.6 Other Interest Expenses		8.245.340	1.203.063	4.288.841	681.705
III. NET INTEREST INCOME/EXPENSE (I - II)		35.692.595	46.888.518	16.121.833	29.396.999
IV. NET FEES AND COMMISSIONS INCOME		12.204.887	5.362.389	6.793.164	3.118.233
4.1 Fees and Commissions Received		15.414.554	7.564.107	8.643.587	4.558.187
4.1.1 Non-cash Loans		2.073.480	1.062.526	1.116.211	592.407
4.1.2 Other		13.341.074	6.501.581	7.527.376	3.965.780
4.2 Fees and Commissions Paid (-)		3.209.667	2.201.718	1.850.423	1.439.954
4.2.1 Non-cash Loans		596	437	334	219
4.2.2 Other		3.209.071	2.201.281	1.850.089	1.439.735
V. DIVIDEND INCOME		13.286	246.209	13.286	245.404
VI. TRADING PROFIT/(LOSS) (Net)	(3)	20.092.707	(168.318)	20.269.806	(332.281)
6.1 Trading Gains / (Losses) on Securities		689.719	453.099	1.272.142	5.501
6.2 Gains / (Losses) on Derivative Financial Transactions		(2.085.581)	(3.724.531)	73.885	(1.917.253)
6.3 Foreign Exchange Gains / (Losses)		21.488.569	3.103.114	18.923.779	1.579.471
VII. OTHER OPERATING INCOME	(4)	25.292.346	3.853.375	4.121.530	2.155.036
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		93.295.821	56.182.173	47.319.619	34.583.391
IX. EXPECTED CREDIT LOSS (-)	(5)	12.725.165	7.567.886	10.316.765	3.716.239
X. OTHER PROVISION EXPENSES (-)	(5)	1.479.553	14.380.673	1.353.637	12.403.895
XI. PERSONNEL EXPENSE (-)		10.215.759	3.990.171	5.015.296	1.954.494
XII. OTHER OPERATING EXPENSES (-)	(6)	39.492.818	6.303.958	9.284.588	3.178.696
XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		29.382.526	23.939.485	21.349.333	13.330.067
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(7)	29.382.526	23.939.485	21.349.333	13.330.067
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(3.640.977)	(7.760.727)	(2.154.017)	(3.880.095)
18.1 Current Tax Provision		(82.395)	(16.288.062)	(49.492)	(3.703.395)
18.2 Deferred Tax Expense Effect (+)		(9.375.903)	(1.960.275)	(3.941.762)	(1.084.739)
18.3 Deferred Tax Income Effect (-)		5.817.321	10.487.610	1.837.237	908.039
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(9)	25.741.549	16.178.758	19.195.316	9.449.972
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Non-current Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses from Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX- XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(10)	25.741.549	16.178.758	19.195.316	9.449.972
Earnings/(Loss) per share (in TL full)		0,426	0,617	0,244	0,232

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME AS OF 30 JUNE 2023

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

V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Current Period	Prior Period
	1 January – 30 June 2023	1 January – 30 June 2022
I. PROFIT (LOSS)	25.741.549	16.178.758
II. OTHER COMPREHENSIVE INCOME	(20.276.187)	17.927.027
2.1 Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	(4.698.994)	1.618.404
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	(164.240)	(46.809)
2.1.2 Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3 Gains (losses) on remeasurements of defined benefit plans	-	-
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(5.772.045)	2.757.832
2.1.5 Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	1.237.291	(1.092.619)
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(15.577.193)	16.308.623
2.2.1 Exchange Differences on Translation	-	-
2.2.2 Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(20.765.865)	22.428.565
2.2.3 Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4 Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6 Taxes Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit Or Loss	5.188.672	(6.119.942)
III. TOTAL COMPREHENSIVE INCOME (I+II)	5.465.362	34.105.785

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 JUNE 2023

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation Reserves	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(loss)	Total Equity
					1	2	3	4	5	6				
CURRENT PERIOD														
30 June 2023														
I. Prior Period End Balance	34.900.000	-	-	-	13.239.005	(2.780.427)	24.510.820	-	17.516.479	-	73.956.519	41.137.467	-	202.479.863
Corrections and Accounting Policy Changes														
II. Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	34.900.000	-	-	-	13.239.005	(2.780.427)	24.510.820	-	17.516.479	-	73.956.519	41.137.467	-	202.479.863
IV. Total Comprehensive Income (loss)	-	-	-	-	(495.442)	-	(4.203.552)	-	(15.577.193)	-	-	-	25.741.549	5.465.362
V. Capital Increase in Cash	49.700.000	-	-	-	-	-	-	-	-	-	-	-	-	49.700.000
VI. Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) Through Other														
X. Changes							39.761					61.776		101.537
XI. Profit Distribution														
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	84.600.000	-	-	-	12.743.563	(2.780.427)	20.347.029	-	1.939.286	-	73.956.519	41.199.243	25.741.549	257.746.762

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 Not Reclassified Through Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets 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 Reclassified Through Profit or Loss)

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 JUNE 2022

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

VII. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation Reserves	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(loss)	Total Equity
					1	2	3	4	5	6				
					PRIOR PERIOD 30 June 2022									
I. Prior Period End Balance	13.100.000	-	-	-	4.760.771	203.462	10.889.174	-	(5.835.815)	-	67.627.159	6.355.008	-	97.099.759
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	13.100.000	-	-	-	4.760.771	203.462	10.889.174	-	(5.835.815)	-	67.627.159	6.355.008	-	97.099.759
IV. Total Comprehensive Income (loss)	-	-	-	-	(165.849)	(12.717)	1.796.970	-	16.308.623	-	-	-	16.178.758	34.105.785
V. Capital Increase in Cash	21.800.000	-	-	-	-	-	-	-	-	-	-	-	-	21.800.000
VI. Capital Increase Through Internal Reserves Paid-in Capital Inflation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / (decrease) Through Other Changes	-	-	-	-	-	-	-	-	-	-	-	41.650	-	41.650
XI. Profit Distribution	-	-	-	-	-	-	25.648	-	-	-	6.329.360	(6.355.008)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	6.291.309	(6.291.309)	-	-	-
11.3 Other	-	-	-	-	-	-	25.648	-	-	38.051	(63.699)	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	34.900.000	-	-	-	4.594.922	190.745	12.711.792	-	10.472.808	-	73.956.519	41.650	16.178.758	153.047.194

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 Not Reclassified Through Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets 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 Reclassified Through Profit or Loss)

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 30 JUNE 2023

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

VII. STATEMENT OF CASH FLOWS	Note	Current Period 1 January – 30 June 2023	Prior Period 1 January – 30 June 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		4.072.303	17.197.588
1.1.1 Interest Received		108.748.840	70.870.042
1.1.2 Interest Paid		(82.463.487)	(33.947.280)
1.1.3 Dividend Received		13.286	246.209
1.1.4 Fees and Commissions Received		24.173.777	9.703.173
1.1.5 Other Income		3.888.082	1.951.882
1.1.6 Collections from Previously Written-off Loans and Other Receivables		1.962.851	2.640.983
1.1.7 Cash Payments to Personnel and Service Suppliers		(12.536.173)	(4.474.632)
1.1.8 Taxes Paid		(5.497.246)	(12.681.774)
1.1.9 Other		(34.217.627)	(17.111.015)
1.2 Changes in Operating Assets and Liabilities		13.256.492	(15.589.258)
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(17.958.454)	(1.191.862)
1.2.2 Net (Increase) / Decrease in Due from Banks and Other Financial Institutions		23.338.795	(38.278.982)
1.2.3 Net (Increase) / Decrease in Loans		(387.235.065)	(202.233.977)
1.2.4 Net (Increase) / Decrease in Other Assets		(18.863.943)	(5.075.723)
1.2.5 Net Increase / (Decrease) in Bank Deposits		43.217.289	9.469.048
1.2.6 Net Increase / (Decrease) in Other Deposits		239.080.482	204.736.516
1.2.7 Net Increase / (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase / (Decrease) in Funds Borrowed		7.419.378	13.420.900
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		124.258.010	3.564.822
I. Net Cash Provided from Banking Operation		17.328.795	1.608.330
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(134.810.153)	(46.534.084)
2.1 Cash Paid for Acquisition of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		(7.534.966)	(1.369.177)
2.2 Cash Obtained from Disposal of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		-	1.750
2.3 Purchases of Property and Equipment		(1.639.169)	(495.757)
2.4 Disposals of Property and Equipment		500.824	1.158.742
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(84.836.924)	(26.496.641)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		54.060.117	17.816.977
2.7 Purchase of Financial Assets Measured at Amortized Cost		(104.911.882)	(38.042.178)
2.8 Sale of Financial Assets Measured at Amortized Cost		9.551.847	892.200
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		58.365.564	13.237.548
3.1 Cash Obtained from Funds Borrowed and Securities Issued		10.530.537	1.105.108
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(1.407.852)	(9.581.597)
3.3 Issued Equity Instruments		49.700.000	21.800.000
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(457.121)	(85.963)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		24.476.803	492.485
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		(34.638.991)	(31.195.721)
VI. Cash and Cash Equivalents at Beginning of the Period		196.275.719	100.775.019
VII. Cash and Cash Equivalents at End of the Period		161.636.728	69.579.298

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023

(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” (“Regulation”) 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 34 (“TAS 34”) Interim Financial Reporting Standard and Turkish Financial Reporting Standards (“TFRS”) and (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 “Communiqué on Public Disclosures on Risk Management”, published in the Official Gazette No. 29511, dated 23 October 2015 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 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 related disclosures are expressed in Thousand Turkish Lira (“TL”).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

The Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 30 June 2023, by taking into account the change in probability of default and loss given default.

In this context, the Bank has measured the impact of its macroeconomic expectations on NPL receivables in different scenarios. In the NPL conversion rate, it has taken into consideration in the calculation by reflecting the coefficient, which is considered to reflect the current situation, to the loan parameters. The Bank increased the weight of the adverse scenario in the expected credit loss calculation.

On 20 January 2022, the Public Oversight Authority made a statement on whether the Financial Reporting Standard (“TAS 29”) in Hyperinflationary Economies shall be applied within the scope of Türkiye Financial Reporting Standards. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of these financial statements, no new announcement has been made by the Public Oversight Authority in this context, and no inflation adjustment has been made in the financial statements dated 30 June 2023 within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies.

The Bank has a subsidiary operating in Russia with the title of “Ziraat Bank (Moscow) JSC”. The tension between Russia and Ukraine for a long time turned into a hot conflict in the first quarter of 2022. In the process that started with Russia's intervention in Ukraine, international sanctions against the Russian Federation and countermeasures implemented by Russia against them had significant effects on financial markets. Ziraat Bank (Moscow) JSC, the subsidiary of the bank, did not encounter any difficulties.

The new measures and practices introduced by the Central Bank of Russia were especially aimed at reducing the foreign exchange outflow from the country and keeping the credit channels provided to the real sector open. All financial services previously provided by Ziraat Bank (Moscow) JSC are maintained in line with the rules of the local regulatory authority.

The crisis is not expected to have a negative impact on the Bank's operations. Developments that may occur on a global scale, their possible repercussions on the global and regional economy, and their effects on the Bank's operations are closely monitored and considered with the best estimation approach in the preparation of financial statements.

Benchmark Interest Rate Reform

As of June 30, 2023, the Bank has completed the necessary systemic infrastructure for switching to overnight interest rates in USD Libor indexed derivatives, money market instruments, bonds, loan products and risk management systems. As of 30 June 2023, alternative interest rates have started to be used in floating rate transactions. The transition to alternative interest rates does not have a significant impact on the Bank's financials.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 denominated in Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits denominated in Turkish Lira and foreign currencies. The Bank’s main funding sources are deposits, repurchase agreements, issued securities and shareholders’ equity. The Bank directs these funds to assets with high return and low risk that include predominantly domestic government bonds and loans. The Bank’s liquidity structure is considered 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 return 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 activity. Letter of guarantees, bank loans, commercial letter of credits, commitments for cheque payments and commitments for credit card limits are the most important risk areas within the off-balance sheet accounts.

Since the Bank’s total debt to the market is low among its total liabilities, the Bank can borrow easily from short-term markets, such as Borsa Istanbul (“BIST”), Central Bank of the Republic of Türkiye, 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.

USD-denominated capital amounts and valuation differences sent to partnerships operating abroad are converted into Turkish currency at the exchange rate valid as of the valuation date and presented in the financial statements. For the exchange risk arising from foreign currency conversion of Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD, the Bank’s subsidiaries to which capital was paid in Euro amounts, Euro deposits are used for hedging purposes. Information on fair value hedge accounting applied in order to hedge the said total capital amount of EUR 346.853 thousand (31 December 2022: EUR 336.627 thousand), which is associated with this purpose, from exchange rate risk effects arising from changes in foreign exchange rates, is presented in Section Four, article no VIII. 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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Investments related to joint ventures and financial subsidiaries are monitored with their fair values in the unconsolidated financial statements according to "Separate Financial Statements Türkiye Accounting Standard 27 (TAS 27)" and the scope of TFRS 9 Financial Instruments Standard. The fair values were determined with the valuation reports prepared for the mentioned partnerships and the changes in the fair values were accounted under equity as of the valuation date.

Subsidiaries are accounted for at their cost value within the scope of TAS 27 and are reflected in the unconsolidated financial statements after the provision for depreciation is deducted, if any.

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.

Derivative financial instruments of the Bank are classified under "TFRS 9 Financial Instruments Standard" ("TFRS 9"), "Derivative Financial Assets Measured at Fair Value Through Profit or Loss".

Derivative financial instruments are initially recognized at fair value. Derivative transactions, depending on the fair value being positive or negative is shown as derivative financial assets at fair value through profit or loss or derivative financial liabilities measured at fair value through profit or loss in the following periods of the recording. Differences in fair value as a result of the valuation are accounted for under profit/loss from derivative financial transactions and profit/loss from foreign exchange transactions in the commercial profit/loss item in the profit or loss statement.

The fair value of derivative instruments is calculated by taking into account the market values or by applying the cash flow model discounted with market rates.

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 is 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. The Bank has started to calculate rediscount as of 1 January 2018 for its non-performing loans. Rediscount is calculated over the net book value (Gross Book Value - Expected Credit Losses) of the non-performing loans.

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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Income and expenses from banking, agency and intermediary services are recognized as income/expense and conformant with TFRS 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 individual, corporate and commercial 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 TFRS 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 “Financial Assets Measured at Fair Value Through Profit/Loss”, “Financial Assets Measured at Fair Value Through Other Comprehensive Income” or “Financial Assets 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 TFRS 9

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

"Business Model Assessment" and "Contractual Cash Properties Test" are performed to determine the classification of financial assets.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss;

- managed by a business model other than the business model aimed at holding contractual cash flows for collection and the business model aiming at collecting and selling contractual cash flows,
- are obtained in order to profit from fluctuations in prices and similar factors in the short-term in the market, or are part of a portfolio aimed at making a profit in the short-term, regardless of the reason for the acquisition,
- the terms of the contract for the financial asset do not result in cash flows that only include principal and interest payments on the principal balance at specified dates.

are financial assets.

Financial assets at the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement. Earned interests are included in interest income and dividends received are included in dividend income.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Profit or Loss (Continued)

Among the financial assets at fair value through profit or loss, Government Bonds and Treasury Bills traded in the BIST, the weighted average clearing prices formed in the BIST on the balance sheet date, and the financial assets not traded in the BIST, with the prices of the Central Bank of the Republic of Türkiye, Eurobonds Bench The transaction prices in the Upmarket and the funds in the Bank's portfolio are valued according to the fund price announced for the relevant day. Gains and losses resulting from the valuation are included in the profit/loss accounts.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at fair value through other comprehensive income that are calculated by effective interest rate method and dividend income from equity instruments are reflected in the statement of profit or loss. “Unrealized profits and losses”, the difference between the fair value of debt instruments at fair value through other comprehensive income and their amortized cost, are not reflected in the statement of profit or loss for the period until the corresponding financial asset is collected, sold, disposed of or weakened and is followed in the “Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss” account under equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

Securities representing a share in the capital are recognized at fair value if they are traded in organized markets and / or their fair value can be determined reliably, and if they are not traded in organized markets, they are reflected in the financial statements with their values found using other valuation models. The valuation differences of the said securities are followed in the “Other Accumulated Comprehensive Income or Expenses Not to be Reclassified in Profit or Loss” account under equity.

Financial Assets at Measured at Amortized Cost

A financial asset is classified as a financial asset measured at amortized cost when the Bank’s policy within a business model is to hold the asset to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal of interest at certain dates.

Measured at amortized cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortized cost by using the “effective interest rate method”. Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial Assets at Measured at Amortized Cost (Continued)

Financial assets measured at fair value through other comprehensive income” and “measured at amortized cost” portfolios of the Bank include Consumer Price Index (CPI) indexed 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. The actual coupon payment amounts of these securities, purchase and sale transactions and year-end valuations are calculated by using the index announced by the treasury. Index calculations related to CPI indexed bonds are made by the method specified in Ministry of Treasury and Finance's CPI Indexed Bonds Investor Guide.

The estimated inflation rate used during the year can be updated if necessary. In this context, as of 30 June 2023, the valuation of the assets was made according to the annual inflation forecast of 25%. At the end of the year, the actual inflation rate is used. A 5% increase in the CPI estimate will increase pre-tax profit by TL 2.736 million as of 30 June 2023, while a 5% decrease will decrease it by TL 2.785 million.

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. The repayments of foreign exchange indexed loans, which were extended in TL at the Bank's counter foreign exchange buying rate valid on the date of use, are collected in TL equivalents calculated over the Bank's counter foreign exchange selling rate valid on the installment collection date.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The Bank sets aside the expected loss provision for its loans and receivables by taking into consideration the “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside” published in the Official Gazette dated 22 June 2016 and numbered 29750. In this context, the Bank takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data, and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

In calculating the expected loss provision for its loans, the Bank has also taken into account the possible difficulties that the uncertainties related to the earthquake disaster experienced on 6 February 2023 may cause in the cash flows or payments of the customers.

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:

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Explanations on Expected Loss Provisions (Continued)

- 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.

In addition, the Bank made provision on the model outputs for customer groups, which it believed that the model did not statistically respond to credit risk factors, using expert opinion. The reserve will be reviewed in the following reporting periods, taking into account the loan portfolio and changes in future expectations.

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. 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 lifetime loss expectancy.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment (Continued)

Significant Increase in Credit Risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit, loss is calculated for at stage 1, all remain maturity expected credit loss is calculated for loans at stage 2.

The main criteria taken into account in determining the significant increase in the credit risk of the financial asset and its transfer to the 2nd stage are as follows:

- Receivables with a delay of 30 days or more
- Close monitoring criteria in the Bank's Early Warning System
- Early warning note
- Configuration

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.

The Bank considers the debt to be in default in the following two cases:

- **Objective Default Definition:** It means debt having past due more than 90 days. This assumption can be proved otherwise in the light of supportable information.
- **Subjective Default Definition:** It means it is considered as unlikeliness to pay. 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. This section provides an overview of the risk parameter estimation methods for the expected loss calculation approach on a common basis for each stage.

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:

- All contractual terms of the financial instrument during the expected life,
- 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 (PD)

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment (Continued)

Credit-Impaired Losses (Stage 3) (Continued)

Exposure at Default (EAD)

The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument.

Loss Given Default (LGD)

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 Bank uses the macroeconomic forecasting model developed during the creation of multiple scenarios to be used in expected credit loss calculations. The macroeconomic variables that stand out during the estimation are the Gross Domestic Product (GDP) and the Consumer Price Index (CPI), and the risk parameters are updated if deemed necessary, taking into account the compatibility with the portfolio. In addition to macroeconomic indicators, the Bank preferred the precautionary approach by adding expert opinion while creating macroeconomic models, taking into account the economic conditions, and the numerical effects of these risks were also included in the models.

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 analyzing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

Write-off Policy

The amendment with respect to the regulation "Regulation on the Amendment of the Regulation on the Classification of Loans and the Procedures and Principles Regarding the Classification of Loans and Provisions for These" entered into force with its publication in the Official Gazette No.31533 on 6 July 2021. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) within the period deemed appropriate by the bank specific to the situation of the debtor, if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 legally enforceable rights 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 sold under agreements for repurchase agreements (“Repos”) are classified as “Fair Value Through Profit or Loss”, “Fair Value Through Other Comprehensive Income” and “Financial Asset Measured at Amortized Cost” in the portfolio of the bank, according to the purposes of the Bank, and they are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

Securities purchased with Resale commitment (“Reverse Repo”) are accounted in “Money Markets Receivables” on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

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

The assets acquired by the Bank due to its receivables are accounted for in accordance with “TFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations” in financial statement of the Bank.

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, and 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. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan. Various events or circumstances may extend the completion time of the sale transaction beyond one year. Assets are continued to be classified as held for sale if there is sufficient evidence that the delay is due to events or conditions beyond the Bank's control and that the Bank's plan to sell the related asset (or disposal group) is in progress.

The properties acquired by the Bank due to receivables are shown in the line of held for sale purpose in the financial statements depending on the termination of the term sales contract.

A discontinued operation is a division of a business that is classified as 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, there is no goodwill in the financial statements of the Bank.

Other intangible assets are based on their initial acquisition amounts and other direct costs required to make the asset available. Other intangible assets were revalued over their remaining amounts after deducting the accumulated depreciation and, if any, the accumulated depreciation from the cost value in the period following their recording.

Other intangible assets are amortized using the straight-line method based on their useful lives. Useful lives of other intangible assets are determined with assessments such as the expected life of the asset, technical, technological, or other types of aging and the maintenance costs required to obtain the economic benefit expected from the asset. There is no change in the depreciation method applied in the current period. Expenditures for other intangible assets are amortized with equal amounts within the lease period, and if the lease period is not certain or is more than five years, the redemption period is accepted as five years (depreciation rate 20%).

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%.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment 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. The valuation differences resulting from the valuations of real estate’s made by independent appraisal firms are accounted for in the revaluation differences account of tangible fixed assets under shareholders' equity.

Property and equipment (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. Property and equipment are depreciated over their estimated useful lives using the straight-line method. The amortization method applied in the current period has not been changed.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)

Estimated useful lives and amortization rates of property and equipment are below:

	Estimated Useful Lives (Year)	Amortization Rate
Buildings	50	2%
Safe-deposit boxes	50	2%
Other movable properties	3-15	4-33,33%
Assets held under leases	4-5	20-25%

Gains or losses arising from the disposal of property and equipment are reflected in the profit or loss accounts as the difference between the net disposal revenue of the tangible asset and the net book value.

Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment 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 assets or commitments given for the purchase or any restrictions designated for the use of those tangible assets.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in 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. 2-year government bond indicator interest rates are used for Turkish Lira rentals, and Eurobond indicator interest rates are used for foreign currency leasing transactions for ongoing contracts.

After the lease actually started, the Bank; Increases the carrying amount to reflect the interest in the lease obligation, reduce the carrying value to reflect the lease payments made, and re-measure the carrying value to reflect reassessments and changes to the lease, or to reflect fixed lease payments in revised core.

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 amount of the lease liability, in financial statements as adjustments in right to use assets.

The Bank uses a revised discount rate that reflects changes in the interest rate if there is a change in the initial lease period or the use of the purchase option.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

Leases in TFRS 16 (Continued)

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.

The Bank does not apply the standard provisions for leases shorter than 1 year in line with the exception provisions of the relevant standard. The Bank reflects the lease payments associated with these leases linearly throughout the lease period and reflects them in the financial statements.

Tangible assets that are acquired under leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under leases are recognized under the tangible 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 leasing are charged to liability account “Lease Liabilities”, whereas interests are recognized in “Deferred Leasing Expenses” account. At installment payments, principal and interest amount of installment amount is debited to “Lease Liabilities” account, whereas interest is credited in “Deferred 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 time that the personnel has worked. Employment termination is calculated based on actuarial assumptions. These assumptions based on the calculation are below:

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 30 June 2023, retirement benefit obligation is TL 6.408.889 (31 December 2022: TL 5.997.944).

	Current Period	Prior Period
Discount Rate	10,60%	19,20%
Inflation	10,08%	14,30%

The Bank recognize its actuarial profit and loss under shareholders’ equity in accordance with the revised TAS 19 Turkish Accounting Standard for Employee Benefits, which entered into force as of 1 January 2013. The Bank has reclassified actuarial loss of TL 2.780.427 after deferred tax effect under shareholders’ equity in the financials (31 December 2022: TL 2.780.427 loss).

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

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

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

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.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants

In accordance with 58th article and 7th 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.

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. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2022 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION

Current Tax

The corporate tax rate of 20% was 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 for corporate earnings.

However;

- Pursuant to Article 25 of Law No. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810; Corporate tax rate has been determined as 25% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. This provision entered into force on 15 April 2022 to be applied to corporate earnings for the 2022 taxation period, and as of 30 June 2023, the corporate tax rate was applied as 25% in the financial statements.

In accordance with Article 21 of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, starting from the declarations that must be submitted as of 1/10/2023; The corporate tax rate to be applied to the earnings of corporations in 2023 and the following taxation periods has been increased from 25% to 30% for banks and other institutions mentioned in the law.

The corporate tax rate is applied to the tax base to be found as a result of the addition of the non-deductible expenses in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions (such as the participation earnings exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Türkiye or to resident corporations are not subject to withholding tax. While dividends paid to individuals and corporations were subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated 22 December 2021 and No. 31697. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset 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 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. On the other hand, the exemption application for real estates held in the Bank's assets for at least two years was abolished with the 19th article of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, and in the 22nd article of the law "... The 50% rate in subparagraph (e) of the first paragraph of Article 5 is applied as 25% for the immovable sales earnings to be made after the effective date of this article." and it has been announced that the exception rate will be 50% for sales made before 15 July 2023 and 25% for sales made after.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

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 do 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, 50% of the profits arising from the sale of the said assets obtained by the banks in this way, and 75% of the profits arising from the sale of others are exempted from corporation tax.

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.

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. As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met. It has been enacted that the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years' profit/loss account.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

Deferred Tax

The Bank calculates deferred tax for the temporary differences between the applied accounting policies and valuation principles and the tax base value determined in accordance with the tax legislation, in accordance with TAS 12 “Turkish Accounting Standard on Income Taxes”, taking into account the additional regulation introduced with the Law No. 7316 dated 22 April 2021. and accounting.

The Law No. 7394, which pertains to the Assessment of Immovable Properties Owned by the Treasury and Amendments to the Value Added Tax Law, published in the Official Gazette dated April 15, 2022, with serial number 31810, and the Law on Amendments to Certain Laws and Decree-Laws, with Article 26 of Law No. 5520 by adding a paragraph to Temporary Article 13 of the Corporate Tax Law, specifies that the Corporate Tax rate, which will be applicable to corporate earnings for the 2022 taxation period, is rearranged to be 25% for banks. Furthermore, according to Article 21 of the Law No. 7456, published in the Official Gazette numbered 32249 on July 15, 2023, the Corporate Tax rate applicable to profits of corporations for the year 2023 and subsequent taxation periods has been increased from 25% to 30% for banks and other institutions cited in the law. This amendment will enter into force from October 1, 2023, starting with the declarations that need to be submitted, and it applies to the corporate earnings of corporations during the 2023 and following taxation periods.

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. In the calculation of deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses enacted tax rates as of the balance sheet date in accordance with the current tax legislation. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, As of 30 June 2023, the Bank has deferred tax calculations were made based on rates varying 25% on assets and liabilities. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

Deferred Tax (Continued)

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

According to December 8, 2004 BRSA.DZM.2/13/1-a-3 notice, there is no deferred tax assets on general provision and free provision. In addition to this, deferred tax asset calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles, beginning from January 1, 2018. Deferred rate calculation for free provisions is not calculated.

XVIII. EXPLANATIONS ON BORROWING

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 to shares and has no instruments representing its own borrowings.

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

There are no issued shares by The Bank.

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 IX of Section Four.

XXIV. EXPLANATIONS ON OTHER MATTERS

Not available.

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SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY

Shareholders 'equity and capital adequacy ratio were calculated within the framework of “Regulation on Banks' Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” and in addition to these, the following regulations of the BRSA.

- In accordance with the Decision of the Banking Regulation and Supervision Agency dated 31 January 2023 and numbered 10496, the Central Bank's foreign exchange buying rate of 31 December 2022 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.
- Within the framework of the regulation dated 21 December 2021 No. 9996, if the net valuation differences of the securities held by banks in the portfolio of “Financial Assets at Fair Value through Other Comprehensive Income” are negative, these differences may not be taken into consideration in the calculation of equity amount. The said exception was not used in the calculation of equity on 30 June 2023.

As of 30 June 2023, Bank’s total regulatory capital has been calculated as TL 316.287.537 (31 December 2022: TL 244.685.816), capital adequacy ratio is 15,27 % (31 December 2022: 16,53%). This ratio is well above the minimum ratio required by the legislation.

1. Information Related to The Components of Shareholders’ Equity

	Current Period 30 June 2023	Prior Period 31 December 2022
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	84.600.000	34.900.000
Share issue premiums	-	-
Reserves	73.956.519	73.956.519
Gains recognized in equity as per TAS	70.170.116	81.600.342
Profit	66.940.792	41.137.467
Current Period Profit	25.741.549	41.092.377
Prior Period Profit	41.199.243	45.090
Shares acquired free of charge from subsidiaries, affiliates and entities under common control and cannot be recognized within profit for the period	781.266	279.341
Common Equity Tier 1 Capital Before Deductions	296.448.693	231.873.669
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st 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	38.701.931	29.393.805
Improvement costs for operating leasing	11.655	10.269
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2.886.978	2.272.601
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 4th clause of the 56th 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	-	-

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(Continued)

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS EQUITY (Continued)

1. Information Related to The Components Of Shareholders’ Equity (Continued)

	Current Period 30 June 2023	Prior Period 31 December 2022
Amount exceeding 15% of the common equity as per the 2nd 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	-	-
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	41.600.564	31.676.675
Total Common Equity Tier I Capital	254.848.129	200.196.994
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	39.284.140	27.979.840
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	39.284.140	27.979.840
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	39.284.140	27.979.840
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	294.132.269	228.176.834
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)	22.208.054	16.524.427
Tier II Capital Before Deductions	22.208.054	16.524.427
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	22.208.054	16.524.427
Total Capital (The sum of Tier I Capital and Tier II Capital)	316.340.323	244.701.261

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY (Continued)

1. Information Related to The Components Of Shareholders’ Equity (Continued)

	Current Period 30 June 2023	Prior Period 31 December 2022
Total Capital (The sum of Tier I Capital and Tier II Capital)	316.340.323	244.701.261
Deductions from Capital Loans granted contrary to the 50th and 51st 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	52.786	15.445
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)	316.287.537	244.685.816
Total Risk Weighted Assets	2.070.715.247	1.480.273.848
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	12,31	13,52
Tier I Capital Ratio (%)	14,20	15,42
Capital Adequacy Ratio (%)	15,27	16,53
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2,530	2,531
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific countercyclical buffer requirement (%)	0,030	0,031
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	7,81	9,02
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	381.441	311.791
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	185.619	135.876
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	2.588.288	-
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)	46.541.226	44.106.096
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	22.208.054	16.524.427
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 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	-	-

(*) 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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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY (Continued)

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 etc.)	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)	39.284
Nominal value of instrument (TL million)	39.284
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 compliant 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 compliant with Article 7 of the Regulation on Bank Capital.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY (Continued)

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

	Current Period	Prior Period
Balance Sheet - Equity	257.746.762	202.479.863
Operational Leasing Development Costs	(11.655)	(10.269)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(2.886.978)	(2.272.601)
TIER 2 Capital (Provisions)	22.208.054	16.524.427
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	39.284.140	27.979.840
Other deductions from common equity	(52.786)	(15.445)
Other regulations	-	-
Amount recognized in regulatory capital	316.287.537	244.685.816

II. 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 Director

The Bank’s policy is to avoid carrying significant position by means of foreign currency management. 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

Periodic “Liquidity Gap Analysis” and “Repricing Gap Analysis” to determine the liquidity and structural interest rate risks in the US Dollar and Euro, which are the most important foreign currencies in which the Bank operates, and the historical renewal rates of foreign exchange deposit accounts. “Structural Liquidity Gap Analysis” is performed. In addition, daily VAR analysis for the follow-up of the currency risk and within the scope of legal reporting, Foreign Currency Net General Position/Equity Standard Ratio and Foreign Currency Liquidity Position are regularly monitored. The Bank manages the Turkish Lira or foreign currency risks that may occur in domestic and international markets and follow the transactions that create these risks and manages these risks at the optimum level within the framework of market expectations and within the scope of its strategies by considering the balance with other financial risks. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 6.

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
20.06.2023	23,1600	25,2341	15,6487	3,3884	2,1366	25,7492	17,4709	2,1471	29,4620	6,1748	16,3726
21.06.2023	23,1494	25,3566	15,6762	3,4053	2,1617	25,8763	17,5683	2,1644	29,4706	6,1709	16,2945
22.06.2023	24,0697	26,3805	16,2706	3,5424	2,2515	26,8440	18,2769	2,2693	30,6698	6,4171	16,8698
23.06.2023	24,6816	26,8549	16,4722	3,6073	2,2954	27,4879	18,7206	2,2750	31,3569	6,5800	17,1730
26.06.2023	25,3066	27,6160	16,8938	3,7092	2,3653	28,2993	19,2359	2,3632	32,1780	6,7477	17,6307
27.06.2023	25,6469	28,0601	17,1567	3,7684	2,3921	28,6636	19,5160	2,3850	32,6149	6,8385	17,8299

5. Simply 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
	23,3902	25,3605	15,7279	3,3983	2,1707	25,9945	17,6302	2,1646	29,5747	6,2368	16,5601

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(Continued)

II. EXPLANATIONS ON THE CURRENCY RISK (Continued)

6. Information on The Foreign Currency Risk of The Bank

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Türkiye	120.676.695	124.471.150	53.861.420	299.009.265
Banks ⁽⁶⁾	6.816.314	20.600.394	5.866.477	33.283.185
Financial Assets at Fair Value Through Profit and Loss	-	2.022.202	40.181.612	42.203.814
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	18.692.425	267.533.763	399.192	286.625.380
Loans ⁽¹⁾	216.240.275	235.217.931	611.132	452.069.338
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	4.930.952	4.838.657	-	9.769.609
Financial Assets Measured at Amortised Cost	48.418.076	14.548.412	134.183	63.100.671
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	46.338	9.918	72.739	128.995
Intangible Assets	15.196	13.096	28.161	56.453
Other Assets ⁽³⁾	2.225.191	7.565.967	360.463	10.151.621
Total Assets ⁽⁴⁾	418.061.462	676.821.490	101.515.379	1.196.398.331
Liabilities				
Interbank Deposits	36.867.635	5.678.464	1.364.354	43.910.453
Foreign Currency Deposits	420.156.972	386.788.495	161.592.651	968.538.118
Money Market Borrowings	21.106.161	47.694.929	-	68.801.090
Funds Provided from Other Financial Institutions	56.316.772	83.050.333	-	139.367.105
Issued Marketable Securities ⁽⁵⁾	39.634.555	48.263.339	1.529.526	89.427.420
Miscellaneous Payables	5.869.563	1.217.915	125.817	7.213.295
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	5.047.965	9.111.343	1.202.072	15.361.380
Total Liabilities	584.999.623	581.804.818	165.814.420	1.332.618.861
Net Balance Sheet Position	(166.938.161)	95.016.672	(64.299.041)	(136.220.530)
Net Off-Balance Sheet Position ⁽²⁾	160.647.625	(66.456.136)	72.301.361	166.492.850
Financial Derivative Assets	189.928.244	240.869.057	81.376.682	512.173.983
Financial Derivative Liabilities	29.280.619	307.325.193	9.075.321	345.681.133
Non-Cash Loans	148.169.348	213.594.197	31.933.124	393.696.669
Prior Period				
Total Assets	302.354.197	625.330.476	71.218.584	998.903.257
Total Liabilities	435.412.765	504.715.466	115.311.819	1.055.440.050
Net Balance Sheet Position	(133.058.568)	120.615.010	(44.093.235)	(56.536.793)
Net Off-Balance Sheet Position ⁽²⁾	130.762.635	(114.769.780)	44.630.485	60.623.340
Financial Derivative Assets	160.463.664	131.768.443	49.706.652	341.938.759
Financial Derivative Liabilities	29.701.029	246.538.223	5.076.167	281.315.419
Non-Cash Loans	96.706.419	155.445.406	23.085.878	275.237.703

⁽¹⁾ TL 31.587 (31 December 2022: TL 26.837) equivalent of loans granted is USD and TL 183 (31 December 2022: TL 6.049)

equivalent of EUR balance is caused by foreign currency indexed loans

⁽²⁾ Indicates the net balance of receivables and payables on derivative financial instruments.

⁽³⁾ Prepaid expenses in other assets amounting to TL 116.818 are not included in the table.

⁽⁴⁾ Expected loss provisions for financial assets and other assets are reflected in related items.

⁽⁵⁾ Includes subordinated debt instruments.

⁽⁶⁾ Includes the guarantees given for derivative and repo transactions with foreign banks.

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(Continued)

II. EXPLANATIONS ON THE CURRENCY RISK (Continued)

6. Information on The Foreign Currency Risk of The Bank (Continued)

Analysis of Sensitivity to Currency Risk

The effect of 10% depreciation of TL against the USD, Euro and other currencies on the equity and profit or loss statement (excluding tax effects) for the six-month accounting periods ending on 30 June 2023 and 30 June 2022 is shown in the table below.

This analysis has been prepared with the assumption that all other variables, especially interest rates, remain constant.

	Current Period – 30 June 2023		Prior Period – 30 June 2022	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	3.258.104	2.774.239	(759.543)	(1.040.906)
EUR	(1.319.732)	(1.812.827)	(90.890)	(507.035)
Other currencies	(52.343)	(52.343)	13.750	13.750
Total (Net) (**)	1.886.029	909.069	(836.683)	(1.534.191)

(*) Equity effect also includes the effect of the profit or loss to occur due to the 10% depreciation of the against the relevant foreign currencies.

(**) Associates, subsidiaries, and entities under common control are included in the profit or loss statement impact calculation, but not in equity impact calculation. Tangible and intangible assets are not included in the equity and profit or loss statement impact calculation.

The effect of 10% appreciation of TL against the USD, Euro and other currencies on the equity and profit or loss statement (excluding tax effects) for the six-month accounting periods ending on 30 June 2023 and 30 June 2022 is shown in the table below.

	Current Period – 30 June 2023		Prior Period – 30 June 2022	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	(3.258.104)	(2.774.239)	759.543	1.040.906
EUR	1.319.732	1.812.827	90.890	507.035
Other currencies	52.343	52.343	(13.750)	(13.750)
Total (Net) (**)	(1.886.029)	(909.069)	836.683	1.534.191

(*) Equity effect also includes the effect of the profit or loss to occur due to the 10% appreciation of the against the relevant foreign currencies.

(**) Associates, subsidiaries, and entities under common control are included in the profit or loss statement impact calculation, but not in equity impact calculation. Tangible and intangible assets are not included in the equity and profit or loss statement impact calculation.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

III. 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 Türkiye	24.666.055	-	-	-	-	312.802.154	337.468.209
Banks ⁽⁷⁾	7.912.025	76.941	205.921	-	-	25.440.298	33.635.185
Financial Assets at Fair Value Through Profit and Loss	122.770	106.288	22.937.572	17.322.488	31.009	11.401.892	51.922.019
Money Markets Receivables	430.823	-	-	-	-	-	430.823
Financial Assets at Fair Value Through Other Comprehensive Income	134.112.554	78.558.145	71.817.716	98.788.934	97.687.901	1.561.793	482.527.043
Loans Given ⁽³⁾	629.533.377	196.904.260	350.158.110	398.041.483	102.827.439	3.441.074	1.680.905.743
Financial Assets Measured at Amortised Cost	30.385.065	14.843.135	112.118.161	49.416.761	75.057.487	-	281.820.609
Other Assets ⁽²⁾	12.313.701	6.484.467	2.286.135	342.033	61.519	129.196.897	150.684.752
Total Assets ⁽¹⁾⁽⁵⁾	839.476.370	296.973.236	559.523.615	563.911.699	275.665.355	483.844.108	3.019.394.383
Liabilities							
Interbank Deposits	103.858.926	12.871.167	7.416.977	-	-	5.205.360	129.352.430
Other Deposits	824.909.403	346.514.681	119.555.805	5.414.809	12.352	783.625.373	2.080.032.423
Money Market Borrowings	148.441.189	5.669.897	25.149.343	20.670.266	-	-	199.930.695
Miscellaneous Payables	-	-	-	-	-	43.808.767	43.808.767
Issued Marketable Securities ⁽⁶⁾	-	14.730.102	42.494.043	33.213.965	-	-	90.438.110
Funds Provided from Other Financial Institutions	62.102.764	48.781.900	19.204.345	9.249.391	629.123	-	139.967.523
Other Liabilities ⁽⁴⁾	3.085.513	681.221	2.140.688	2.420.276	1.014.813	326.521.924	335.864.435
Total Liabilities ⁽¹⁾	1.142.397.795	429.248.968	215.961.201	70.968.707	1.656.288	1.159.161.424	3.019.394.383
Balance Sheet Long Position	-	-	343.562.414	492.942.992	274.009.067	-	1.110.514.473
Balance Sheet Short Position	(302.921.425)	(132.275.732)	-	-	-	(675.317.316)	(1.110.514.473)
Off-Balance Sheet Long Position	8.535.293	5.675.433	1.040.118	-	-	-	15.250.844
Off-Balance Sheet Short Position	-	-	-	-	(1.015.345)	-	(1.015.345)
Total Position	(294.386.132)	(126.600.299)	344.602.532	492.942.992	272.993.722	(675.317.316)	14.235.499

(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.

(7) Includes the guarantees given for derivative and repo transactions with foreign banks.

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(Continued)

III. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Türkiye	23.833.556	-	-	-	-	350.560.829	374.394.385
Banks	2.183.979	137.416	-	-	-	9.148.254	11.469.649
Financial Assets at Fair Value Through Profit and Loss	85.080	73.869	39.864	27.673.058	18.934	5.404.074	33.294.879
Money Markets Receivables	5.380.282	-	-	-	-	-	5.380.282
Financial Assets at Fair Value Through Other Comprehensive Income	96.599.354	21.764.806	124.793.492	76.978.487	73.459.368	2.077.658	395.673.165
Loans Given ⁽³⁾	449.812.713	135.106.786	266.775.244	275.177.974	89.441.302	2.081.194	1.218.395.213
Financial Assets Measured at Amortised Cost	2.731.393	50.061.035	22.778.137	60.817.641	22.941.772	-	159.329.978
Other Assets ⁽²⁾	4.570.330	2.350.830	2.072.668	386.820	71.640	104.275.185	113.727.473
Total Assets ⁽¹⁾⁽⁵⁾	585.196.687	209.494.742	416.459.405	441.033.980	185.933.016	473.547.194	2.311.665.024
Liabilities							
Interbank Deposits	50.842.278	10.190.916	9.120.029	-	-	8.296.037	78.449.260
Other Deposits	748.232.969	239.271.172	102.969.345	3.829.858	29.287	566.486.969	1.660.819.600
Money Market Borrowings	50.167.586	20.373.383	6.970.742	7.550.978	-	-	85.062.689
Miscellaneous Payables	-	-	-	-	-	35.403.969	35.403.969
Issued Marketable Securities ⁽⁶⁾	-	1.435.966	12.381.209	42.899.866	-	-	56.717.041
Funds Provided from Other Financial Institutions	25.344.316	47.016.823	24.468.356	9.814.082	3.562.495	-	110.206.072
Other Liabilities ⁽⁴⁾	580.697	716.088	1.868.940	871.365	562.349	280.406.954	285.006.393
Total Liabilities ⁽¹⁾	875.167.846	319.004.348	157.778.621	64.966.149	4.154.131	890.593.929	2.311.665.024
Balance Sheet Long Position	-	-	258.680.784	376.067.831	181.778.885	-	816.527.500
Balance Sheet Short Position	(289.971.159)	(109.509.606)	-	-	-	(417.046.735)	(816.527.500)
Off-Balance Sheet Long Position	3.604.188	2.684.526	262.625	-	-	-	6.551.339
Off-Balance Sheet Short Position	-	-	-	-	(1.015.345)	-	(1.015.345)
Total Position	(286.366.971)	(106.825.080)	258.943.409	376.067.831	180.763.540	(417.046.735)	5.535.994

⁽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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(Continued)

III. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

	EUR	USD	JPY	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	4,31	5,74	-	-
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Market Receivables	-	-	-	42,79
Financial Assets at Fair Value Through Other	-	-	-	-
Comprehensive Income	3,70	5,38	-	21,04
Loans Given ⁽¹⁾	7,22	8,64	-	12,07
Financial Assets Measured at Amortised Cost	4,60	8,38	-	13,84
Liabilities				
Interbank Deposits	4,15	5,00	-	16,62
Other Deposits	0,77	3,26	-	21,40
Money Market Borrowings	6,53	7,17	-	16,50
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽²⁾	5,08	6,31	-	16,99
Funds Provided from Other Financial Institutions	6,45	7,40	-	16,93

⁽¹⁾ Credit card loan balances are not included.

⁽²⁾ Subordinated debt instruments are included.

	EUR	USD	JPY	TL
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	4,30	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Market Receivables	-	5,41	-	26,23
Financial Assets at Fair Value Through Other	-	-	-	-
Comprehensive Income	3,70	5,16	-	26,73
Loans Given ⁽¹⁾	5,83	7,71	-	13,59
Financial Assets Measured at Amortised Cost	4,66	7,58	-	15,90
Liabilities				
Interbank Deposits	1,40	4,17	-	10,43
Other Deposits	1,03	3,44	-	15,67
Money Market Borrowings	3,52	5,58	-	9,17
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽²⁾	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	2,84	4,85	-	8,83

⁽¹⁾ Credit card loan balances are not included.

⁽²⁾ Subordinated debt instruments are included.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

IV. EXPLANATIONS ON THE POSITION RISK OF EQUITY INSTRUMENTS

1. Equity Instruments 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 share

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	3.058.229	3.058.229	3.058.229
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	13.232.720	13.232.720	13.232.720
Traded on Stock Exchange	13.232.720	13.232.720	13.232.720
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	1.020.850	1.020.850	-

⁽¹⁾ The said stock investments are not traded on the stock exchange and there is no stock market price since they are not publicly traded.

Investments in Equity Instruments - Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	4.033.616	4.033.616	4.033.616
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	17.453.146	17.453.146	17.453.146
Traded on Stock Exchange	17.453.146	17.453.146	17.453.146
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	927.626	927.626	-

⁽¹⁾ The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not publicly traded.

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 Internal Rating Approaches

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 1.020.850 and all of them are 100% risk weighted (31 December 2022: are amounted TL 927.626 and all of them are 100% risk weighted).

Total unrealized gains or losses, total revaluation value increases and their amounts included in principal and contribution capital

Portfolio	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total	Included in Supplementary Capital	Total	Included in Supplementary Capital	Included in Contribution Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	12.027.458	12.027.458	-	-	-
3. Other Stocks	-	521.469	521.469	-	-	-
Total	-	12.548.927	12.548.927	-	-	-

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

V. EXPLANATIONS ON THE LIQUIDITY RISK MANAGERMENTS AND LIQUIDITY COVERAGE RATIO

Matters related to liquidity and financial emergency management are determined in the Liquidity and Financial Emergency Management-Liquidity Funding Plan Approved by the Board of Directors.

The Bank conducts the remaining maturity analysis in order to observe the maturity structure of its balance sheet, liquidity gap and structural liquidity gap analysis to monitor the liquidity need by periods, and Liquidity Stress Test in order to evaluate the liquidity need of the Bank in the worst possible situation. Core deposit analysis is carried out to determine the stable part of the deposit, which is the most important fund resource of the Bank. In addition, the Bank-sector maturity structures and legal liquidity ratios are monitored in order to compare the Bank's liquidity risk level with the sector.

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 and International Banking Group Presidency 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 instruments and bilateral loan agreements are at the forefront.

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

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V. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

1. Liquidity Risk (Continued)

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.

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 key management of the Bank and all related units 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 legal 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”. In addition, matters related to liquidity and financial emergency management have been identified.

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. The lowest and highest unconsolidated rates in the last three months are shown in the table below.

Current Period – 30 June 2023

Liquidity Coverage Ratio	FC		TL+FC	
	Date	Ratio	Date	Ratio
The Lowest	21 April 2023	304,56	19 May 2023	112,94
The Highest	16 June 2023	554,97	7 April 2023	144,35

Prior Period - 31 December 2022

Liquidity Coverage Ratio	FC		TL+FC	
	Date	Ratio	Date	Ratio
The Lowest	7 October 2022	336,22	7 October 2022	177,16
The Highest	23 December 2022	451,68	30 December 2022	203,51

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V. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

2. Liquidity Coverage Ratio (Continued)

Current Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			524.283.845	357.133.745
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	1.200.221.482	569.970.833	104.411.330	56.997.083
Stable deposits	312.216.364	-	15.610.818	-
Less stable deposits	888.005.118	569.970.833	88.800.512	56.997.083
Unsecured wholesale funding, of which;	819.708.080	321.846.824	411.985.167	170.729.812
Operational deposit	34.806.062	3.828.433	8.701.516	957.108
Non-operational deposits	635.620.441	255.119.635	281.496.868	107.574.595
Other unsecured funding	149.281.577	62.898.756	121.786.783	62.198.109
Secured funding				
Other cash outflows, of which;	446.374.719	41.768.811	55.500.705	27.013.182
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	18.729.913	23.719.466	18.729.913	23.719.466
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	427.644.806	18.049.345	36.770.792	3.293.716
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	144.169.814	92.823.449	8.438.431	4.641.172
TOTAL CASH OUTFLOWS			580.335.633	259.381.249
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	190.328.278	83.660.547	141.540.860	70.180.547
Other cash inflows	15.110.703	120.625.480	15.110.703	120.625.480
TOTAL CASH INFLOW	205.438.981	204.286.027	156.651.563	190.806.027
			Upper Limit Applied Values	
TOTAL HQLA STOCK			524.283.845	357.133.745
TOTAL NET CASH OUTFLOWS			423.684.070	68.575.222
LIQUIDITY COVERAGE RATIO (%)			123,74	520,79

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

Prior Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			667.210.887	425.824.875
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	938.174.603	503.453.039	83.648.337	50.345.304
Stable deposits	203.382.476	-	10.169.124	-
Less stable deposits	734.792.127	503.453.039	73.479.213	50.345.304
Unsecured wholesale funding, of which;	683.071.175	326.241.383	315.380.061	158.917.974
Operational deposit	29.898.821	1.696.100	7.474.705	424.025
Non-operational deposits	568.987.053	284.775.401	242.743.155	119.347.850
Other unsecured funding	84.185.301	39.769.882	65.162.201	39.146.099
Secured funding				
Other cash outflows, of which;	222.857.471	33.502.393	28.510.672	21.272.889
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	14.041.376	18.607.584	14.041.376	18.607.584
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	208.816.095	14.894.809	14.469.296	2.665.305
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	120.470.284	83.658.058	7.183.869	4.182.903
TOTAL CASH OUTFLOWS			434.722.939	234.719.070
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	124.404.168	51.608.797	84.123.630	36.510.970
Other cash inflows	1.061.122	91.291.081	1.061.122	91.291.081
TOTAL CASH INFLOW	125.465.290	142.899.878	85.184.752	127.802.051
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			667.210.887	425.824.875
TOTAL NET CASH OUTFLOWS			349.538.187	106.917.019
LIQUIDITY COVERAGE RATIO (%)			190,88	398,28

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

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V. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

3. Explanations on Liquidity Coverage Ratio

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

Bank deposits, which constitute a significant part of its resources and cash outflows in the liquidity coverage ratio, have a non-fluctuating structure, but may cause periodic changes in total deposits compared to public deposits and other 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 trend.

Bonds and bills in the securities portfolio are being used in repo transactions as collateral. Since the securities used in repo transactions lose the characteristic of being free, in accordance with that securities can be used as collateral, liquidity coverage ratio is affected.

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

A major part of the resources of funds 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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V. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

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 Türkiye	127.839.015	209.629.194	-	-	-	-	-	337.468.209
Banks ⁽⁴⁾	25.440.298	7.912.025	76.941	205.921	-	-	-	33.635.185
Financial Assets at Fair Value Through Profit and Loss	-	122.770	106.288	22.937.572	17.322.488	31.009	11.401.892	51.922.019
Money Market Receivables	-	430.823	-	-	-	-	-	430.823
Financial Assets at Fair Value Through Other Comprehensive Income	-	75.743.825	51.579.692	47.355.901	196.571.966	110.254.807	1.020.852	482.527.043
Loans Given	-	72.602.606	164.426.333	669.205.690	571.840.188	199.389.852	3.441.074	1.680.905.743
Investments Held-to-Maturity	-	1.519.633	4.136.746	78.578.275	81.300.913	116.285.042	-	281.820.609
Other Assets	23.020.414	12.313.701	6.484.467	2.286.135	342.033	61.519	106.176.483	150.684.752
Total Assets⁽²⁾	176.299.727	380.274.577	226.810.467	820.569.494	867.377.588	426.022.229	122.040.301	3.019.394.383
Liabilities								
Interbank Deposits	5.205.360	103.858.926	12.871.167	7.416.977	-	-	-	129.352.430
Other Deposits	783.625.373	824.903.082	346.495.620	119.454.616	5.536.642	17.090	-	2.080.032.423
Funds Provided from Other Financial Institutions	-	14.336.713	1.530.982	49.015.363	65.121.727	9.962.738	-	139.967.523
Money Market Borrowings	-	148.441.189	5.669.897	25.149.343	20.670.266	-	-	199.930.695
Issued Marketable Securities ⁽³⁾	-	-	14.730.102	42.494.043	33.213.965	-	-	90.438.110
Miscellaneous Payables	11.147.395	32.661.372	-	-	-	-	-	43.808.767
Other Liabilities	15.208.844	5.659.179	777.160	2.140.688	2.420.276	817.6331	301.481.957	335.864.435
Total Liabilities	815.186.972	1.129.860.461	382.074.928	245.671.030	126.962.876	18.156.159	301.481.957	3.019.394.383
Liquidity Gap	(638.887.245)	(749.585.884)	(155.264.461)	574.898.464	740.414.712	407.866.070	(179.441.656)	-
Net Off-Balance Sheet Position	-	8.535.287	1.187.225	1.040.118	-	3.472.863	-	14.235.493
Financial Derivative Assets	-	360.848.917	71.935.129	23.840.752	1.435.829	4.488.208	-	462.548.835
Financial Derivative Liabilities	-	352.313.630	70.747.904	22.800.634	1.435.829	1.015.345	-	448.313.342
Non-cash Loans	192.645.984	23.017.653	42.908.766	205.596.527	113.937.516	34.546.005	-	612.652.451
Prior Period								
Total Assets	205.330.392	291.622.138	153.335.296	610.555.422	624.309.201	326.266.694	100.245.881	2.311.665.024
Total Liabilities	600.828.709	877.437.493	287.231.979	182.450.543	95.449.741	17.986.828	250.279.731	2.311.665.024
Liquidity Gap	(395.498.317)	(585.815.355)	(133.896.683)	428.104.879	528.859.460	308.279.866	(150.033.850)	-
Net Off-Balance Sheet Position	-	3.136.730	(120.249)	262.625	-	2.256.893	-	5.535.999
Financial Derivative Assets	-	219.758.868	74.538.453	14.240.461	2.369.535	3.272.238	-	314.179.555
Financial Derivative Liabilities	-	216.622.138	74.658.702	13.977.836	2.369.535	1.015.345	-	308.643.556
Non-cash Loans	121.162.934	13.767.347	43.662.871	137.071.719	84.474.216	14.515.564	-	414.654.651

(1) Assets which are required for banking operations and could not be converted into cash in short-term, such as; property and equipment, 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) Expected Loss Provision for financial assets and other assets are recognized in the related account.

(3) Includes subordinated debt instruments.

(4) Includes the guarantees given for derivative and repo transactions with foreign banks.

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VI. EXPLANATIONS ON LEVERAGE RATIO

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 7,34% (31 December 2022: 7,58%). The regulation sentenced the minimum leverage ratio as 3%.

Balance sheet assets	Current Period (*)	Prior Period (*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	2.810.371.114	2.216.761.493
(Assets deducted in determining Tier 1 capital)	(37.936.347)	(28.827.832)
Total on-balance sheet risks (sum of lines 1 and 2)	2.772.434.767	2.187.933.661
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit derivatives	13.220.549	8.549.253
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	9.940.946	7.697.119
Total risks of derivative financial instruments and credit derivatives	23.161.495	16.246.372
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets(Excluding the balance sheet)	47.868.447	40.472.923
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	47.868.447	40.472.923
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	1.017.818.392	623.647.421
(Adjustments for conversion to credit equivalent amounts)	-	-
Total risks of off-balance sheet items	1.017.818.392	623.647.421
Capital and total risks		
Tier 1 capital	283.203.794	217.487.486
Total risks	3.861.283.101	2.868.300.377
Leverage ratio		
Leverage ratio %	7,34	7,58

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

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VII. 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

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	1.712.001.942	1.267.703.360	136.960.155
2	Standardized approach	1.712.001.942	1.267.703.360	136.960.155
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	42.349.270	27.821.921	3.387.942
5	Standardized approach for counterparty credit risk	42.349.270	27.821.921	3.387.942
6	Internal model method	-	-	-
7	Basic risk weight approach to internal model's 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	22.293.100	26.428.914	1.783.448
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	165.229.531	102.338.444	13.218.362
17	Standardized approach	165.229.531	102.338.444	13.218.362
18	Internal model approaches	-	-	-
19	Operational risk	128.841.404	55.981.209	10.307.312
20	Basic Indicator approach	128.841.404	55.981.209	10.307.312
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)	2.070.715.247	1.480.273.848	165.657.219

2. Explanations on Credit Risk

Credit Quality of Assets

Current Period	Gross amount evaluated in accordance with TAS in the consolidated financial statements prepared according to legal consolidation		Provisions/Amortization and impairments	Net values
	Defaulted	Non-defaulted		
Loans	15.928.787	1.715.152.612	50.175.656	1.680.905.743
Debt Securities	-	717.307.106	26.272.350	691.034.756
Off-balance sheet exposures	2.260.240	990.014.985	10.547.904	981.727.321
Total	18.189.027	3.422.474.703	86.995.910	3.353.667.820

Prior Period	Gross amount evaluated in accordance with TAS in the consolidated financial statements prepared according to legal consolidation		Provisions/Amortization and impairments	Net values
	Defaulted	Non-defaulted		
Loans	13.700.891	1.252.649.959	47.955.637	1.218.395.213
Debt Securities	-	476.439.573	14.651.369	461.788.204
Off-balance sheet exposures	1.400.028	639.781.886	9.108.014	632.073.900
Total	15.100.919	2.368.871.418	71.715.020	2.312.257.317

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

Credit Quality of Assets (Continued)

Changes in default receivables and debt instruments inventor

		Current Period
1	Defaulted loans and debt securities at end of the previous reporting period	13.700.891
2	Loans and debt securities that have defaulted since the last reporting period	4.675.774
3	Returned to non-defaulted status	485.027
4	Amounts written off	-
5	Other changes	(1.962.851)
6	Amount of defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	15.928.787

		Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	15.140.631
2	Loans and debt securities that have defaulted since the last reporting period	4.603.925
3	Returned to non-defaulted status	1.037.119
4	Amounts written off	-
5	Other changes	(5.006.546)
6	Amount of defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	13.700.891

Credit risk mitigation techniques - Overview

Current Period	Unsecured receivables: TAS probable valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	1.186.792.508	399.164.201	81.780.107	383.754.896	74.068.300	-	-
Debt Securities	609.558.053	-	-	-	-	-	-
Total	1.796.350.561	399.164.201	81.780.107	383.754.896	74.068.300	-	-
Defaulted	14.556.628	1.332.900	482.093	1.321.447	481.706	-	-

Prior Period	Unsecured receivables: TAS probable valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	910.085.153	250.693.973	35.601.084	240.095.265	31.671.295	-	-
Debt Securities	411.251.347	-	-	-	-	-	-
Total	1.321.336.500	250.693.973	35.601.084	240.095.265	31.671.295	-	-
Defaulted	12.752.275	926.013	217.871	912.025	217.568	-	-

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

Standard Approach- Exposure to credit risk and credit risk mitigation effects

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	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Exposures to sovereigns and their central banks	872.553.150	2.463.972	945.496.005	1.158.056	5.579.393	0,6%
Exposures to regional and local governments	4.280.148	216.255	3.598.509	161.655	1.838.926	48,9%
Exposures to administrative bodies and non-commercial entities	25.313.511	3.456.948	25.257.447	1.591.818	26.793.194	99,8%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	202.796.491	28.662.938	203.792.302	16.211.344	49.251.956	22,4%
Exposures to corporates	593.111.490	447.876.337	566.814.776	256.064.391	814.232.427	98,9%
Retail exposures	544.472.165	346.519.197	498.958.690	31.523.954	398.764.012	75,2%
Exposures secured by residential property	145.809.034	4.935.943	144.899.966	2.230.996	51.485.140	35,0%
Exposures secured by commercial property	126.010.543	17.773.325	126.010.543	12.673.153	78.601.996	56,7%
Past-due items	3.289.768	-	2.808.062	-	1.970.667	70,2%
Exposures in high-risk categories	125.324.379	751.120	125.324.379	352.573	223.988.356	178,2%
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	22.820.615	145.046	22.820.615	72.335	22.293.100	97,4%
Other exposures	100.667.352	-	100.667.352	-	75.384.257	74,9%
Equity share investments	28.279.367	-	28.279.367	-	12.740.030	45,1%
Total	2.794.728.013	852.801.081	2.794.728.013	322.040.275	1.762.923.454	56,6%

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

Standard Approach- Exposure to credit risk and credit risk mitigation effects (Continued)

Prior 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	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Exposures to sovereigns and their central banks	710.282.705	1.786.581	741.270.918	839.830	3.260.536	0,4%
Exposures to regional and local governments	632.524	208.595	594.032	134.406	324.987	44,6%
Exposures to administrative bodies and non-commercial entities	11.478.284	2.541.026	11.473.249	1.191.066	12.632.228	99,7%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	93.280.224	21.400.805	93.920.617	12.105.809	31.788.249	30,0%
Exposures to corporates	511.794.257	309.790.124	499.889.648	172.837.429	653.580.152	97,2%
Retail exposures	327.632.871	174.352.531	308.787.287	19.154.731	246.481.248	75,2%
Exposures secured by residential property	130.144.913	3.501.063	129.528.720	1.584.055	45.885.053	35,0%
Exposures secured by commercial property	90.655.252	10.967.716	90.655.252	6.670.045	55.653.436	57,2%
Past-due items	2.045.847	-	1.828.284	-	1.142.264	62,5%
Exposures in high-risk categories	95.893.291	294.326	95.893.287	226.984	172.440.743	179,4%
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	26.948.269	146.234	26.947.143	73.072	26.428.914	97,8%
Other exposures	70.417.137	-	70.417.137	-	58.041.041	82,4%
Equity share investments	20.205.048	-	20.205.048	-	9.365.711	46,4%
Total	2.091.410.622	524.989.001	2.091.410.622	214.817.427	1.317.024.562	57,1%

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(Continued)

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

Receivables related with Risk Classes and Risk Weights

Current Period					35%	50%							Total risk amount (Post-CCF and CRM)
Risk Classes/ Risk Weight	0%	10%	20%	25%	Secured by property mortgage	Secured by property mortgage	50% (*)	75%	100%	150%	250%	Other	
Exposures to sovereigns and their central banks	940.171.688	-	510.003	-	-	-	665.295	-	5.141.432	-	-	165.643	946.654.061
Exposures to regional and local government	85.537	-	34	-	-	-	3.671.348	-	3.245	-	-	-	3.760.164
Exposures to administrative bodies and non-commercial entities	55.941	-	163	-	-	-	-	-	26.793.161	-	-	-	26.849.265
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	104.933.796	-	35.337.750	-	-	-	73.263.317	-	5.534.053	-	-	934.730	220.003.646
Exposures to corporates	4.638.912	-	1.484.673	-	-	-	5.640.180	-	811.115.402	-	-	-	822.879.167
Retail exposures	5.408.034	-	500.913	-	-	-	-	503.639.472	20.934.225	-	-	-	530.482.644
Exposures secured by residential property	28.877	-	3.928	-	147.098.157	-	-	-	-	-	-	-	147.130.962
Exposures secured by commercial property	-	-	-	-	-	120.163.400	-	-	18.520.296	-	-	-	138.683.696
Past-due items	381	-	6	-	-	-	1.674.018	-	1.133.657	-	-	-	2.808.062
Exposures in high-risk categories	41.013	-	2.351	-	-	-	161.373	-	480	56.761.113	-	68.710.622	125.676.952
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	599.850	-	-	-	-	-	-	-	22.293.100	-	-	-	22.892.950
Equity share investments	15.539.337	-	-	-	-	-	-	-	12.740.030	-	-	-	28.279.367
Other exposures	25.283.079	-	20	-	-	-	-	-	75.384.253	-	-	-	100.667.352
Total	1.096.786.445	-	37.839.841	-	147.098.157	120.163.400	85.075.531	503.639.472	999.593.334	56.761.113	-	69.810.995	3.116.768.288

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

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

Receivables related with Risk Classes and Risk Weights (Continued)

Prior Period Risk Classes/ Risk Weight	0%	10%	20%	25%	35% Secured by property mortgage	50% Secured by property mortgage	50% (*)	75%	100%	150%	250%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	738.333.787	-	143.674	-	-	-	802.971	-	2.830.316	-	-	-	742.110.748
Exposures to regional and local government	69.172	-	24.081	-	-	-	630.029	-	5.156	-	-	-	728.438
Exposures to administrative bodies and non-commercial entities	31.958	-	161	-	-	-	-	-	12.632.196	-	-	-	12.664.315
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	34.983.602	-	16.557.433	-	-	-	52.008.683	-	2.472.333	-	-	4.375	106.026.426
Exposures to corporates	6.025.124	-	14.700.628	-	-	-	2.722.598	-	649.278.727	-	-	-	672.727.077
Retail exposures	2.777.602	-	462.538	-	-	-	-	313.252.546	11.449.332	-	-	-	327.942.018
Exposures secured by residential property	11.188	-	3.352	-	131.098.235	-	-	-	-	-	-	-	131.112.775
Exposures secured by commercial property	-	-	-	-	-	83.343.721	-	-	13.981.576	-	-	-	97.325.297
Past-due items	224	-	8	-	-	-	1.371.579	-	456.473	-	-	-	1.828.284
Exposures in high-risk categories	69.384	-	2.394	-	-	-	13.417	-	483	39.501.636	-	56.532.957	96.120.271
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	591.301	-	-	-	-	-	-	-	26.428.914	-	-	-	27.020.215
Equity share investments	10.839.337	-	-	-	-	-	-	-	9.365.711	-	-	-	20.205.048
Other exposures	12.374.618	-	1.848	-	-	-	-	-	58.040.671	-	-	-	70.417.137
Total	806.107.297	-	31.896.117	-	131.098.235	83.343.721	57.549.277	313.252.546	786.941.888	39.501.636	-	56.537.332	2.306.228.049

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

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk

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)	-	-			-	-
1	Standardized approach - CCR (for derivatives)	13.940.978	5.908.966		1,4	27.789.921	6.815.397
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)					165.230.515	17.182.958
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)					9.216.100	4.608.050
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						28.606.405

^(*) 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	Standardized approach - CCR (for derivatives)	5.741.834	4.444.698		1,4	14.261.144	4.749.680
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)					94.884.042	16.566.809
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)					4.768.057	1.575.711
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						22.892.200

^(*) Effective Expected Positive Exposure

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk (Continued)

Capital Requirement for Loan Valuation Adjustment

	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 Standardized CVA capital charge	27.789.921	13.707.070
4	Total subject to the CVA capital charge	27.789.921	13.707.070

	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 Standardized CVA capital charge	14.261.144	4.918.117
4	Total subject to the CVA capital charge	14.261.144	4.918.117

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk (Continued)

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⁽¹⁾	
Receivables from central government or central banks	29.796.234	-	-	-	-	-	-	165.643	29.961.877	
Receivables from regional or local governments	1.576	-	-	4	-	-	-	-	1.580	
Receivables from administrative units and non-commercial enterprises	18.034	-	-	-	-	57	-	-	18.091	
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	
Receivables from international organizations	-	-	-	-	-	-	-	-	-	
Receivables from banks and intermediary institutions	102.321.595	-	28.703.546	37.013.015	-	1.389.868	-	934.730	170.362.754	
Corporate receivables	4.043	-	-	-	-	2.969.215	-	-	2.973.258	
Retail receivables	19.287	-	-	-	62	-	-	-	19.349	
Other receivables ⁽²⁾	-	-	-	-	-	-	-	-	-	
Total	132.160.769	-	28.703.546	37.013.019	62	4.359.140	-	1.100.373	203.336.909	

⁽¹⁾ Total credit risk: The amount related to the capital adequacy calculation after applying the counterparty credit risk measurement techniques.

⁽²⁾ Other assets: Includes amounts not included in the counterparty credit risk reported in the table of risks to the central counterparty.

Prior Period									
Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure⁽¹⁾
Receivables from central government or central banks	22.201.004	-	-	-	-	-	-	-	22.201.004
Receivables from regional or local governments	1.460	-	-	2	-	-	-	-	1.462
Receivables from administrative units and non-commercial enterprises	7.902	-	-	-	-	12	-	-	7.914
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions	26.670.860	-	15.477.561	30.516.317	-	146.864	-	4.375	72.815.977
Corporate receivables	3.281.395	-	13.954.511	-	-	1.596.981	-	-	18.832.887
Retail receivables	53.349	-	-	-	5.026	-	-	-	58.375
Other receivables ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	52.215.970	-	29.432.072	30.516.319	5.026	1.743.857	-	4.375	113.917.619

⁽¹⁾ Total credit risk: The amount related to the capital adequacy calculation after applying the counterparty credit risk measurement techniques.

⁽²⁾ Other assets: Includes amounts not included in the counterparty credit risk reported in the table of risks to the central counterparty.

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk (Continued)

Collaterals used for counterparty credit risk

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	-	60.760.179	-
Cash-foreign currency	-	-	-	-	71.668.787	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	132.428.966	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	-	594.600	-
Cash-foreign currency	-	-	-	-	45.646.010	-
Domestic sovereign debts	-	-	-	-	5.002.809	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	51.243.419	-

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk (Continued)

Credit Derivatives

None. (31 December 2022: None).

Risks Related with Central Counterparties

	Current Period	Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)	1.789.741	35.795
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	3.287	66
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	1.097.086	21.942
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	689.368	13.787
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	-	-

	Prior Period	Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)	580.186	11.604
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	4.375	88
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	-	-
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	575.811	11.516
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 RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

4. Explanations on Market Risk

Structure and scope of Risk Reporting and/or measurement systems

<i>Standard approach</i>		RWA	
		Current Period	Prior Period
Outright products			
1	Interest rate risk (general and specific)	110.013.756	87.407.220
2	Equity risk (general and specific)	22.803.784	10.808.152
3	Foreign exchange risk	32.411.991	4.123.072
4	Commodity risk	-	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	Total	165.229.531	102.338.444

The following tables that should be given in quarterly and six-month periods in accordance with the footnotes and related explanations prepared in accordance with the “Communiqué on Public Disclosures by the Banks” published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 31 March 2016. As of 30 June 2022, since the standard approach is used in the calculation of the market risk of the Bank:

Market risk RWA (Risk Weighted Assets) change table according to the internal model approach

Internal model approach for trading account

Comparison of VAR (Value at Risk) estimates with profit / loss

VIII. EXPLANATION ON HEDGE ACCOUNTING

Along with the hedging accounting, it is aimed to protect the capital amounts allocated to foreign partnerships in the unconsolidated financial statements of the Bank from the effects of exchange rate risk arising from changes in foreign exchange rates. Within the scope of fair value hedge accounting, the fair value changes of the hedging instrument are recognized in the income statement together with the fair value changes of the hedged item.

The efficiency test is performed using the “Amount balancing method” (“Dollar off-set method”) to compare the changes in fair value of the hedging instrument and the item subject to financial risk hedging. Efficiency tests are performed at the beginning of hedge accounting and as of reporting periods. According to this method, the change in the value of the hedged item between the date when the hedging relationship started, and the end of each reporting period is compared with the value change in the hedging instrument and the effectiveness ratio of the hedging relationship is calculated.

Hedge accounting is terminated when the hedging instrument expires, realizes, is sold or the effectiveness test is ineffective. If efficiency is restored, hedge accounting can be resumed.

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items	Ineffective Portion
FC Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(6.581.753)	6.581.753	-

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

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 commercial 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 commercial 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 Türkiye, 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 and International Banking 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 so as to diversify its funding base are among the responsibilities of the department.

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(Continued)

IX. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

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 30 June 2023, 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”.

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Commercial Banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	17.533.582	39.894.345	19.104.561	55.017.078	392.367	131.941.933
Interest Expenses	40.315.171	32.141.620	-	15.365.805	8.426.742	96.249.338
Net Interest Income/Expense	(22.781.589)	7.752.725	19.104.561	39.651.273	(8.034.375)	35.692.595
Net Fees and Commission Income/Expense	8.443.270	4.680.159	726.131	(2.606.856)	962.183	12.204.887
Dividend Income	-	-	-	13.286	-	13.286
Trading Profit / Loss (Net)	-	-	-	20.092.707	-	20.092.707
Other Operating Income	48.080	1.303.083	85.760	10.592	23.844.831	25.292.346
Provision for Expected Loss (-)	2.150.617	7.783.684	2.790.864	1.424.991	54.562	14.204.718
Other Expenses	9.001.201	236.706	500.551	-	39.970.119	49.708.577
Net Operating Profit / Loss	(25.442.057)	5.715.577	16.625.037	55.736.011	(23.252.042)	29.382.526
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(3.640.977)	(3.640.977)
Net Profit / Loss	(25.442.057)	5.715.577	16.625.037	55.736.011	(26.893.019)	25.741.549
SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	51.922.019	-	51.922.019
Banks and Receivables from Money Markets	-	-	-	34.066.008	-	34.066.008
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	482.527.043	-	482.527.043
Loans	288.273.507	894.804.171	376.702.450	121.125.615	-	1.680.905.743
Financial Assets Measured at Amortized Cost (Net)	-	-	-	281.820.609	-	281.820.609
Derivative Financial Assets	-	-	-	20.947.036	-	20.947.036
Associates, Subsidiaries and Entities under Common Control	-	-	-	47.510.621	-	47.510.621
Other Assets	11.329	5.044.074	101.185	306.418.878	108.119.838	419.695.304
Total Segment Assets	288.284.836	899.848.245	376.803.635	1.346.337.829	108.119.838	3.019.394.383
SEGMENT LIABILITIES						
Deposits	1.460.153.363	484.061.075	-	129.352.430	135.817.985	2.209.384.853
Derivative Financial Liabilities Held for Trading	-	-	-	5.855.180	-	5.855.180
Funds Borrowed	-	-	-	139.967.523	-	139.967.523
Money Markets Borrowing	16.139	61.787.599	-	138.126.957	-	199.930.695
Securities Issued (Net)	-	-	-	50.803.555	-	50.803.555
Provisions	-	10.547.904	-	-	28.219.137	38.767.041
Other Liabilities	-	-	-	-	116.938.774	116.938.774
Shareholders' Equity	-	-	-	-	257.746.762	257.746.762
Total Segment Liabilities	1.460.169.502	556.396.578	-	464.105.645	538.722.658	3.019.394.383

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

IX. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

	Retail Banking	Corporate/ Commercial Banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
Prior Period						
OPERATING INCOME/EXPENSE						
Interest Income	11.728.519	24.541.994	9.709.539	39.509.956	226.300	85.716.308
Interest Expenses	16.315.846	9.944.473	-	11.274.632	1.292.839	38.827.790
Net Interest Income/Expense	(4.587.327)	14.597.521	9.709.539	28.235.324	(1.066.539)	46.888.518
Net Fees and Commission Income/Expense	3.795.829	2.679.670	196.578	(2.024.082)	714.394	5.362.389
Dividend Income	-	-	-	246.209	-	246.209
Trading Profit / Loss (Net)	-	-	-	(168.318)	-	(168.318)
Other Operating Income	26.894	641.828	52.719	4.035	3.127.899	3.853.375
Provision for Expected Loss (-)	1.443.628	4.968.198	1.156.060	4.352.626	10.028.047	21.948.559
Other Expenses	2.421.978	97.841	112.692	-	7.661.618	10.294.129
Net Operating Profit / Loss	(4.630.210)	12.852.980	8.690.084	21.940.542	(14.913.911)	23.939.485
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(7.760.727)	(7.760.727)
Net Profit / Loss	(4.630.210)	12.852.980	8.690.084	21.940.542	(22.674.638)	16.178.758
SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	33.294.879	-	33.294.879
Banks and Receivables from Money Markets	-	-	-	16.849.931	-	16.849.931
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	395.673.165	-	395.673.165
Loans	214.070.201	677.988.885	243.390.998	82.945.129	-	1.218.395.213
Financial Assets Measured at Amortized Cost (Net)	-	-	-	159.329.978	-	159.329.978
Derivative Financial Assets	-	-	-	8.876.687	-	8.876.687
Associates, Subsidiaries and Entities under Common Control	-	-	-	43.204.766	-	43.204.766
Other Assets	12.446	4.980.515	98.632	361.012.143	69.936.669	436.040.405
Total Segment Assets	214.082.647	682.969.400	243.489.630	1.101.186.678	69.936.669	2.311.665.024
SEGMENT LIABILITIES						
Deposits	1.106.633.965	461.324.145	-	78.449.260	92.861.490	1.739.268.860
Derivative Financial Liabilities Held for Trading	-	-	-	3.156.119	-	3.156.119
Funds Borrowed	-	-	-	110.206.072	-	110.206.072
Money Markets Borrowing	38.795	20.986.065	-	64.037.829	-	85.062.689
Securities Issued (Net)	-	-	-	27.767.979	-	27.767.979
Provisions	-	9.108.014	-	-	39.630.754	48.738.768
Other Liabilities	-	-	-	-	94.984.674	94.984.674
Shareholders' Equity	-	-	-	-	202.479.863	202.479.863
Total Segment Liabilities	1.106.672.760	491.418.224	-	283.617.259	429.956.781	2.311.665.024

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Türkiye (the “CBRT”)

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	7.148.321	24.459.053	4.720.221	10.141.295
Central Bank of the Republic of Türkiye	31.311.018	273.743.504	23.524.801	335.746.356
Other	-	809.785	-	265.670
Total	38.459.339	299.012.342	28.245.022	346.153.321

Explanation on reserve requirements

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

Banks are required to maintain reserves with Central Bank of the Republic of Türkiye for their TL and FC liabilities that are specified in the aforementioned Communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the “Communiqué on Required Reserves” at the Central Bank of the Republic of Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 0% and 8% for Turkish Lira deposits and other liabilities, and between 5% and 26% for foreign currency deposits and other liabilities.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS(Continued)

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Türkiye (the “CBRT”) (Continued)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	31.012.328	60.521.036	23.328.884	42.424.961
Unrestricted Time Deposit	-	3.847.035	-	102.841.750
Restricted Time Deposit	-	-	-	-
Other ⁽¹⁾	298.690	209.375.433	195.917	190.479.645
Total	31.311.018	273.743.504	23.524.801	335.746.356

⁽¹⁾ Includes required reserves and CBRT restricted electronic money funds amounting to TL 41.457 required reserve of branches abroad amounting to TL 1.181.163 is presented in this line. TL 6.602.523 of the current period’s FC required reserve is the part of the required reserves that are held in FC (31 December 2022: Includes required reserves and CBRT restricted electronic money funds amounting to TL 17.157 required reserve of branches abroad amounting to TL 656.479 is presented in this line. TL 7.425.368 of the current period’s FC required reserve is the part of the 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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	40.492.302	27.890.664
Total	40.492.302	27.890.664

3. Positive Differences Statement Regarding Trading Derivative Financial Asset

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.738.486	13.289	155.217	1.318
Swap Transactions	14.087.053	4.871.991	3.089.376	5.539.380
Futures Transactions	-	-	276	-
Options	8.535	227.682	8.535	82.585
Other	-	-	-	-
Total	15.834.074	5.112.962	3.253.404	5.623.283

4. Information on Bank Account and Foreign Banks

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	-	1.785.690	-	140.059
Foreign Banks	352.081	31.499.832	505.686	10.825.687
Foreign Head Office and Branches	-	-	-	-
Total	352.081	33.285.522	505.686	10.965.746

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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	121.272.987	83.133.879
Assets Blocked/Given as Collateral	290.133.821	101.454.331
Total	411.406.808	184.588.210

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

	Current Period	Prior Period
Debt Securities	508.036.907	413.036.166
Quoted in Stock Exchange	506.999.568	412.230.503
Not Quoted in Stock Exchange	1.037.339	805.663
Share Certificates	1.161.656	1.030.428
Quoted in Stock Exchange	2.499	3.127
Not Quoted in Stock Exchange	1.159.157	1.027.301
Provision for Impairment (-)	26.671.520	18.393.429
Total	482.527.043	395.673.165

7. Explanations 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	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Granted loans to Legal Entity partners	-	-	-	-
Granted loans to Individual partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	2.827.721	-	1.476.723	-
Total	2.827.721	-	1.476.723	-

(1) Interest rediscount and interest accrual amounting TL 24.006, are not included in the table above (31 December 2022: Interest rediscount and interest accrual amounting TL 12.850 are not included).

(2) Since the balance of overdraft accounts related to employees amounting TL 66.697, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December 2022: Since the balance of overdraft accounts related to employees amounting TL 44.832, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

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

Current Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
Cash Loans				
Non-Specialized Loans	1.213.166.304	18.222.470	3.341.170	79.382.649
Commercial Loans	735.278.883	14.072.687	3.235.027	79.295.588
Export Loans	100.708.337	223.691	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	20.193.586	-	-	-
Consumer Loans	206.715.384	2.064.843	106.143	82.919
Credit Cards	150.038.937	1.854.826	-	4.142
Other	231.177	6.423	-	-
Specialized Lending ⁽¹⁾	356.439.688	2.553.949	38.515	668.682
Other Receivables	-	-	-	-
Interest Income Accruals	37.159.247	585.444	202.872	3.391.622
Total	1.606.765.239	21.361.863	3.582.557	83.442.953

⁽¹⁾ Agricultural loans to support farmers are shown in specialized loans.

Prior Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
Cash Loans				
Non-Specialized Loans	913.250.392	11.492.774	2.975.409	66.134.223
Commercial Loans	581.587.522	7.459.699	2.829.454	66.057.451
Export Loans	66.637.634	551.710	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	15.755.785	-	-	-
Consumer Loans	177.044.650	2.395.648	145.955	75.924
Credit Cards	71.697.802	1.082.951	-	848
Other	526.999	2.766	-	-
Specialized Lending ⁽¹⁾	228.426.244	2.147.318	36.231	873.521
Other Receivables	-	-	-	-
Interest Income Accruals	24.341.159	357.784	65.246	2.549.658
Total	1.166.017.795	13.997.876	3.076.886	69.557.402

⁽¹⁾ Agricultural loans to support farmers are shown in specialized loans.

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	8.835.688	-	7.710.927	-
Significant Increase in Credit Risk	-	28.852.255	-	28.625.013

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

7.3. Information on Consumer Loans, Retail Credit Cards and Personnel Loans and Personnel Credit Card

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	6.965.751	195.321.647	202.287.398
Mortgage Loans	8.930	116.549.942	116.558.872
Automotive Loans	336.825	11.298.570	11.635.395
Consumer Loans	6.619.996	67.473.135	74.093.131
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	5.091	247.174	252.265
Mortgage Loans	-	19.987	19.987
Automotive Loans	-	-	-
Consumer Loans	5.091	227.187	232.278
Other	-	-	-
Retail Credit Cards-TL	74.718.329	1.144.525	75.862.854
With Installment	36.452.682	1.006.413	37.459.095
Without Installment	38.265.647	138.112	38.403.759
Retail Credit Cards-FC	7.423	-	7.423
With Installment	-	-	-
Without Installment	7.423	-	7.423
Personnel Loans-TL	341.916	1.540.739	1.882.655
Mortgage Loans	-	232	232
Automotive Loans	-	-	-
Consumer Loans	341.916	1.540.507	1.882.423
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	928.327	16.470	944.797
With Installment	486.715	16.470	503.185
Without Installment	441.612	-	441.612
Personnel Credit Cards-FC	269	-	269
With Installment	-	-	-
Without Installment	269	-	269
Overdraft Accounts-TL (Real Person)	4.546.971	-	4.546.971
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	87.514.077	198.270.555	285.784.632

⁽¹⁾TL 3.392.095 amounting of interest income rediscount and accrual is not included.

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(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

7.3. Information on Consumer Loans, Retail Credit Cards and Personnel Loans and Personnel Credit Card (Continued)

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	3.292.146	172.758.145	176.050.291
Mortgage Loans	18.499	112.301.081	112.319.580
Automotive Loans	96.909	7.747.143	7.844.052
Consumer Loans	3.176.738	52.709.921	55.886.659
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	3.184	162.020	165.204
Mortgage Loans	-	14.485	14.485
Automotive Loans	-	-	-
Consumer Loans	3.184	147.535	150.719
Other	-	-	-
Retail Credit Cards-TL	31.231.156	442.363	31.673.519
With Installment	11.907.800	390.426	12.298.226
Without Installment	19.323.356	51.937	19.375.293
Retail Credit Cards-FC	4.285	-	4.285
With Installment	-	-	-
Without Installment	4.285	-	4.285
Personnel Loans-TL	54.329	850.107	904.436
Mortgage Loans	-	242	242
Automotive Loans	-	-	-
Consumer Loans	54.329	849.865	904.194
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	562.180	9.753	571.933
With Installment	228.405	9.753	238.158
Without Installment	333.775	-	333.775
Personnel Credit Cards-FC	354	-	354
With Installment	-	-	-
Without Installment	354	-	354
Overdraft Accounts-TL (Real Person)	2.542.246	-	2.542.246
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	37.689.880	174.222.388	211.912.268

⁽¹⁾ TL 1.852.609 amounting of interest income rediscount and accrual is not included.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

7.4. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	2.444.790	97.934.227	100.379.017
Mortgage Loans	851	1.068.651	1.069.502
Automotive Loans	98.945	2.492.606	2.591.551
Consumer Loans	2.344.994	94.372.970	96.717.964
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans - FC	217.636	115.892.441	116.110.077
Mortgage Loans	-	4.655	4.655
Automotive Loans	-	5.742	5.742
Consumer Loans	217.636	115.882.044	116.099.680
Other	-	-	-
Corporate Credit Cards-TL	64.761.492	10.317.891	75.079.383
With Installment	33.394.358	10.317.888	43.712.246
Without Installment	31.367.134	3	31.367.137
Corporate Credit Cards-FC	3.179	-	3.179
With Installment	-	-	-
Without Installment	3.179	-	3.179
Overdraft Account-TL (Legal Entity)	8.903.640	-	8.903.640
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	76.330.737	224.144.559	300.475.296

⁽¹⁾ Accrual and rediscount amounts related to loans are not included in the table.

Prior Period	Short - Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	4.083.052	67.901.923	71.984.975
Mortgage Loans	9.650	1.122.055	1.131.705
Automotive Loans	143.109	3.135.466	3.278.575
Consumer Loans	3.930.293	63.644.402	67.574.695
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans - FC	77.099	88.332.897	88.409.996
Mortgage Loans	-	5.108	5.108
Automotive Loan	-	2.842	2.842
Consumer Loans	77.099	88.324.947	88.402.046
Other	-	-	-
Corporate Credit Cards-TL	38.094.333	2.434.194	40.528.527
With Installment	18.027.575	2.431.070	20.458.645
Without Installment	20.066.758	3.124	20.069.882
Corporate Credit Cards-FC	2.983	-	2.983
With Installment	-	-	-
Without Installment	2.983	-	2.983
Overdraft Account-TL (Legal Entity)	3.939.794	-	3.939.794
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	46.197.261	158.669.014	204.866.275

⁽¹⁾ Accrual and rediscount amounts related to loans are not included in the table.

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(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

7.5. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	1.657.985.509	1.214.493.519
Foreign Loans	15.827.918	10.842.593
Interest Income Accruals of Loans	41.339.185	27.313.847
Total	1.715.152.612	1.252.649.959

7.6. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	7.557.744	5.664.719
Indirect loans granted to subsidiaries and associates	-	-
Total	7.557.744	5.664.719

7.7. Credit-Impaired Losses (Stage III)

	Current Period	Prior Period
Loans and other receivables with limited collectability	1.185.638	748.202
Loans and other receivables with doubtful collectability	938.517	525.534
Uncollectible loans and other receivables	10.363.558	10.345.961
Total	12.487.713	11.619.697

7.8. Information on Non-performing Loans (Net)

7.8.1. Information on Non-performing Loans Restructured or Rescheduled and other Receivables

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period			
Gross amounts before the provisions	39.310	92.277	847.025
Restructured loans	39.310	92.277	847.025
Prior Period			
Gross amounts before the provisions	39.880	150.689	1.266.024
Restructured loans	39.880	150.689	1.266.024

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

7.8. Information on Non-performing Loans (net) (Continued)

7.8.2. Information on the Movement of Total Non-performing Loans

	Group III	Group IV	Group V
	Loans with Limited Collectibility	Loans with Doubtful Collectibility	Uncollectible Loans
Prior Period Ending Balance	1.042.398	1.029.387	11.629.106
Additions (+)	3.858.159	90.029	727.586
Transfers from Other Categories of Loans under Follow-Up (+)	-	1.409.290	813.208
Transfers to Other Categories of Loans under Follow-Up (-)	1.409.290	813.208	-
Collections (-) ⁽¹⁾	445.748	298.540	1.703.590
Write-offs (-)	-	-	-
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	3.045.519	1.416.958	11.466.310
Provision (-)	1.185.638	938.517	10.363.558
Net Balance on Balance Sheet	1.859.881	478.441	1.102.752

⁽¹⁾ Includes transfers to first and second group loans amounting to TL 485.027

7.8.3. Information on Non-performing Loans Granted as Foreign Currency Loans

	Group III	Group IV	Group V
	Loans with Limited Collectibility	Loans with Doubtful Collectibility	Uncollectible Loans
Current Period:			
Period Ending Balance	2.416.849	279.606	2.706.364
Provision (-)	970.512	135.105	2.647.744
Net Balance on Balance Sheet	1.446.337	144.501	58.620
Prior Period:			
Period Ending Balance	92.929	147.575	2.566.709
Provision (-)	92.721	80.440	2.536.973
Net Balance on Balance Sheet	208	67.135	29.736

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(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

7.8. Information on Non-performing Loans (net) (Continued)

7.8.4. Breakdown of Non-performing Loans According to Their Gross and Net Values

	Group III	Group IV	Group V
	Loans with Limited Collectibility	Loans with Doubtful Collectibility	Uncollectible Loans
Current Period (Net)	1.859.881	478.441	1.102.752
Loans to Real Persons and Legal Entities (Gross)	3.045.519	1.416.958	11.292.796
Provisions (-)	1.185.638	938.517	10.190.044
Loans to Real Persons and Legal Entities (Net)	1.859.881	478.441	1.102.752
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	173.514
Provisions (-)	-	-	173.514
Other Loans (Net)	-	-	-
Prior Period (Net)	294.196	503.853	1.283.145
Loans to Real Persons and Legal Entities (Gross)	1.042.398	1.029.387	11.468.806
Provisions (-)	748.202	525.534	10.185.661
Loans to Real Persons and Legal Entities (Net)	294.196	503.853	1.283.145
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	160.300
Provisions (-)	-	-	160.300
Other Loans (Net)	-	-	-

7.8.5. Information on Interest Accruals, Rediscount and Valuation Effect and Their Provisions Calculated for Non-Performing Loans Banks which Provide Expected Credit Loss According to TFRS 9

	Group III	Group IV	Group V
	Loans with Limited Collectibility	Loans with Doubtful Collectibility	Uncollectible Loans
Current Period (Net)	79.826	32.346	89.233
Interest Accruals and Valuation Differences	138.763	67.943	476.138
Provisions (-)	58.937	35.597	386.905
Prior Period (Net)	12.600	16.719	51.738
Interest Accruals and Valuation Differences	63.027	41.547	610.448
Provisions (-)	50.427	24.828	558.710

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Other Financial Assets Measured at Amortized Cost

8.1. Information on Financial Assets Subject to Repurchase Agreements and those Given as Collateral/Blocked

Financial Assets Measured at Amortized Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	29.308.209	8.129.192	16.898.737	5.705.067
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	29.308.209	8.129.192	16.898.737	5.705.067

Financial Assets Measured at Amortized Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	1.107.792	-
Bonds and Similar Investment Securities	167.866.319	53.257.460	57.126.063	36.259.758
Other	-	-	-	-
Total	167.866.319	53.257.460	58.233.855	36.259.758

8.2. Information on Government Debt Securities at Amortized Cost

	Current Period	Prior Period
Government Bonds	275.749.689	152.996.336
Treasury Bills	-	1.107.792
Other Public Sector Debt Securities	1.495.050	1.068.417
Total	277.244.739	155.172.545

8.3. Information on Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Debt securities	281.858.660	159.351.477
Quoted at Stock Exchange	277.244.739	155.172.545
Unquoted at Stock Exchange	4.613.921	4.178.932
Provision for Impairment (-)	-	-
Total	281.858.660	159.351.477

8.4. The Movements of Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Beginning Balance	159.351.477	44.583.816
Foreign Currency Differences on Monetary Assets	15.065.353	10.860.407
Purchases During the Year ⁽¹⁾	116.993.677	105.683.154
Disposals through Sales and Redemptions	(9.551.847)	(1.775.900)
Provision for Impairment (-)	-	-
Period End Balance	281.858.660	159.351.477

⁽¹⁾ Rediscounts are shown in “Purchases During the Year”.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

9. Information on Investments in Associates (Net)

9.1. Information about Investment in Associates

	Description	Address (City/ Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	İstanbul/Türkiye	15,43	15,43
2	Birleşim Varlık Yönetim A.Ş. ⁽³⁾	İstanbul/Türkiye	16,00	16,00
3	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	İstanbul/Türkiye	33,34	33,34

	Total Assets ⁽¹⁾	Shareholders' Equity ⁽¹⁾	Total Non- Current Assets ⁽¹⁾⁽²⁾	Interest Income ⁽¹⁾	Income from Marketable Securities ⁽¹⁾	Current Period Profit / Loss ⁽¹⁾	Prior Period Profit / Loss ⁽¹⁾	Fair Value
1	12.880.716	1.812.674	563.778	174.901	165.871	42.278	111.064	-
2	848.613	720.581	28.169	159.461	-	65.935	-	-
3	466.444	324.110	157.891	24.307	-	(10.060)	4.804	-

(1) The current period financial statement information of the associates is obtained from the unaudited financial statements dated 30 June 2023, and the profit/loss figures for the previous period are obtained from the reviewed financial statements dated 30 June 2022.

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

(3) Necessary permissions have been obtained from the BRSA regarding the purchase by the Bank of 12.000 000 Group B Shares, 16% owned by the Savings Deposit Insurance Fund (TMSF), in the capital of Birleşim Varlık Yönetim A.Ş., with all its rights and obligations in return for TL 119.285 share purchase transactions were completed on 1 March 2023.

9.2. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	88.846	88.846
Movement During the Period	119.285	-
Additions	119.285	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Transfer (-)	-	-
Sales	-	-
Revaluation Increase	-	-
Revaluation/Impairment	-	-
Balance at the End of the Period	208.131	88.846
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) The total of our non-financial subsidiaries is TL 128.021 (31.12.2022: TL 128.021).

9.3. Sectoral Information on Financial Associates and the Related Carrying Amounts

	Current Period	Prior Period
Banks	88.846	88.846
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	119.285	-

9.4. Subsidiaries Quoted to the Stock Exchange

None (31 December 2022: None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

10. Information on Subsidiaries (Net)

10.1. Information on Subsidiaries

Financial subsidiaries are followed in the unconsolidated financial statements at fair value within the scope of "Separate Financial Statements Türkiye Accounting Standard 27 (TAS 27)" in accordance with IFRS 9 Financial Instruments. Fair values were determined with the valuation reports prepared for these partnerships and were accounted under equity as of the valuation date.

	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 / Türkiye	99,60	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul / Türkiye	74,90	99,80
3	Ziraat Katılım Bankası A.Ş.	İstanbul / Türkiye	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul / Türkiye	81,06	81,06
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul / Türkiye	100,00	100,00
6	Ziraat Dinamik Banka A.Ş.	İstanbul / Türkiye	100,00	100,00
7	Ziraat Teknoloji A.Ş.	İstanbul / Türkiye	100,00	100,00
8	Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş.	İstanbul / Türkiye	100,00	100,00
9	Ziraat Bank International A.G.	Frankfurt / Almanya	100,00	100,00
10	Ziraat Bank BH d.d.	Saraybosna / Bosna Hersek	100,00	100,00
11	Ziraat Bank (Moscow) JSC	Moskova / Rusya	99,91	100,00
12	Kazakhstan Ziraat Int. Bank	Almati / Kazakistan	99,92	99,92
13	Ziraat Bank Azerbaycan ASC	Bakü / Azerbaycan	99,98	100,00
14	Ziraat Bank Montenegro AD	Podgoritsa / Karadağ	100,00	100,00
15	JSC Ziraat Bank Georgia	Tiflis / Gürcistan	100,00	100,00
16	Ziraat Bank Uzbekistan JSC	Taşkent / Özbekistan	100,00	100,00

*The Bank's Subsidiary, Ziraat Dinamik Banka A.Ş., was established with the permission of the BRSA dated March 23, 2023 and numbered 10542 and was registered on April 18, 2023, and has not started operations yet as of the end of the period.

	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	3.479.474	1.915.747	13.615	457.182	-	667.009	190.214	2.019.128	-
2	653.472	533.151	15.480	28	-	161.669	48.880	392.794	-
3	305.818.102	15.712.690	1.723.866	14.855.460	2.619.406	1.158.594	2.111.581	13.520.209	-
4	22.301.281	19.833.148	20.320.913	17.357	-	279.340	159.690	16.290.948	-
5	2.552.583	2.550.788	728	79.993	-	84.848	19.466	2.546.822	-
6	2.500.000	2.500.000	-	-	-	-	-	2.500.000	-
7	411.902	31.493	38.154	2.103	-	(26.781)	8.884	84.959	-
8	53.641	50.000	3.180	2.800	-	1.585	-	50.000	-
9	28.988.833	8.967.699	1.219.632	446.858	4.559	253.455	(204.770)	3.460.339	-
10	19.422.475	2.685.277	159.573	197.064	-	56.043	28.140	1.030.053	-
11	3.130.733	1.434.653	55.051	99.416	679	87.749	48.294	785.393	-
12	10.770.767	3.813.782	720.405	327.363	1.353	341.669	(152.734)	1.847.545	-
13	10.096.093	1.568.274	353.764	175.443	8.520	35.049	3.786	412.793	-
14	2.574.290	476.657	19.446	29.546	6.902	6.092	(1.366)	334.164	-
15	2.026.479	705.669	59.962	51.239	1.230	41.549	14.815	282.825	-
16	5.776.597	966.870	108.623	103.806	5.232	15.111	49.034	446.260	-

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

(2) The current period financial statement information of the subsidiaries is taken from the unaudited financial statements dated 30 June 2023, and the profit/loss figures for the previous period are taken from the reviewed financial statements dated 30 June 2022.

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(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

10. Information on Subsidiaries (Net) (Continued)

10.1. Information on Subsidiaries (Continued)

	Current Period	Prior Period
Balance at the Beginning of the Period	41.946.035	20.558.487
Movements During the Period	3.923.237	21.387.548
Additions to Scope of Consolidation	-	-
Purchases	7.415.682	3.249.300
Bonus Shares Obtained	-	86.121
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽¹⁾	3.115.728	22.601.876
Impairment Provision (-)	6.608.173	4.549.749
Transfer (-)	-	-
Balance at the End of the Period ⁽²⁾	45.869.272	41.946.035
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate

⁽²⁾ Non-financial subsidiaries amounting to TL 134.959 are not included in the table (31 December 2022: Non-financial subsidiaries amounting to TL 134.959 are not included in the table).

10.2. Sectoral Information on Financial Subsidiaries and the Related Carrying Amounts

	Current Period	Prior Period
Banks	24.619.579	15.826.908
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	21.249.693	26.119.127

10.3. Subsidiaries Quoted to the Stock Exchange

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	16.290.948	21.486.762
Quoted at International Stock Exchanges	-	-

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

Investments on entities under common control are monitored at fair value in the unconsolidated financial statements within the scope of "Separate Financial Statements Türkiye Accounting Standard 27 (TAS 27)" according to TFRS 9 Financial Instruments Standard. The fair values were determined with the valuation reports prepared for these joint ventures and were accounted under equity as of the valuation date.

Entities under Common Control (Joint Ventures) ⁽¹⁾	Bank's Share (%)	Bank's Risk Group Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	15.750.601	94.214	14.249	422.718	204.847

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 30 June 2023.

12. Information on Lease Receivables

The Bank has no financial lease receivables.

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(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

13. Information on Derivative Financial Assets for Hedging Purposes

The Bank has no hedging derivative financial assets.

14. Information on the Investment Property

None.

15. Information on Non-Currents Assets or Disposal Groups "Held for Sale" and "From Discontinued 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 total of the partnership interests of the Bank due to its receivables is TL 38.948 (31 December 2022: TL 415.578). To be TL 11.329 (31 December 2022: TL 12.446) due to the individual receivables of the Bank, TL 5.044.074 (31 December 2022: TL 4.980.515) due to its trade receivables, TL 101.185 (31 December 2022: TL 98.632) due to its agricultural receivables. The total of the real estates acquired for the purpose of sale is TL 5.156.588 (31 December 2022: TL 5.091.593) and the total of other real estates held for sale is TL 1.325.408 (31 December 2022: TL 1.325.408). In addition, the total of the movables acquired due to its receivables is TL 20.689 (31 December 2022: TL 21.287). The net book value of the Bank's assets held for sale acquired through fiduciary rights is TL.2.355.903 (31 December 2022: TL 2.310.546).

16. Explanations on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	14.703.225	1.269.012	2.723.217	386.799	278.024	-	19.360.277
Accumulated Depreciation (-)	892.951	142.228	1.655.007	179.199	267.755	-	3.137.140
Impairment (-)	78	-	-	-	-	-	78
Net Book Value	13.810.196	1.126.784	1.068.210	207.600	10.269	-	16.223.059
Current Period End							
Net Book Value at the Beginning of the Period	13.810.196	1.126.784	1.068.210	207.600	10.269	-	16.223.059
Change During the Period (Net)	(270.610)	1.780.117	688.986	199.427	1.386	-	2.399.306
- Cost	(165.043)	1.892.190	992.525	217.089	12.587	-	2.949.348
- Revaluation Differences	-	-	-	-	-	-	-
- Depreciation Net (-)	105.567	112.073	303.539	17.662	11.201	-	550.042
- Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-	-
Cost at Period End	14.538.182	3.161.202	3.715.742	603.888	290.611	-	22.309.625
Accumulated Depreciation at Period End (-)	998.518	254.301	1.958.546	196.861	278.956	-	3.687.182
Impairment (-)	78	-	-	-	-	-	78
Closing Net Book Value	13.539.586	2.906.901	1.757.196	407.027	11.655	-	18.622.365

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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 assets, expenses arising from the construction for tangible assets, commitments given for the purchases of tangible assets

None.

19. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	3.472	3.958
Banks and Receivables from Money Markets	2.418	1.783
Financial Assets Measured at Amortized Cost	38.051	21.499
Other assets	249.417	76.006
Total	293.358	103.246

20. Explanation on Deferred Tax Asset

The Bank calculates and reflects deferred tax in accordance with the provisions of “Turkish Accounting Standard for Income Taxes” (“TAS 12”) for taxable temporary differences that arise between the book value of an asset or liability and its tax basis determined in accordance with the tax legislation. In the calculation of deferred tax, enacted tax rates valid as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly probable to benefit from these differences by earning taxable profit in the future. Calculated deferred tax receivables and deferred tax liabilities are shown in the financial statements by netting.

As of 30 June 2023, deferred tax asset is TL 2.588.288. (31 December 2022: None).

21. Information on Other Assets

As of 30 June 2023, and 31 December 2022, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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(Continued)

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	178.738.246	-	16.074.996	120.049.067	266.465.814	12.645.442	33.700.215	139.210	627.812.990
Foreign Currency Deposits	388.272.464	-	154.997.397	144.246.178	41.876.514	24.991.106	77.937.709	19.005	832.340.373
Residents in Türkiye	287.596.815	-	150.524.678	110.711.240	25.789.341	8.746.153	24.930.568	14.655	608.313.450
Residents on Abroad.	100.675.649	-	4.472.719	33.534.938	16.087.173	16.244.953	53.007.141	4.350	224.026.923
Public Sector Deposits	26.002.321	-	101.143.907	16.917.327	897.433	56.942	7.097	-	145.025.027
Commercial Inst. Deposits	64.585.242	-	95.039.703	47.967.691	60.474.917	9.774.370	11.764.334	-	289.606.257
Other Inst. Deposits	8.615.941	-	10.583.369	26.720.404	2.966.761	193.782	349.534	-	49.429.791
Precious Metals Deposit	117.411.159	-	2.714.020	12.685.864	1.678.401	568.415	760.126	-	135.817.985
Interbank Deposits	5.205.360	-	87.940.566	10.200.037	5.162.351	20.805.306	38.810	-	129.352.430
The CBRT	622.074	-	-	-	-	-	-	-	622.074
Domestic Banks	704.975	-	80.369.408	-	-	-	-	-	81.074.383
Foreign Banks	2.809.838	-	480.566	10.200.037	5.162.351	20.805.306	38.810	-	39.496.908
Participation Banks	1.068.473	-	7.090.592	-	-	-	-	-	8.159.065
Other	-	-	-	-	-	-	-	-	-
Total^(*)	788.830.733	-	468.493.958	378.786.568	379.522.191	69.035.363	124.557.825	158.215	2.209.384.853

^(*) As of 30 June 2023, the deposit balance includes TL 102.704.912 Treasury Currency Protected Deposit, TL 222.752.197 CBRT Currency Protected Deposit and TL 32.414.614 YUVAM Account Deposits.

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	128.264.260	-	17.521.519	222.771.598	19.102.610	8.532.376	19.995.801	148.528	416.336.692
Foreign Currency Deposits	258.588.422	-	141.626.859	175.601.183	28.186.122	22.282.870	63.997.018	14.799	690.297.273
Residents in Türkiye	204.853.054	-	137.470.201	150.336.995	18.784.624	11.236.616	28.241.731	12.343	550.935.564
Residents on Abroad	53.735.368	-	4.156.658	25.264.188	9.401.498	11.046.254	35.755.287	2.456	139.361.709
Public Sector Deposits	19.931.009	-	101.367.318	10.148.460	797.037	727.651	7.615	-	132.979.090
Commercial Inst. Deposits	76.001.456	-	101.681.473	92.964.817	4.251.238	18.892.065	2.110.247	-	295.901.296
Other Inst. Deposits	5.337.693	-	5.502.521	17.896.309	3.320.224	67.784	319.228	-	32.443.759
Precious Metals Deposit	78.364.129	-	1.890.618	10.529.097	983.185	523.067	571.394	-	92.861.490
Interbank Deposits	8.296.037	-	42.960.484	8.245.071	-	18.488.125	459.543	-	78.449.260
The CBRT	2.711.406	-	-	-	-	-	-	-	2.711.406
Domestic Banks	375.551	-	39.786.877	-	-	-	402.578	-	40.565.006
Foreign Banks	2.394.674	-	312.061	8.245.071	-	18.488.125	56.965	-	29.496.896
Participation Banks	2.814.406	-	2.861.546	-	-	-	-	-	5.675.952
Other	-	-	-	-	-	-	-	-	-
Total^(*)	574.783.006	-	412.550.792	538.156.535	56.640.416	69.513.938	87.460.846	163.327	1.739.268.860

^(*) As of 31 December 2022, the balance of the deposit includes TL 83.323.364 Treasury Currency Protected Deposit, TL 83.778.421 CBRT Currency Protected Deposit and TL 16.200.004 YUVAM Account Deposits.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. Information on Deposits /Funds Collected (Continued)

1.2. Information on Saving Deposits Under the Guarantee of the Saving Deposit Insurance Fund and Amounts Exceeding the Limit of the Deposit Insurance Fund

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	343.428.769	217.359.340	283.344.073	197.898.374
Foreign Currency Saving Deposits ⁽¹⁾	277.803.546	158.452.416	360.181.275	344.415.016
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches’ Deposits under the Guarantees of Foreign Authority Insurance ⁽²⁾	7.349.049	5.057.008	3.900.004	2.838.629
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 3.962.061 and TL 59.810 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2022: TL 2.643.374 and TL 35.817).

Pursuant to the Regulation Amending the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund, published in the Official Gazette dated 27 August 2022 and numbered 31936, other than those belonging to official institutions, credit institutions and financial institutions in the presence of credit institutions; all deposit and participation funds are covered by insurance. In line with this change, commercial deposits amounting to TL 41.741.915 (31 December 2022: TL 26.393.503) within the scope of insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is TL.753.370.534 (31 December 2022: TL 699.147.186).

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 413 (31 December 2022: TL 434) 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.

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 Türkiye.

1.4. Saving Deposits of Real Persons which are Not Under the Guarantee of Saving Deposit Insurance Fund

	Current Period	Prior Period
Foreign branches’ saving deposits and other accounts	16.460	12.805
Deposits and other accounts belonging to dominant partners as well as their fathers, mothers, spouses and children under their custody	-	-
Deposits and other accounts belonging to the chairman and members of the board of directors, general managers and deputy general managers as well as their fathers, mothers, spouses and children under their custody	14.292	51.853
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26 September 2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Türkiye	-	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

2. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	116.247	11.603	12.129	1.290
Swap Transactions	1.600.693	3.900.123	218.585	2.834.279
Futures Transactions	-	-	-	-
Options	26.308	200.206	-	89.836
Other	-	-	-	-
Total	1.743.248	4.111.932	230.714	2.925.405

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	-	-	10.208.007	-
Domestic Banks and Institutions	600.418	18.360.680	199.280	13.050.361
Foreign Banks, Institutions and Funds	-	121.006.425	-	86.748.424
Total	600.418	139.367.105	10.407.287	99.798.785

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	599.633	3.190.731	10.406.512	6.285.936
Medium and Long-Term	785	136.176.374	775	93.512.849
Total	600.418	139.367.105	10.407.287	99.798.785

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

73,17% of the Bank’s total liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk.

4. Information on Money Market Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	131.129.605	-	21.024.860	-
Financial Institutions and Organizations	130.754.376	-	20.860.674	-
Other Institutions and Organizations	359.090	-	125.400	-
Real Person	16.139	-	38.786	-
From Overseas Operations	-	68.801.090	-	64.037.829
Financial Institutions and Organizations	-	68.801.090	-	40.090.932
Other Institutions and Organizations	-	-	-	23.946.897
Real Person	-	-	-	-
Total	131.129.605	68.801.090	21.024.860	64.037.829

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	1.138.880	-	644.547
Asset-Backed Securities	-	-	-	-
Treasury Bonds	1.010.690	48.653.985	1.010.690	26.112.742
Total	1.010.690	49.792.865	1.010.690	26.757.289

6. If Other Foreign Liabilities exceed 10% of The Total Balance Sheet, Names and Amounts of Sub Accounts That Make Up At Least 20% of These

Other foreign liabilities do not exceed 10% of the total balance sheet.

7. Information on Lease Liabilities (Net)

Information on lease liabilities represented in the table below.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	51.292	52.361	47.708	24.603
Between 1-4 Years	1.246.021	1.126.594	924.110	786.166
More than 4 Years	3.543.202	2.258.248	1.135.590	597.848
Total	4.840.515	3.437.203	2.107.408	1.408.617

8. Information on the Hedging Derivative Financial Liabilities

There are no hedging derivative financial liabilities.

9. Information on Provisions

9.1. Provisions Related with Principal Foreign Currency Decrease of Foreign Indexed Loans and Finance Leasing Receivables

There are no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2022: None).

9.2. Liabilities on Employee Benefits Provision

9.2.1. Termination benefit and Unused Vacation Rights

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 30 June 2023, unpaid vacation liability amounted to TL 752.629 and employment termination amounted to TL 6.408.889 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2022 unpaid vacation liability amounted to TL 746.797, and employment termination amounted to TL 5.997.944 are presented under the “Employee Benefits Provision” in the financial statements).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Information on Provisions (Continued)

9.3. Information on Other Provision

Except for the BRSA Accounting and Financial Reporting Legislation requirements, the Bank's management has free provisions amounting to TL 17.300.000, of which TL 28.300.000 has been reserved in previous periods and TL 11.000.000 has been canceled in the current period. (December 31, 2022: Except for the BRSA Accounting and Financial Reporting Legislation requirements, the Bank's management has set aside a free provision amounting to TL 28.300.000, of which TL 3.710.000 is in previous periods and TL 24.590.000 is in the current period).

Expected loss provisions for non-cash loans are TL 10.547.903 (31 December 2022: Expected loss provisions for non-cash loans are TL 9.108.014). The Bank has made a provision amounting to TL 130.100 for cases that are not yet finalized (31 December 2022: The Bank has made a provision amounting to TL 110.500 for cases that are not yet finalized). There is also other provisions amounting to TL 3.627.520 (31 December 2022: Other provisions amounting to TL 4.475.512).

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Tax Provision

As of 30 June 2023, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 68.327 (As of 31 December 2022, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 5.909.763).

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	68.327	5.909.763
Taxation on Income From Securities	767.466	527.578
Property Tax	7.603	5.640
Banking Insurance Transactions Tax (BITT)	971.883	785.989
Foreign Exchange Transactions Tax	32.560	39.653
Value Added Tax Payable	191.217	125.560
Other	241.686	272.208
Total	2.280.742	7.666.391

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums Employee	219	120
Social Security Premiums - Employer	299	153
Bank Social Aid Pension Fund Premium - Employee	122.244	45.528
Bank Social Aid Pension Fund Premium - Employer	179.131	66.725
Pension Fund Membership Fees and Provisions - Employee	9.686	-
Pension Fund Membership Fees and Provisions - Employer	18.636	36
Unemployment Insurance - Employee	19.549	6.536
Unemployment Insurance - Employer	39.100	13.075
Other	-	-
Total	388.864	132.173

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

10.2. Regarding Deferred Tax Debt

The Bank has no deferred tax liability (31 December 2022: TL 279.092).

11. Information on liabilities related to non-current assets “held for sale” and “held from discontinued operations”

The Bank does not have any liabilities related to non-current assets held for sale and held from discontinued operations.

12. Information on Subordinated Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	39.634.555	-	28.949.062
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	39.634.555	-	28.949.062
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	39.634.555	-	28.949.062

(*) 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 of Paid-In Capital

	Current Period	Prior Period
Common stock	84.600.000	34.900.000
Preferred stock	-	-

13.2. Amount of Paid-In Capital, Explanation as to Whether the Registered Share Capital System is Applied, if so the Amount of Registered Share Capital Ceiling

The Bank does not have a registered capital system.

13.3. Capital Increases and Sources in the Current Period and Other Information Based on Increased Capital Share

The decision to increase the capital to TL 84.600.000 was approved at the Extraordinary General Assembly meeting of the Bank held on 29 March 2023, and the capital increase and the related amendment made in the relevant article of the Articles of Association were registered on 30 March 2023. It was announced in the Trade Registry Gazette No. 10801 and dated 30 March 2023. The accounting for the mentioned capital increase was carried out on 30 March 2023, based on the permission obtained from the BRSA.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
30 March 2023	49.700.000	49.700.000	-	-

13.4. Information on Share Capital Increases from Capital Reserves During the Current Period

There is no share capital amount included in capital.

13.5. Information on Capital Commitments, the Purpose and the Sources Until the End of the Fiscal Year and the Subsequent Interim Period

The Bank has no capital commitments.

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(Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

13. Information on Shareholders’ Equity (Continued)

13.6. The effects of anticipations based on the financial figures for prior periods regarding the Bank’s income, profitability and liquidity, and possible effects of these future assumptions on the Bank’s equity due to uncertainties at these indicators

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. Summary Information on Privileges Given to Shares Representing the Capital

The Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	18.349.608	(7.194.199)	21.648.593	(5.781.840)
Financial Assets at Fair Value Through Other Comprehensive Income	29.557.214	(27.617.928)	37.318.737	(19.802.258)
Foreign Exchange Difference	5.838.443	-	5.838.443	-
Total	53.745.265	(34.812.127)	64.805.773	(25.584.098)

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

1. Explanations on Off-Balance Sheet Commitments

1.1. Nature and Amount of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset Purchase Sale Commitments	25.842.937	38.863.491
Subsidiaries and Associates Capital Contribution Commitments	163.908	150.000
Loan Granting Commitments	66.783.671	51.525.638
Commitments for Cheque Payments	18.078.184	10.117.968
Commitments for Credit Card Expenditure Limits	229.984.656	100.861.357
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	209.525	162.372
Other Irrevocable Commitments	38.559.893	24.846.437
Total	379.622.774	226.527.263

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

1. Explanations on Off-Balance Sheet Commitments (Continued)

1.2. A 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 10.547.904 for expected credit losses arising from the off-balance sheet items in the current period (31 December 2022: TL 9.108.014).

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

	Current Period	Prior Period
Letters of Guarantee	469.665.344	320.689.280
Letters of Credit	87.713.956	67.420.943
Bank Acceptances	13.042.847	12.202.745
Endorsements	42.230.304	14.341.683
Total	612.652.451	414.654.651

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

	Current Period	Prior Period
Letters of Certain Guarantees	295.844.474	197.592.777
Letters of Advance Guarantees	91.835.816	55.127.711
Letters of Temporary Guarantees	12.334.395	10.362.644
Letters of Guarantees Given to Customs Offices	3.716.157	4.308.628
Other Letters of Guarantees	65.934.502	53.297.520
Total	469.665.344	320.689.280

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	54.289.446	42.693.247
With Original Maturity of One Year or Less	27.976.552	24.259.594
With Original Maturity of More than One Year	26.312.894	18.433.653
Other Non-Cash Loans	558.363.005	371.961.404
Total	612.652.451	414.654.651

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(Continued)

IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS

1. Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	70.664.243	17.366.630	42.992.618	8.248.108
Short Term Loans	27.853.454	2.123.495	15.057.719	903.914
Medium and Long Term Loans	41.993.374	15.243.135	27.058.555	7.344.194
Interest on Loans Under Follow-up	817.415	-	876.344	-
Premiums from Resource Utilization Support Fund	-	-	-	-

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

1.2. Information on Interest Income on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	137.035	-	-	-
Domestic Banks	29.951	1.644.933	87.537	16
Foreign Banks	73.486	179.305	60.279	26.345
Headquarters and Branches Abroad	-	-	-	-
Total	240.472	1.824.238	147.816	26.361

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	428.028	2.467	284.148	2.012
Financial Assets at Fair Value Through Other Comprehensive Income	18.555.020	7.151.092	21.365.184	4.526.731
Financial Assets Measured at Amortized Cost	13.748.109	1.548.578	6.509.904	925.552
Total	32.731.157	8.702.137	28.159.236	5.454.295

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(Continued)

IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS

1. Interest Income (Continued)

1.4. Information on Interest Income Received from Associates and Subsidiaries

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	234.860	117.289

2. Interest Expense

2.1. Information of Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	156.953	3.829.372	97.986	888.785
Central Bank of the Republic of Türkiye	436	-	-	-
Domestic Banks	104.779	451.671	62.029	161.737
Foreign Banks	51.738	3.377.701	35.957	727.048
Foreign Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	156.953	3.829.372	97.986	888.785

⁽¹⁾Includes fees and commissions expenses on cash loans

2.2. Information on Interest Expense Given to Associates and Subsidiaries

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	154.865	76.837

2.3. Information on Interest Expense Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	84.949	2.195.036	84.949	1.263.608

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(Continued)

IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS
(Continued)

2. Interest Expense (Continued)

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	-	2.424.700	-	-	-	-	-	2.424.700
Saving Deposit	-	1.749.765	16.853.390	14.694.714	672.805	1.701.040	5.871	35.677.585
Public Sector Deposit	69	6.487.801	1.290.530	48.603	19.561	419	-	7.846.983
Commercial Deposit	133	7.705.548	6.787.760	2.635.743	3.437.094	368.516	-	20.934.794
Other Deposit	-	710.402	2.445.895	171.065	5.624	26.857	-	3.359.843
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	202	19.078.216	27.377.575	17.550.125	4.135.084	2.096.832	5.871	70.243.905
FC								
Foreign Currency Deposit	717	2.712.211	978.445	183.967	279.523	445.284	1	4.600.148
Bank Deposit	-	117.737	190.761	51.540	255.454	1.407	-	616.899
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	4.983	26.443	2.940	1.290	1.781	-	37.437
Total	717	2.834.931	1.195.649	238.447	536.267	448.472	1	5.254.484
Grand Total	919	21.913.147	28.573.224	17.788.572	4.671.351	2.545.304	5.872	75.498.389

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	-	2.169.619	-	-	-	-	-	2.169.619
Saving Deposit	-	755.361	9.870.703	2.202.852	368.917	2.010.970	7.805	15.216.608
Public Sector Deposit	49	1.718.971	627.003	51.830	22.250	837	-	2.420.940
Commercial Deposit	62	2.134.310	1.286.878	1.182.319	1.600.842	43.979	-	6.248.390
Other Deposit	-	252.800	884.356	81.617	32.918	23.452	-	1.275.143
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	111	7.031.061	12.668.940	3.518.618	2.024.927	2.079.238	7.805	27.330.700
FC								
Foreign Currency Deposit	1.354	226.587	605.884	68.563	42.000	124.359	1	1.068.748
Bank Deposit	17	9.346	14.244	-	16.236	29.334	-	69.177
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	3.511	22.709	2.006	1.097	1.167	-	30.490
Total	1.371	239.444	642.837	70.569	59.333	154.860	1	1.168.415
Grand Total	1.482	7.270.505	13.311.777	3.589.187	2.084.260	2.234.098	7.806	28.499.115

3. Explanations on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	314.744.259	223.646.928
Trading Gains on Securities	1.614.648	566.065
Gains on Derivative Financial Transactions	11.278.025	7.316.501
Foreign Exchange Profits	301.851.586	215.764.362
Loss (-)	294.651.552	223.815.246
Trading Losses on Securities	924.929	112.966
Losses on Derivative Financial Instruments	13.363.606	11.041.032
Foreign Exchange Loss	280.363.017	212.661.248

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IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS
(Continued)

4. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 21.936.708 and income from sales of assets amounting to TL 1.390.952 (30 June 2022: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 2.454.220 and income from sales of assets amounting to TL 380.689).

5. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provisions	12.725.165	7.567.886
12 Month Expected Credit Loss (Stage 1)	3.637.706	1.501.943
Significant Increase in Credit Risk (Stage 2)	5.857.172	4.089.834
Non-Performing Loans (Stage 3)	3.230.287	1.976.109
Marketable Securities Impairment Expense	1.424.991	4.352.626
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1.424.991	4.352.626
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other	54.562	10.028.047
Total	14.204.718	21.948.559

6. Information Related to Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	410.945	305.597
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	100
Depreciation Expenses of Tangible Assets	684.645	275.743
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	135.314	83.652
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	12.092.691	2.894.379
Leasing Expenses Related to TFRS 16 Exceptions	77.334	48.953
Maintenance Expenses	992.112	131.600
Advertisement Expenses	368.094	150.805
Other Expenses	10.655.151	2.563.021
Loss on Sales of Assets	2.675	1.617
Other ⁽¹⁾	26.166.548	2.742.870
Total	39.492.818	6.303.958

⁽¹⁾ TL 2.410.204 is from Savings Deposit Insurance Fund rediscount expenses, TL 2.535.627 is from taxes, duties and fees, and TL 20.000.000 is from donations made to AFAD due to the earthquake disaster in Kahramanmaraş and surrounding provinces in February. (30 June 2022: TL 1.112.399 consists of Savings Deposit Insurance Fund rediscount expenses, TL 1.055.578 consists of taxes, duties and fees).

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(Continued)

IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS
(Continued)

7. 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	35.692.595	46.888.518
Net Fees and Commissions Income	12.204.887	5.362.389
Other Operating Income	25.292.346	3.853.375
Dividend Income	13.286	246.209
Trading Profit/Loss (Net)	20.092.707	(168.318)
Personnel Expenses (-)	10.215.759	3.990.171
Expected Credit Loss (-)	12.725.165	7.567.886
Other Provision Expenses (-)	1.479.553	14.380.673
Other Operating Expenses (-)	39.492.818	6.303.958
Profit / (Loss) From Continuing Operations	29.382.526	23.939.485

8. Information on Tax Provision for Continued and Discontinued Operations

As of 30 June 2023, TL 3.640.977 of the Bank’s total tax provision expense amounting to TL 82.395 consists of current tax expense while remaining balances amounting to TL 3.558.582 consists of deferred tax expense. (As of 30 June 2022, TL 7.760.727 of the Bank’s total tax provision expense amounting to TL 16.288.062 consists of current tax expense while remaining balances amounting to TL 8.527.335 consists of deferred tax income)

9. Explanation on Current Period Net Profit and Loss of Continued and Discontinued Operations

The Bank’s net operating income after tax amounts to TL 25.741.549 (30 June 2022: TL 16.178.758).

10. Information on Net Profit/Loss

10.1. 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.

10.2. 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.

11. 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.

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V. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK BELONGS TO

1. Information on the Volume of Transactions Relating to the Bank’s Risk Group, Outstanding Loan and Deposit Transactions and Profit and Loss of the Period

1.1 Information on Loans of the Bank’s Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Current Period						
Loans						
Beginning Balance	5.664.719	6.688.146	-	-	-	-
Ending Balance	7.557.744	9.632.593	-	-	-	-
Interest and Commissions Income	234.860	701	-	-	-	-

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
Prior Period						
Loans						
Beginning Balance	4.147.452	8.985.638	-	-	-	-
Ending Balance	5.664.719	6.688.146	-	-	-	-
Interest and Commissions Income	117.289	384	-	-	-	-

1.2. Information on Deposits of the Bank’s Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	7.116.434	3.495.970	-	-	-	-
Ending Balance	12.937.965	7.116.434	-	-	-	-
Interest Expense on Deposits	154.865	76.837	-	-	-	-

1.3. Information on Forward and Option Agreements and Other Similar Agreements made with the Bank’s Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through Profit or Loss						
Beginning Balance	217.368	489.081	-	-	-	-
Ending Balance	22.582	217.368	-	-	-	-
Total Profit/Loss	(36.103)	(1.635)	-	-	-	-
Risk Protection Oriented Processes						
Beginning Balance	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

1.4. Information Regarding Benefits Provided to the Bank’s Key Management

Fees paid to the Bank’s key management amount to TL 21.320 (30 June 2022: TL 12.084).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

With the decision taken at the Bank Ordinary General Assembly Meeting held on August 2, 2023;

In accordance with paragraph 1 of Article 33 of the Bank's Articles of Association regarding the determination, allocation and distribution of net profit for the period, 5% (TL 2.054.619) of the net profit for the period amounting to TL 41.092.377 is set aside as legal reserves, TL 15.957, which is the portion associated with the profit for the period within 50% of the real estate sales gain exemption base calculated in accordance with TPL within the scope of Article 5/1-e of the Corporate Tax Law No. TL 5520. and 75% of the exemption base of the gain on sale of subsidiary shares, which is 78 TL, to be monitored until the end of the 5th year following the year in which the sale is made, to a special fund account under shareholders' equity in accordance with the relevant law article, and the remaining TL 39.021.724 was transferred to extraordinary reserves, out of TL 45.090 TL arising from real estate valuation differences and being monitored in retained earnings in accordance with the related TAS, the portion associated with equity accounts within 50% of the real estate sales gain exemption base calculated according to TPL within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, TL 23.021.726 TL, which is the part associated with equity accounts within 50% of the real estate sales gain exemption base calculated in accordance with the Tax Procedure Law within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, to be monitored until the end of the 5th year following the year of sale, to the special fund account opened under equity in accordance with the relevant law article, to allocate legal reserves at the rate of 5% (TL 1.068) over the remaining TL 21.363, and to transfer the remaining TL 20.295 to extraordinary reserves.

Burhaneddin TANYERİ, Alpaslan ÇAKAR, Fazlı KILIÇ, Feyzi ÇUTUR, Serruh KALELİ as members of the Board of Directors; Veysi Kaynak, Serdar KILIÇ, Dr. İsmail İlhan HATİPOĞLU, Fatih AYDOĞAN instead of Dr. Ahmet GENÇ for three years for a term of office. In addition, Yılmaz ÇOLAK was elected as a member of the Audit Board, Mehmet TUNCER was elected instead of İbrahim ARSLAN for a period of three years.

Article 3 of the First Section of the Bank's Articles of Association titled "Headquarters and Organization" has been changed as follow; "The head office of the Bank is located in Istanbul. Its address is Finanskent Mahallesi, Finans Caddesi 44/A Ümraniye/Istanbul. Its organization consists of the Head Office, domestic and foreign service units."

With the Required Reserve Communiqué amendment published in the Official Gazette dated 21 July 2023 and numbered 32255, a 15% Reserve Requirement ratio was introduced for all maturities for Currency Protected Deposit accounts. Initially, it will start to be established on August 4, 2023 for the calculation period of July 21, 2023.

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SECTION SIX

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. MATTERS TO BE EXPLAINED ON THE INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements prepared as of 30 June 2023 and for the fiscal period ending on the same date have been prepared by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is subject to audit by the independent auditors' report dated 11 Aug 2023 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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SECTION SEVEN

EXPLANATION ON INTERIM ACTIVITY REPORT

I. Chairman’s Assessment

In the second quarter of 2023, it was observed that the pressure on global economic activity continued with the effect of the interest rate hikes carried out by the global central banks within the scope of the fight against inflation and the financial tightening in financial conditions. The restrictive effects of tightening monetary policies, especially on the manufacturing sector, began to be seen more clearly in the economies of developed countries.

After the problems experienced with banks in the USA and Switzerland in the first quarter of the year, in addition to the measures taken, it was observed that banks could tighten their supervision and capital liabilities in the second quarter of the year. With the decrease in the concerns about the banking sector and the resolution of the debt ceiling crisis in the USA at the beginning of June, the possibility of default and being dragged into a financial crisis has increased, increasing the positive expectations for global growth. Although the downward trend in global inflation continues, the fact that the relaxation in core inflation indicators did not reach a sufficient level has increased the expectations that the central banks will maintain their tight stance for a long time.

After the US Federal Reserve (FED) increased interest rates by 25 basis points in its meeting in May, in line with expectations, it kept interest rates unchanged in line with expectations at its June meeting. In addition, it pointed out that there may be additional interest rate increases this year and in the next two years in his new macroeconomic projections published, and he reiterated that inflation continues to be high and that it will be extremely careful against inflation risks.

The European Central Bank (ECB), on the other hand, increased the interest rates by 25 basis points in line with the expectations in its meetings in May and June, and signaled that it would continue to increase interest rates. At its meeting in June, the ECB stated that it will ensure that interest rates are at sufficiently restrictive levels in the coming period and that the data-driven approach will continue.

In the first quarter of this year, the Turkish economy grew by 4% compared to the same period of the previous year and exceeded expectations, despite the slowdown in the global economy and the negative effects of the major earthquakes in February, with the support of the investment item, especially private and public consumption.

Thus, after the second quarter of 2020, when the Covid-19 epidemic measures were implemented, the Turkish economy recorded uninterrupted growth for 11 quarters on an annual basis. Despite the slowdown in global economic activity and the risk of weakening in our main export markets, the second quarter data pointed out that the Turkish economy continued its strong course mainly driven by domestic demand. It was emphasized that in the second quarter of the year, effective and decisive steps will be taken in the fight against inflation, and financial stability will be strengthened through monetary policy and structural reforms. In this period, the positive contribution of the strong growth performance in the economy to the employment market was observed. In addition, the strong course of tourism revenues pointed out that the strong contribution of the tourism sector to the current account balance will continue.

Despite many international and domestic extraordinary developments such as the pandemic, geopolitical developments and earthquakes in recent years, Ziraat Bank, the leading bank of our banking sector, continues to grow steadily by using scarce resources in the most effective way with its selective loan policy, and continues to support the growth of our country's economy at an increasing rate. continues.

Burhaneddin TANYERİ
Chairman of the Board

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

While we manage our balance sheet in a credit-weighted structure, which we have determined as our main strategy, we continue to extend our loans mainly in Turkish Lira (TL) and for the financing of the real sector, which has an important share in the development of our country. In the financing of the real sector, we follow a selective credit policy with a focus on exports, investment, manufacturing and especially agriculture.

Cash loans, which have the largest share in our assets, which exceeded TL 3 trillion as of June, exceeded TL 1.7 trillion. When non-cash loans are included, our total loan size rises to TL 2.3 trillion. In the first half of the year, our TL-denominated loans increased by 37%, while our FX-denominated loans decreased slightly, except for the exchange rate effect.

Approximately 80% of the increase in our TL loans stemmed from the corporate loans we extended to the real sector. Half of the increase in TL corporate loans consisted of loans extended to the agricultural sector, and the other half to other sectors, primarily manufacturing. Thus, we continued to grow our balance sheet consistently within the framework of our main strategies.

Our agricultural loans increased by 55% in the first half of the year and reached 360 billion TL. We consider agriculture as the most priority and strategic sector to be financed. We will continue to support agriculture with affordable interest rates and our product range for every need. Apart from financing, we cooperate with relevant institutions, organizations and universities for solutions to increase the added value of the agricultural sector.

Within the framework of the importance we attach to credit quality, while the rate of our non-performing loans is below 1%, we have limited the risk by keeping the loan provisions at a high level.

Our deposits, which are our main funding source, are at the level of TL 2.2 trillion, while our TL deposits increased by 30%, while our FX deposits decreased by 10% due to the effect of currency protected deposits. The share of TL deposits is managed in compliance with the CBRT regulations.

We continue to work on obtaining resources from abroad, and the size of the resources procured within this framework is over 11 billion USD.

We continue our investments in order to provide better quality service in branch banking. In addition to our 1.740 branches in Türkiye and our network of more than 7.300 ATMs, we provide financial services to everyone in our country in an easy, fast and practical way with our internet and mobile banking services.

In order to play a more active role in the banking of the future, we continue our investments in digital banking at an increasing pace. The number of our active digital banking customers has exceeded 21 million. Recently, we have included open banking, investment and stock market transactions, and remote customer acquisition applications into our internet and mobile banking services. Ziraat Dinamik Banka A.Ş., our digital bank. Establishment permission has been obtained from the BRSA and we are working intensively to start operating in a short time.

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager (Continued)

Super Branch, our digital branch that offers simple, reliable, fast and easier access to all banking transactions of our retail customers, started its operations and is growing rapidly. We have applied to the CBRT for the operating license of Ziraat Pay, which will operate within the scope of the payment institution.

We continue our investments in the field of card systems, and we continue to develop and increase our market share in this field as well. Recently, by making agricultural support payments and KGF-guaranteed loans with our debit and credit cards, we have provided more support to the cashless life, while providing easy and fast access to financial services for our customers.

As the Ziraat Finance Group family, we continue our activities to contribute more to our country with our extensive service network at home and abroad, our investments that we continue without slowing down to provide better quality service, our customers, our human resources and our business partners.

Alpaslan ÇAKAR
Member of the Board and CEO

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

III. Corporate Profile

Since its establishment in 1863, Ziraat Bank has made significant advances in fundamental issues such as business style, product variety and service approach, in line with its strategy built on the principles of multifaceted efficiency and effectiveness.

The Bank, which produces effective financial solutions to meet all financial needs of particularly the farmers, the tradesman, the businessperson, the industrialist, the entrepreneurs, the pensioners and the employees, increases its competitive power with its ability to provide end-to-end financial services. Ziraat Bank uses its competitive power for the domestic economy and financial solutions that offer value to its customers from all segments.

Ziraat Bank has a broad domestic and international subsidiaries portfolio in banking, investment services, portfolio management, venture capital, real estate investment trust and financial technologies.

Ziraat Bank offers its customers superior and quality services corporate, commercial and retail banking with;

- 1.765 domestic and foreign branch,
- 25.916 employees,
- Domestic and foreign ATMs,
- Internet Banking (Retail and Corporate Internet Branch),
- Mobile Banking (Ziraat Mobile, Ziraat Tablet, Bankkart Mobile)
- Telephone and SMS Banking,

In line with the strategy of the Ziraat Finance Group, it produces integrated solutions with domestic and foreign subsidiary banks, branches and financial companies in order to meet the financial needs of the Ziraat Bank customers as a whole and offers these solutions to its customers in the most efficient way by taking advantage of the economies of scale provided by the benefit of being a finance group.

IV. Shareholding Structure

The paid in capital of T.C. Ziraat Bankası A.Ş. is TL 84.600.000.000 The Bank's sole shareholder is Türkiye Wealth Fund.

Chairman and Members of the Board of Directors, Members of the Supervisory Board and General Manager and Vice General Managers are not a shareholder in the Bank.

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

V. Amendments to the Articles of Association in 2023

The decision to increase the capital to TL 84.600.000.000 was approved at the Bank's Extraordinary General Assembly meeting held on March 29, 2023. It was announced in the Trade Registry Gazette No. 10801. The accounting for the mentioned capital increase was carried out on 30 March 2023, based on the permission obtained from the BRSA. In this framework, the relevant article of the Articles of Association has been updated as indicated below.

Former Version of Article 6: The Bank's capital is 34.900.000.000 Turkish Lira, all of which belong to the Türkiye Wealth Fund. The capital is divided into 34.900.000.000 registered shares, each with a nominal value of 1 Turkish Lira. The former capital of 13.100.000.000 Turkish Lira has been fully paid. This time, the capital increased by 21.800.000.000 Turkish Liras has been committed in cash and free from collusion and has been fully paid before the registration date.

New Version of Article 6: The capital of the Bank is 84.600.000.000 Turkish Lira. All of the capital is owned by the Türkiye Wealth Fund. The capital was divided into 84.600.000.000 registered nominative shares with a value of 1 Turkish Lira each. The Bank's former capital of 34.900.000.000 Turkish Lira was paid up. This time, the increased amount of 49.700.000.000 Turkish Lira was committed as cash and without collusion and was paid up before the registration date.

VI. Main Financial Indicators

ASSETS (TL Million)	30.06.2023	31.12.2022
Cash and Cash Equivalents	371.534	391.244
Securities Portfolio	816.308	588.320
Cash Loans (Gross)	1.731.081	1.266.351
Other Assets	100.471	65.750
Total Assets	3.019.394	2.311.665
LIABILITIES (TL Million)	30.06.2023	31.12.2022
Deposits	2.209.385	1.739.269
Non-deposits Funds	430.336	251.986
Other Liabilities	121.926	117.930
Shareholders' Equity	257.747	202.480
Total Liabilities	3.019.394	2.311.665
SUMMARY OF PROFIT OR LOSS TABLE (TL Million)	30.06.2023	30.06.2022
Net Interest Income	35.693	46.889
Net Fees and Commission Income	12.205	5.362
Other Operations Income	25.292	3.853
Other Operations Expense	39.493	6.304
Allowance for Expected Credit Losses	12.725	7.568
Net Profit/Losses	25.742	16.179
RATIOS (%)	30.06.2023	31.12.2022
Capital Adequacy Ratio	15,27	16,53
Equity / Total Assets	8,5	8,8
Cash Loans (Gross) / Total Assets	57,3	54,8
Loans under follow-up (Gross) / Total Loans	0,9	1,1
Liquid Assets / Total Assets	12,3	16,9

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

VI. 2023 II. Interim Period Operations

Credit Rating Agencies

International credit rating agency Fitch Ratings affirmed Türkiye's long-term credit rating at “B” with a negative outlook on May 25, 2023. Subsequently, the Agency affirmed all the ratings and outlooks of Ziraat Bank on May 25, 2023.

As of 30 June 2023, the credit ratings of the Bank are as follows:

Credit Rating Agency	Category	Rating Note	Date
Fitch Ratings	FC Long Term IDR	B-	March 2023
	Outlook	Negative	
	FC Short Term IDR	B	
	TL Long Term IDR	B	
	Outlook	Negative	
	TL Short Term IDR	B	
	National Long Term	AA (tur)	
	Outlook	Stable	
	Government Support	Ns	
	Viability Rating	b-	
Moody's	Outlook	Stable	August 2022
	Long Term Deposit- FC	B3	
	Short Term Deposit –FC	Not-Prime	
	Long Term Deposit- TL	B3	
	Short Term Deposit- TL	Not-Prime	
	Long Term Issuer- FC	B3	
	Senior Unsecured - FC (Medium Term Issuance Program)	P(B3)	
	Baseline Credit Assessment	caa1	
	Adjusted Baseline Credit Assessment	caa1	
JCR Eurasia	Long Term International FC	BB	January 2023
	Outlook	Negative	
	Long Term International TL	BB	
	Outlook	Negative	
	Long Term National	AAA (Tr)	
	Outlook	Stable	
	Short Term International	J1+(tr)	
	Outlook	Stable	

Bonds Issuance in Global Markets

Within the scope of efforts to diversify the Bank's funding options and obtain cost-effective, long-term funding, necessary approvals have been obtained from the regulatory authorities for borrowing from international capital markets, and the updating of the Bank's USD 7 billion GMTN (Global Medium Term Notes) program was completed as of May 5, 2023.

With the 3.5-year maturity USD 500 million bond issuance realized by the bank in the second quarter of the year, the bank's total eurobond issuance as of the first half of 2023 is 1.6 billion dollars.

In the second quarter of 2023, the Bank continued to provide external funding through private placement issuances under the GMTN (Global Medium Term Notes) program.

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

VII. 2023 II. Interim Period Operations (Continued)

Financing of Agriculture Sector

As Ziraat Bank, while we continue to provide financial support to the agricultural sector, we also develop projects aimed at solving the structural problems of the sector and facilitating access to finance. We have been working with authorized institutions, and agricultural organizations. In this context, facilitating access to direct financing especially to small-scale farmers, which constitute the most important link in the agricultural value chain, is one of the top priorities.

Contractual production model, controlled greenhouse agriculture, increasing the production of products that will reduce imports, bringing agricultural enterprises to the economic scale, evaluating idle business capacities, increasing the level of agricultural mechanization of enterprises, using technology to increase productivity in agriculture, will create added value in agricultural production and investments and activities aimed at increasing the capacity of storage, processing, packaging and marketing of agricultural enterprises' own products, especially the investment projects that can respond, and licensed warehousing and cold storage investments, stand out among the target production areas of the Bank.

359,7 billion TL loan from Bank resources to finance the agricultural sector

In 2023, the Bank provided TL 192,3 billion in loans to approximately 628 thousand customers for the financing of the agricultural sector, adding more than 77 thousand new customers to the portfolio.

The balance of agricultural loans extended from bank resources reached TL 359,7 billion as of the end of the first half of 2023, and the number of ago loan customers exceeded 863 thousand.

When evaluated as a whole, the sum of the loans extended by Ziraat Bank from its own resources for the financing of the agricultural sector and the fund-based loans it mediated reached 361,8 billion TL as of the first half of 2023, and the number of customers on loans reached over 937 thousand.

In 2023, 142 billion TL of interest-reduced (subsidized) loans were extended to approximately 473 thousands producers and companies operating in the agricultural sector.

At the end of October 2022, increasing the scale of enterprises operating in cattle dairy farming with qualified animal breeds, diversifying the financial solution alternatives of small enterprises, bringing idle operating capacities into production, increasing the demand for domestically born female animals, on the one hand, excess capacity in existing dairy farms. While creating a market for female animals, the “I Have Many Reasons to Live in My Village-Cattle Livestock Project” was put into practice for producers operating in cattle dairy farming, within the scope of supporting efforts to reduce animal imports. Protocols continue to be signed between the Central Unions/Headquarters of agricultural producer organizations that will cooperate within the scope of the project and the Bank; By the end of the first half of 2023, the number of producers reached 230 and the loan amount extended to 108.5 million TL.

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VIII. Other Important Activities

With the structure of "Customer Oriented Foreign Trade Operation", the share of the bank in the country's foreign trade volume was 15.71% as of 30 June 2023.

Definitive is a payment method introduced in the second quarter of 2023, where Corporate, Commercial and Retail customers can create future-dated orders for their debts under the guarantee of Ziraat Bank, in cash or in flexible installments, partially or completely transfer the orders to third parties, and convert the orders they have received into cash before their due dates. As of the second quarter of 2023, the total amount of orders in the payment product reached more than 6 thousand orders and an order amount of 3.2 billion TL.

As of the second quarter of 2023, the number of companies defined in Kolay Kasa product, which is a cash management service that enables stores, branches or dealers to deposit their cash generated during the day directly from ATMs to the company's main account free of charge, without the need for any intermediary, is 1.075, and the number of sub-companies. 9.552 and the transaction volume was 202 million TL.

Bankkart Brand is growing

As of the second quarter of 2023, the number of credit cards of the bank was approximately 12 million, the market share of credit cards was 11,04% and the monthly turnover market share was approximately 11,85%. It is anticipated that this development will continue in the medium and long term. The number of debit cards exceeded 46 million and the sector leadership continued with a 22,79% monthly shopping turnover market share.

As of the second quarter of 2023, the number of member workplaces of the Bank is over 1 million and the total number of physical terminals is over 720 thousand. The total turnover of the member merchants in the second quarter is over TL 292 billion, and the turnover market share of the Bank in June 2023 was approximately 15,33%. With the rapid expansion of the card and member merchant network, the Bankkart brand's journey towards leadership continues, and the Bank's efforts to expand the card systems market continue.

Advertising Activities

With the sponsorship of the Bank and the great support of its employees, the volleyball team completed the 2022-2023 season of the Efeler League with a championship, and achieved a great success by winning its third championship in a row. The sponsorship support of Ziraat Bank Sports Club, which left behind a magnificent season, will continue in the 2023/2024 season.

Ziraat Türkiye Cup 2022-2023 final, which the bank has been supporting for 14 years in order to contribute to Turkish football, was played on 11.06.2023 between Fenerbahçe and Medipol Başakşehir at İzmir Gürsel Aksel Stadium.

Supporting art is a tradition at Ziraat Bank

Ziraat Bank, which has integrated the importance it attaches to art and artists with the slogan "For Art, In Art" since its establishment, continues to carry out various activities in various branches of art.

In Ankara Kuğulu Art Gallery; The Şinasi Bozatlı Exhibition, which opened on March 6, 2023, continued until April 28, 2023. Afterwards, the gallery hosted the exhibition of Artist Ayfer Uz. In the second quarter of 2023, approximately 500 people visited the gallery.

At Çukurambar Art Gallery; Devabil Black Painting Exhibition opened on 10 February 2023 ended on 2 May 2023 and Carole Turner Exhibition opened on 5 May 2023 ended on 4 July 2023. In the second quarter of 2023, approximately 5 thousand people visited the gallery.

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VIII. Other Important Activities (Continued)

The First Banking Museum

Ziraat Bank Museum, where the deep-rooted history of Ziraat Bank, which witnessed almost every stage of the Republic, is exhibited, is Türkiye's first banking museum. The museum was visited by approximately 6 thousand people in the second quarter of 2023.

Digital Platforms and Field Research

Ziraat Bank's corporate website, ziraatbank.com.tr, has user-friendly menus that provide easy access to content, the most up-to-date financial data, campaigns, announcements, products, and calculation tools. In addition, Ziraat Assistant chatbot application provides easy access to Ziraat Bank services and functions, and the functionality of our corporate website is increased by integrating the innovations brought by technology into the website.

In order to meet the demands and expectations of customers in the best way possible, to inform about the Bank's products and services, and to keep customer satisfaction at the highest level, it maintained its position as the most effective bank in the sector in social media channels. With nearly 2.3 million likes and followers on its Facebook page as of 2023, over 458 thousand followers on Twitter, over 243 thousand followers on Instagram, as well as over 84 million YouTube views and shares on other platforms, the Bank's effectiveness in social media is increasing day by day.

In addition, as of the second quarter, the number of bank digital customers reached approximately 33 million and the number of active digital customers reached approximately 21 million.

Other Activities

The Bank participated in the Agricultural Fairs held in Antalya on April 26-29, Diyarbakır on April 26-30, Kayseri on April 27-30, Van on May 03-07 and Şanlıurfa on May 04-07, which are on the list of 2023 fairs announced by TOBB.

The Bank participated in the Career Fairs with the theme of "Talent is Everywhere" which under the coordination of the Presidential Human Resources Office on April 28-29 in Samsun, May 02-03 May in Gaziantep, on May 04-05, 2023 in Eskişehir which the student capital of our country hosted by Anadolu University with the participation of 20 universities.

The Bank participated in the State Incentives Promotion Days organized by the Presidency's Directorate of Communications at Ankara ATO-Congress Congress and Exhibition Center on 06-07 April in order to bring young people together with public institutions.

İzmir Economy Congress promotion and organization; Under the auspices of the Presidency of the Republic of Türkiye and under the coordination of the Ministry of Treasury and Finance; It was held in İzmir between 29-30 April 2023 with the wide participation of young people, farmers, workers, tradesmen and industrialists, and all stakeholders of the economy, exactly 100 years after the first date when the foundations of our country's economic independence were laid. Many public institutions and institutions and the Bank provided support to the İzmir Economics Congress, which drew great interest from the printed and visual media.

Educational Activities

"First Step Trainings" for the newly recruited personnel to get to know the Bank, to adapt to the corporate culture and to acquire the necessary basic knowledge and skills, "Development Trainings" to meet the training needs in line with the Bank's goals and strategies or to transfer new product/service/legislation information, Trainings were organized under the main headings of "Career Trainings" and "Legal Mandatory Trainings" arising from the legislation in order to gain the knowledge and skills required and to prepare them for a higher duty. In addition, "Certificate Trainings" were offered to employees in order to adapt to changing and constantly developing technologies and to increase their level of competence in their jobs. On the Banking School platform, which covers the new generation learning models of the digital age, numerous digital trainings are offered that will contribute to the professional, personal and life-related development of employees.